BRIGHT PACKAGING INDUSTRY BERHAD (161776-W)

Laminating **Quality** Onto Your **Products**

ANNUAL REPORT 2019

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CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Nik Mustapha Bin Muhamad
Executive Deputy Chairman

Tee Wee Keat
Independent Non-Executive Director

Yap Kok Eng
Executive Director

Yeong Siew Lee
Senior Independent Non-Executive Director

Ong Chooi Lee
Independent Non-Executive Director
(Appointed with effective from 31 July 2019)

AUDIT AND RISK MANAGEMENT COMMITTEE

Yeong Siew Lee *(Chairperson)*
Tee Wee Keat
Ong Chooi Lee

NOMINATION COMMITTEE

Yeong Siew Lee *(Chairperson)*
Tee Wee Keat
Ong Chooi Lee

REMUNERATION COMMITTEE

Yeong Siew Lee *(Chairperson)*
Tee Wee Keat
Ong Chooi Lee

COMPANY SECRETARIES

Ng Heng Hooi *(MAICSA 7048492)*
Wong Mee Kiat *(MAICSA 7058813)*
Jane Ong Su Ping *(MAICSA 7059946)*

REGISTERED OFFICE

B-11-10 Level 11, Megan Avenue II
Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel : (03) 2166 9718
Fax : (03) 2166 9728

SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Tel : (03) 7890 4700
Fax : (03) 7890 4670

BUSINESS ADDRESS

23, Jalan Delima 1/3
Subang Hi-Tech Industrial Park
40000 Shah Alam
Selangor Darul Ehsan
Tel : (03) 5635 1949
Fax : (03) 5635 1984
Email : admin@brightpack.net
Website : www.brightpack.net

PRINCIPAL BANKERS

Affin Bank Berhad
HSBC Bank Malaysia Berhad
RHB Bank Berhad

AUDITORS

Russell Bedford LC & Company (AF 1237)
Chartered Accountants
Suite 37, Level 21, Mercus 3
No. 3, Jalan Bangsar, KL Eco City
59200 Kuala Lumpur
Tel : (03) 2202 6666
Fax : (03) 2202 6699

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : BRIGHT
Stock Code : 9938

GROUP CORPORATE **STRUCTURE**

Bright Packaging Industry Berhad
Company No. 161776-W

100%

Acorn Properties Sdn. Bhd.
Company No. 277145-D

99.9%

Markmas Pak-Print Sdn. Bhd.
Company No. 161577-H

90.9%

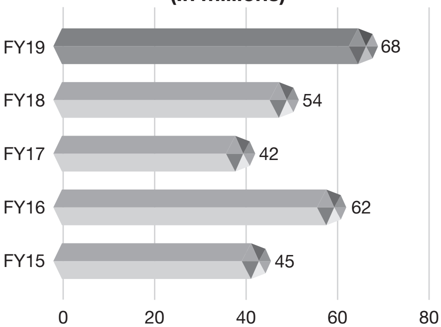
Photon Technologies (Malaysia) Sdn. Bhd.
Company No. 260435-X

FINANCIAL **HIGHLIGHTS**

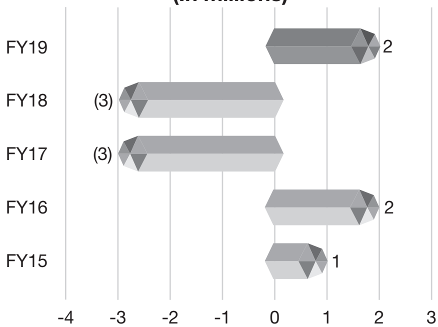
	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000
FINANCIAL RESULTS					
Revenue	44,714	62,374	42,190	54,281	67,891
Profit/(Loss) Before Tax (PBT)	3,458	(300)	(3,590)	(3,800)	2,769
Profit/(Loss) After Tax (PAT)	789	1,821	(2,615)	(3,402)	1,933
Earnings Before Interest, Tax, Depreciation And Amortisation (EBITA)	8,168	5,501	1,927	1,668	5,029
PBT Margin (%)	7.73	(0.48)	(8.51)	(7.00)	4.08
PAT Margin (%)	1.76	2.92	(6.20)	(6.27)	2.85
EBITA Margin (%)	18.27	8.82	4.57	3.07	7.41
Earnings Per Share (sen)					
- Basic	0.52	1.11	(1.11)	(1.44)	0.94
- Diluted	0.52	1.11	(1.11)	N/A	N/A
FINACIAL POSITIONS					
Total Shareholders' Equity	120,010	121,830	119,214	115,812	117,745
Total Assets	103,543	133,530	128,321	127,162	129,196
Total Liabilities	10,533	11,700	9,107	11,350	11,451
Net Operating Cash Flow	4,461	6,745	2,860	(1,497)	4,246
Return On Equity (%)	0.66	1.49	(2.19)	(2.94)	1.64
Return On Assets (%)	0.60	1.36	(2.04)	(2.68)	1.50

FINANCIAL **HIGHLIGHTS**
(cont'd)

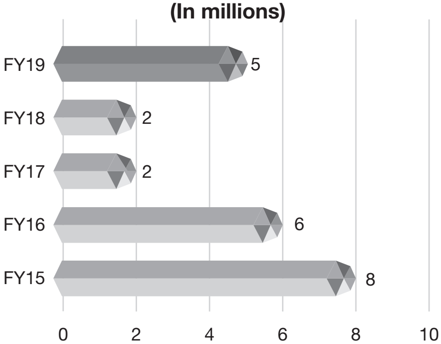
REVENUE
(In millions)



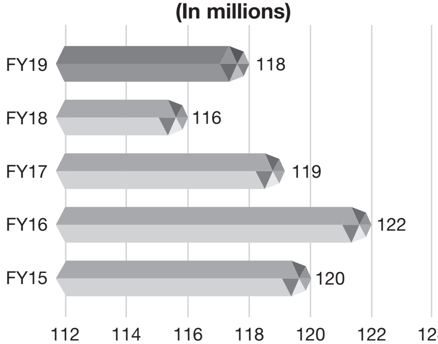
PAT
(In millions)



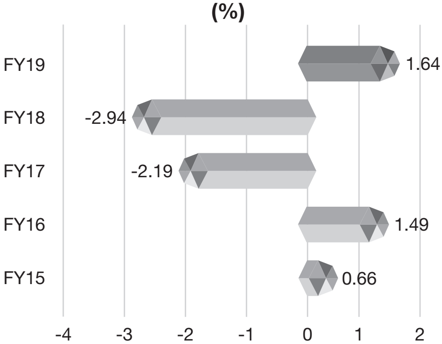
EBITA
(In millions)



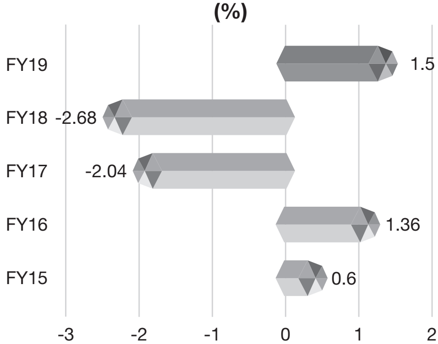
TOTAL SHAREHOLDER'S EQUITY
(In millions)



RETURN ON EQUITY
(%)



RETURN ON ASSETS
(%)



CHAIRMAN'S STATEMENT

Nik Mustapha Bin Muhamad
Executive Deputy Chairman

My Fellow Shareholders,

On behalf of the Board of Directors of Bright Packaging Industry Berhad ("Bright" or the "Group"), I am pleased to present our annual report for the year ended 31 August 2019 ("FY2019").

OVERVIEW

Despite deteriorating global economic conditions, the adverse impact of a strong U.S. dollar and a competitive environment which remains intense, it has been an exciting year for Bright. We again delivered profits growth ahead our expectation while strengthening the business foundation for sustainable profit growth in the future. Our performance reflects continued investments in innovation, people and integrity of communication with customers and suppliers, whilst keeping discipline on both costs and execution. We have been putting greater focus on customers, prioritizing their needs and work directly with customers so as to eventually deliver customer benefits.

In 2019, Bright succeeded in acquitting a significant position and brands in a developed market, the top three-largest aluminum foil convertor in the Asia Pacific. The Group has been Philip Morris and its affiliates preferred supplier for over 20 years. This gives the Group access, through a national player, to a growing tobacco market within the world's largest profit pool, and at the same time diversifying the currency and geographical risk of the Group. This year, the Group strong result confirmed that the demand of tobacco is still robust, there are still opportunities to expand the profits pool of the tobacco industry. Therefore, we will continue to serve the Asia Pacific market with our focus on customer loyalty in mind.

At the same time, we continue to practice the 'best in class' management and production capabilities to ensure favorable end results. We continue to benefit from the Enterprise Resource Planning programme, which streamline our production planning and supply chain management.

FINANCIALS PERFORMANCE

Our financial results in 2019 were solid. The Group recorded higher revenue of RM67.9 million in 2019 compared with RM54.3 million in 2018 and RM42.2 million in 2017. The increase in revenue for 2019 compared with 2018 was predominantly due to a boasted of new sales volume in Indonesia and Philippines markets. We also delivered an earnings before interest, tax, depreciation and amortisation (EBITA) of RM5 million for 2019.

The Group posted a turnaround net profits of RM1.9 million and earnings per share (EPS) of RM0.94 compared with RM3.4 million of net losses and EPS -1.44 for 2018. It was due to the lower depreciation charges of RM2.9 million and larger volume of sales that enable Group to offer cost-efficient solution.

Operating cash flow of RM4.2 million increased principally driven by higher net profits. The Group' balance sheet continued to maintain a healthy position with cash and bank balances of RM44.5 million and a positive net working capital of RM62 million.

OUTLOOK

Our tobacco packaging business has earned a reputation for outstanding quality both regionally and globally. We continued to deliver the greater value to our customers, to increase operational effectiveness, strengthened our interactive capabilities and invest our brand around the globe.

Our major customers include Philip Morris and its affiliates. In the household goods and beverage segments, we supply packaging for Johnnie Walker, Chivas Regal and various affiliates of Diageo, Unilever, and Procter and Gamble.

The Group's products are currently exported globally to countries including but not limited to Germany, UAE, Australia, Korea, India, Pakistan, China, Thailand, Indonesia, Singapore, Philippines, Vietnam, Hong Kong and Taiwan. The end product – the packaging of FMCG goods – ultimately makes its way into the majority of households in these regions. The Group represents a key element in its customers' supply chain and product image. The specialised services that we offer are lamination, coating, slitting and sheeting. Our premium range of services include customised metallised film laminate onto tissue, wood-free, board and inner frame.

Historically, our core business was focused on the high margin tobacco and liquor packaging segments. This industry has high barriers of entry due to its capital-intensive nature and is virtually non-accessible to new entrants, which has kept us in a fortunate position of security. The strength of the Group's long-term relationships with customers puts us in a unique position that they both value and trust. The stringent quality control our customers impose acts as additional deterrent for competitors attempting to penetrate the market, which again provides us security.

CHAIRMAN'S **STATEMENT**
(cont'd)

OPERATIONS

We remain committed to our vision of becoming the leading player for Fast-moving consumer goods packaging across Asia, and we have witnessed increased demand from the household goods segment. In order to accommodate our growing pipeline of customers, the Group has increased its production capacity by investing and upgrading our production capacity which allows us to capture a larger market share. As the global demand on consumer goods increases, we are well positioned to grow significantly towards fulfilling our vision. It gives me great pleasure to report that we now have in place a 'best in class' management team that brings a wealth of experience in capital allocation, production and resource planning – we expect improvements across all key performance indicators going forwards resulting from streamlined and efficient management and operations techniques.

CORPORATE GOVERNANCE

Bright continues in adhering to the best practices of corporate governance to sustain business efficiency and sustainability in the long term. Evidence can be found in the fact that the Group has consistently upheld the integrity of business practices as a pivotal part of ensuring consistent growth in its core business. The Group's measures towards this objective are highlighted in the Corporate Governance Statement in this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY

The Group continues to exceed international standards and guidelines of the Department of Environment with regards to our use of chemicals and solvents in the manufacturing process. Accordingly, we continue to invest in sustainable and environmentally friendly manufacturing processes. By leading the charge to greater standards, we hope to see clear improvements from our peers.

APPRECIATION

Last, but by no means least, it goes without saying that we have eternal gratitude for our employees, suppliers, bankers, shareholders, associates and, of course, valued customers, without whom the Group would cease to exist. I am confident that the Board and our management team will continue to work hard to deliver long-term appreciation of shareholder value.

Nik Mustapha Bin Muhamad
Executive Deputy Chairman

MANAGEMENT DISCUSSION **AND ANALYSIS**

Overview of the Group's Business and Operations

Since its incorporation in 1988 and listing on the Malaysian stock exchange in 1996, Bright Packing Industry Berhad ("Bright" or "the Company") has developed into one of the Asia Pacific's largest aluminium foil converting businesses, with a solid reputation of outstanding performance and unbeatable quality. Bright's products include aluminium foil and metallised film laminate to tissue, wood free, board and inner frame, and they are exported to countries all over the world, including China, Thailand, Australia, UAE and Germany.

A highly experienced aluminium foil paper converter, the company prides itself on strong ethical business practices, with employees, clients and customers, which have helped in maintaining strong and long-term relationships.

Not content to sit on our laurels, Bright continues to innovate in technologies and products, and puts significant resources into the implementation of advanced machineries and improving the quality of products, as well as training personnel to the highest standard.

Bright operates on a simple but important philosophy that has helped it celebrate a quarter century of operation – the development of relationships based on trust and understanding of each customer's specific need for personalised services and products of the highest quality. This practice has established Bright as a leading authority with the best products in its class, which clients and customers can depend on.

Our Product

Catering to a range of industries, Bright has the materials, experience and capabilities to handle the most complex of demands.

Our abilities of supply and quick delivery of foil/MPET paper laminate are renowned, and we extensively cater for:

- Tobacco Packaging
- Liquor Packaging
- Confectionery Packaging
- Pharmaceutical Packaging

Customer needs are met with unique construction and customised solutions thanks to the wide range of grades and weights of materials.

i. Tobacco Packaging

Tobacco products are consumed around the world, and the goods must be in immaculate condition.

MANAGEMENT DISCUSSION **AND ANALYSIS**
(cont'd)

We share that sentiment and are experienced in delivering such sensitive products free of any damage. Bright caters to the largest cigarette companies in the Malaysia and Asia Pacific region, providing distinctive appearances of high quality for each brand, while our foil paper laminate ensures that each brand's custom aroma is perfectly retained for when the customer opens it.

Aluminium foil is perfect for tobacco products because it provides unparalleled protection against moisture, bacteria, aroma contamination and deterioration. This is achieved by creating a microclimate within the package.

ii. Liquor Packaging

We use foil/MPET laminated to board for liquor cartons, and there are two distinct advantages to this method: decorative potential and high-resolution printability.

Designers are also afforded limitless possibilities to create brand awareness through distinctive appearance.

iii. Confectionery Packaging

In order to want to consume the product on the inside, consumers must be drawn to the outside. Bright achieves this by using only first-class materials with exclusive finishing, making the product stand out on the shelf. We implement the strictest food hygiene conditions and use materials that will not affect the smell or taste of the product, so our packaging complement the product.

Many types of confectionery are stored for extended periods before being sold, during which time it is important to protect them from moisture and light, both of which can affect the product and deteriorate many packaging products. It is for this reason that we use the ideal packaging material: aluminium foil laminate.

For many types of confectionery, aluminium foil laminate's barrier and decorative properties can be vital assets.

Often chocolate products are stored for long period, but exposed to moisture and light, it deteriorates, and the surface can quickly lose its attractive gloss. Therefore, the best protection is one of that provides a total barrier to light, moisture, and to any penetration of aroma and flavour.

The ideal packaging choice is aluminium foil laminate.

iv. Pharmaceutical Packaging

Aluminium foil is the perfect material for the safe, convenient and versatile packaging of tablets and capsules. To ensure the products are stored in a safe and protected environment, Bright uses heat-seal lacquer or prime coating for printing and high-adhesion performance.

MANAGEMENT DISCUSSION **AND ANALYSIS**
(cont'd)

Operational Capabilities

Manufacturing Facilities

i. Laminating

Our lamination division is one of the largest in the Asia Pacific region, and was designed to meet the most demanding requirements, and can undertake a wide range of lamination tasks, into wet, wax and solvent less.

- Wet lamination, used in conjunction with aluminium foil and paper lamination wraps, seals and protects the freshness of products.
- Wax lamination is suited for commodities with adherent characteristics, like confectionery.
- Solvent less lamination is a recent process and provides the customer with cost reduction and the elimination of any solvent retention problems in the packaging structure of foods and cigarettes.

ii. Slitting

We undertake precision slitting on foil, paper, polyester film, non-woven on widths between 50mm and 1200mm, and foil paper laminate, all performed on exemplary machines from Australia and Korea, ensuring a perfect finish every time.

iii. Ink Matching

Our foil paper is easily laminated and coated, and our ink/lacquer matching centre provides the ability to create any shade from a set of base colours, allowing us to reduce inventory.

iv. Coating / Lacquering

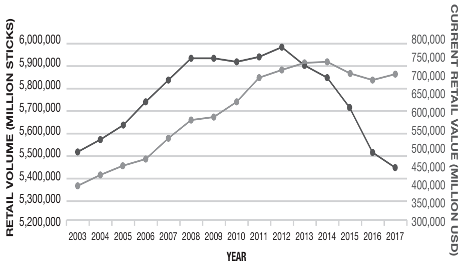
We can also provide custom coating in copper, black, green, blue, red, pink, silver and gold. Services such as lacquering or gravure coating yield amazing decorative and protective properties to foil paper laminate, providing the much-needed resistance to light, moisture and scratches.

OVERVIEW OF
GLOBAL CIGARETTE INDUSTRY

The global cigarette industry is one of the most profitable and deadly industries in the world.

- Cigarette retail values in 2017 were worth US$699.4 billion. [3]
- In 2017, over 5.4 trillion cigarettes were sold to more than on billion smokers worldwide. [3.4]
- Between 2003 and 2017, global cigarette volume sales decreased by 1.3% while real retail values increased by 26.5%. [3]
- Industry analysts predict that by 2022 the global cigarette volume will decline by 8.0%, and real value will decline by 0.3%. [3]

FIGURE 1. **GLOBAL CIGARETTE MARKET: HISTORIC RETAIL VOLUME AND CURRENT VALUE (2003-2017)**

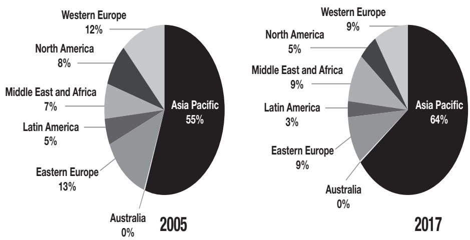


Source: Euromonitor International, 2018

Globally, cigarette consumption is growing in low and middle-income countries and decreasing in high-income countries

- Sales are shifting from developed markets, like those in Western Europe, where smoking prevalence is declining and where tobacco company operations are more restricted by government policies, to emerging markets, like those in Asia and Africa, where tobacco companies take full advantage of tax regulatory environments, growing populations and increasing incomes. [5]
- Between 2005 and 2017, cigarette sales in the Asia Pacific and Middle East and Africa regions have increased while all other regions have experienced declining sales *(Figure 2).* [3]

FIGURE 2. **GLOBAL CIGARETTE MARKET BY REGION**



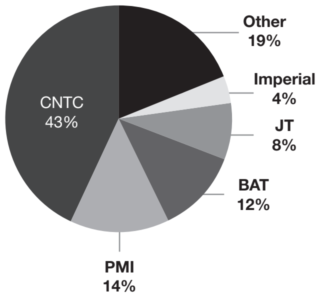
Source: Euromonitor International, 2018

OVERVIEW OF **GLOBAL CIGARETTE INDUSTRY**
(cont'd)

TRANSNATIONAL TOBACCO COMPANIES

While cigarette sales are expanding to new markets, industry market shares are consolidating, and the market is increasingly controlled by a few international companies. In 2001, a little more than 43% of global market sales were controlled by the five leading transnational tobacco companies (TTC). [6] By 2017, 80.6% of the market was controlled by TTCs. [3] Over the last decade, the international cigarette market has been dominated by five companies: China National Tobacco Corporation, Philip Morris International, British American Tobacco, Japan Tobacco Inc. and Imperial Tobacco *(Figure 3).* [3]

FIGURE 3. **TABACCO COMPANY SHARES OF GLOBAL CIGARETTE MARKET, BY RETAIL VOLUME 2017**



Source: Euromonitor International, 2018

China National Tobacco Corporation (CNTC) is owned and operated by the Chinese government and is the world's single largest producer of cigarettes with 42.6% of the global market. [3] CNTC sells the majority of its product in China; just over 1% of cigarettes produced are exported to other countries. [3] CNTC is increasing efforts to sell heritage brands such as RDG, Dubliss and Harmony internationally. [7]

Philip Morris International (PMI) is a publicly traded American company with headquarters in Lausanne, Switzerland. PMI controls an estimated 14.1% of the international cigarette market. [3] Since separating from its parent company, Altria, in 2008, PMI only sells its tobacco products outside of the United States. The company operates in more than 180 markets and sells 6 of the top 15 brands, including Marlboro, the world's top selling brand. [8] PMI experienced declining cigarette volume sales in all regions between 2016–2017, as the company focused on expanding sale of its heated tobacco product, IQOS. IQOS has done particularly well in Japan and South Korea. [9]

OVERVIEW OF
GLOBAL CIGARETTE INDUSTRY
(cont'd)

British American Tobacco (BAT) is a publicly traded company based in London. BAT operates in over 200 markets, is the third largest company in the global tobacco market, and controls 11.8% of the international cigarette market. [3.10] Top selling brands include Pall Mall, Rothmans, Kent, Dunhill, and Lucky Strike, and these five brands account for half of all BAT cigarette sales. Acquisition of Reynolds American, Bulgartabac, and other tobacco companies contributed to overall growth in volume and value of the company in 2017. [10] BAT cigarette sales volumes grew strongly in Bangladesh, Bulgaria, Nigeria, and Gulf Cooperation Council countries, but declined in many other key markets. [10]

Japan Tobacco, Inc. (JT) is headquartered in Tokyo and the parent company to Japan Tobacco International (JTI), which is headquartered in Geneva, Switzerland. International tobacco sales account for more than 60% of JT's operating profit. [11] With products available in 130 countries, JT is the fourth largest tobacco company in the world, and controls 8.4% of the global cigarette market.[3.11] The Japanese government holds 33.3% of JT's issued shares. [11] Top brands include Winston, Camel, Liggett Ducat, and Mevius (formerly Mild Seven). [3] JTI continues to expand its presence in emerging markets, with the largest volume growth in Brazil, Egypt, Iran, the Philippines, and Tunisia, and company acquisitions in Indonesia and the Philippines in 2017. [3.11]

Imperial Tobacco Group is a British company. It is the fifth largest company participating in the global tobacco market and controls 3.7% of the international cigarette market. [3] Imperial operates in more than 160 markets, and key growth markets are in Italy, Russia, Japan, and Saudi Arabia.[12.13] Top brands include West, Davidoff, John Player Special, and Gauloises. [3]

LARGEST CIGARETTE MARKETS: TOBACCO INDUSTRY TARGETS

The five largest cigarette consuming nations - China, Indonesia, Russia, U.S. and Japan - account for 61.7% of the volume of all cigarettes sold in 2017 *(Figure 4).* [3.14]

FIGURE 4. **TOP 10 CIGARETTE MARKETS BY VOLUME**

COUNTRY	RETAIL VOLUME, 2017 (BN STICKS)
China	2,368.9
Indonesia*	308.2
Russia	258.9
USA	252.7
Japan	151.4
Turkey	106.2
Egypt	93.1
Bangladesh	88.9
India	81.3
Germany	79.0

*excluding hand-rolled kreteks

Source: Euromonitor International, 2018

- **China** is the largest cigarette market in the world. The retail value of China's cigarette market in 2017 was US$212.3 billion. [3] High tar cigarettes dominate the market. However, their sales are decreasing while sales of lower tar cigarettes are increasing. [3] In 2017, the volume sales of cigarettes increased by 0.8% compared to 2016, marking the first increase in volume sales since 2013-2014. [3] Real retail value increased by 3.0%. Since the peak of global cigarette volume sales in 2012, the global cigarette market volume has decreased by 9.2%, but it declined by more (13.0%) when excluding China's retail volume. [3]

OVERVIEW OF GLOBAL CIGARETTE INDUSTRY
(cont'd)

- In **Russia**, cigarette sales by volume has declined by 25.2% between 2013 and 2017. [3] Over the same time period, real retail values increased by 31.3% to US$26.9 billion. Between 2016 and 2017 alone, retail volume fell by 7.2%, while real value of sales grew by 3.6%. [3] With a 33.6% market share, JT is the market leader in Russia, but PMI, BAT and Imperial also have a presence. [3]

- The **Indonesia** cigarette market is unique because sales are dominated by kreteks (cigarettes made with a blend of tobacco and cloves). Between 2016 and 2017, the Indonesian cigarette market declined by 2.5%, marking the second consecutive year of decline in sales volume.[3] One of the two leading tobacco companies, Sampoerna, was acquired by PMI in 2005 and outperforms all domestically-owned companies and all other TTCs trying to make a profit in Indonesia. [3]

- In **India**, smokeless tobacco and bidis (small, hand-rolled smoked products) are much more popular than cigarettes: About 75% of all tobacco users use smokeless tobacco, 27% smoke bidis, and only 14% of all tobacco users smoke cigarettes. [15] While cigarettes are not the most popular tobacco product in India, approximately 81.3 billion cigarettes were sold in 2017, making the country an important target for international tobacco companies. [3]

BOARD OF **DIRECTORS' PROFILES**

NIK MUSTAPHA BIN MUHAMAD

Age 75, Male
Malaysian
Executive Deputy Chairman

Number of Board Meetings attended during the year:
3/4

Board Committee:
Nil

Qualifications
Encik Nik Mustapha holds a Bachelor of Economics (Hons) from University Malaya.

Work Experience
He was appointed to the Board on 2 July 2001 as an Independent Non-Executive Director of the Company. His position was re-designated as Chairman on 30 April 2009 and subsequently re-designated as an Executive Deputy Chairman on 28 February 2014.

He was attached to the Kelantan State Economic Development Corporation from 1977 to 2000, last position being the Deputy Chief Executive Officer before his retirement. During his tenure with the Kelantan State Economic Development Corporation, he gained vast experience in the service and hospitality industries, construction and agriculture. He was also appointed to the Board of several private companies held by the State Economic Development Corporation involved in wide range of commercial activities.

Directorship in other public/ listed companies
Nil

YEONG SIEW LEE

Age 42, Female
Malaysian
Senior Independent Non-Executive Director

Number of Board Meetings attended during the year:
4/4

Board Committee:
Audit and Risk Management Committee (Chairperson)
Nomination Committee (Chairperson)
Remuneration Committee (Chairperson)
Option Committee (Chairperson)

Qualifications
Ms. Yeong holds a Bachelor of Science (Hons) degree in Accounting and Finance from University of Wales College, Newport, United Kingdom. She is a Fellow of Association of Chartered Certified Accountants, United Kingdom and a member of the Malaysian Institute of Accountants (MIA).

Work Experience
She was appointed as an Independent Non-Executive Director on 11 October 2013. On 10 April 2017, she was re-designated as Senior Independent Non-Executive Director.

She began her career with GHL Systems Berhad ("GHL"), a company listed on the Main Market of Bursa Malaysia Securities Berhad, as an Assistant Accountant in 2003 and moved up the ranks and became Head/Assistant General Manager of Finance in 2008 to supervise the company's local and overseas accounting teams. She left GHL in August 2009 to venture into business in the consumer industry.

Directorship in other public/ listed companies
Sersol Berhad
TFP Solutions Berhad

BOARD OF DIRECTORS' PROFILES
(cont'd)

TEE WEE KEAT

Age 39, Male
Malaysian
Independent Non-Executive Director

Number of Board Meetings attended during the year:
4/4

Board Committee:
Audit and Risk Management Committee (Member)
Nomination Committee (Member)
Remuneration Committee (Member)
Option Committee (Member)

Qualifications
Mr. Tee holds a Bachelor of Business Marketing, LaTrobe University, Australia.

Work Experience
He was appointed as an Independent Non-Executive Director on 21 February 2013.

He began his career in 2004 as a Key Account Executive working within the distribution chain of FMCG (Fast Moving Consumer Goods) and had broad oversight servicing all Hypermarkets in Malaysia. In 2006, he joined Jasa Kita Trading (M) Berhad as a Marketing and Sales Executive where he was responsible for the distribution of Japanese Brand - Makita Power Tools, serving machinery dealers in Kuala Lumpur and the East Coast of Malaysia.

Directorship in other public/ listed companies
Nil

ONG CHOOI LEE

Age 57, Male
Malaysian
Independent Non-Executive Director

Number of Board Meetings attended during the year:
1/4

Board Committee:
Audit and Risk Management Committee (Member)
Nomination Committee (Member)
Remuneration Committee (Member)
Option Committee (Member)

Qualifications
Mr. Ong holds a Diploma of Marketing and Diploma of Management, Australia.

Work Experience
He was appointed as an Independent Non-Executive Director on 31 July 2019.

He has more than 30 years of experience in property development, fast food and education. He joined MBF Holdings Berhad in 1984 and oversea in various division of Company, both local and international projects, including Singapore, Thailand and Indonesia. In addition, he was part of the team which brought in Grandy's Inc fast food chain into Asia Pacific. He was also the project founder of Suriamas development in Bandar Sunway and Rompin Swiftlet Eco Park.

Directorship in other public/ listed companies
HCK Capital Group Berhad

BOARD OF **DIRECTORS' PROFILES**
(cont'd)

KEY SENIOR MANAGEMENT

YAP KOK ENG
Age 50, Male
Malaysian
Executive Director

Number of Board Meetings attended during the year:
4/4

Board Committee:
Nil

Qualifications
Mr. Yap graduated with Chartered Institute of Marketing (CIM), UK from Stamford College.

Work Experience
He was appointed as an Executive Director on 11 March 2014.

He was the Senior Marketing Officer in Japanese Company, Kozato Kizai (M) Sdn Bhd from 1991 to 1996 and gained vast experience in the air-conditioning and electronic capacitor industry. In 1996, he joined the Company and currently holds the position of General Manager. He has overall responsibility in Sales and Marketing, Quality System and Operation of the Company. With more than 23 years working in the Company and extensive exposure in the tobacco and packaging industry, he is instrumental to formulating the marketing strategies and the organic growth of the Company.

Directorship in other public/ listed companies
Nil

Other information in respect of all Directors

1. None of the Directors have any family relationship with any director and/or major shareholder of the Company.
2. None of the Directors have any conflict of interest with the Company.
3. None of the Directors have been convicted for offences within the past 5 years other than traffic offences.
4. None of the Directors have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

VISION

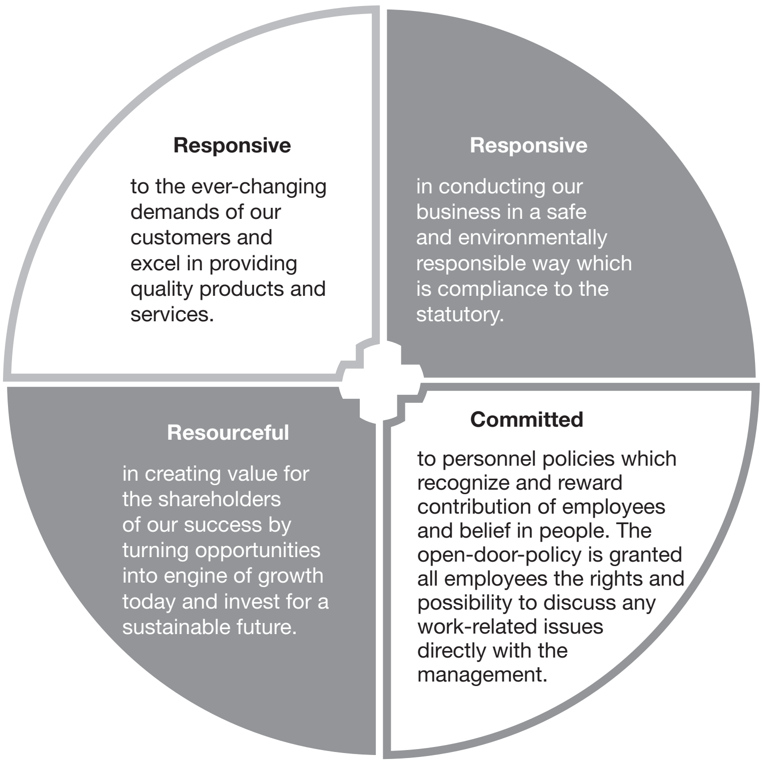
Become the Asian's leading player for Fast -moving consumers goods packaging.

MISSION

We signify innovation and quality with hard work and continuous self-improvements of "never being satisfied".

Be your preferred choice of business partner.

OUR CORE VALUES



CORPORATE SUSTAINABILITY **STATEMENT**
(cont'd)

Bright core' ideology has embedded in the Company since its inception more than 30 years ago, including a dedication to quality and reliability and a commitment to environment responsibility and a respect for the individual employees. It provides the glue that holds our Company together as it grows, expands globally and diversifies in the future.

We perceived corporate sustainability as our commitment to increase long-term growth and at the same time demonstrate our Company intention to enrich the lives of all the stakeholders who are connected with the Group and our operations. The foundation of Bright's sustainable strategy revolves around the people, organization culture and the entire supply chain, from the raw materials handling, production to the distribution of the products and service to customers.

How Bright Create Value Sustainably

Our Value Chain Activities

INPUTS

Suppliers

The establishment of long-term suppliers' relationships has improved the security of supply and flexibility in the supply chain.

MANAGING THE MANUFACTURING PROCESS

People

Active participation of this spirit at all organization levels and willingness to take initiative, resulted a great teamwork has simplified and reduced waste and loss in our manufacturing process and enabling better service levels.

Environment

Environment Policy has been in place across all our activities for many years.

The Environmental performance monitoring committee has the overall environmental responsibility for complying to Environmental Quality Act 1974. It includes energy and water use, waste and recycling, and Carbon dioxide (CO_2) emissions.

We implemented a range of initiatives, such as use water-based inks, solvent less techniques, replaced polyethylene coated board with oil-barrier coating board and replaced the diesel to electric heating as there are environmentally friendlier.

CORPORATE SUSTAINABILITY **STATEMENT**
(cont'd)

MANAGING THE MANUFACTURING PROCESS

Health and Safety

Providing a safe environment for all our employees is paramount.

The Safety and health committee is strived for continual improvement in health and safety managements and comply to Occupational Safety and Health Act 1994.

Recognizing positive behaviours, develop an agile workforce that is aware of and responsive to potential risks, and instilling healthy work practices improve our employees' well-being and minimize risk of accidents and injuries.

SALES AND DISTRIBUTION

On-Time Delivery

The investment in machinery has enhanced capacity to react quickly in market demand, which in turn to deliver goods on time and in full at optimal cost and scale.

We closely coordinate with our customers for maximizing the container capacity, which in turn provides the cost-efficient supply of goods and services, and reduces our carbon footprint.

The right lead-time brings the price and quality into balance with latest IT systems that are continuously being developed.

Quality

All its raw materials to manufacturing process are adherence to quality standard stipulated in the ISO 9001 Quality assurance manual.

Provide training on the use of machineries to the operator.

Regular maintenance is carried out based on Process equipment preventive maintenance schedule.

Customers

Focus on quality and maintaining the good relations are important to align customer expectation in both the short and the long run. A higher flexibility and fast adjustment in supply chain enables the Company to respond to short-term changes in demand.

CORPORATE SUSTAINABILITY **STATEMENT**
(cont'd)

In addition, the development of sustain value also has been based on a number of interacting and mutually supporting initiatives below:

Our Capital	Our Value Creation Activities
Financial	Finance its own activities and service its debts through generation of sustainable revenue. The combine effect of improving profitability, growth and debt reduction has resulted in a strong financial position which is clearly seen from the equity ratio.
Intellectual Capital	The knowledge management system has been implemented across the functional units, and sufficient training and development are provided. We also focus on brand building and product quality to compensate for the support of customers. Quality means carefully testing everything before it delivers to customers. At the core of strategy has been an accumulated knowledge about packaging and production technologies
Human Capital	Develop a high-performance team by establishing a strong corporate culture with well-defined values and employees are understood and internalized these values in their job. Provide a fair, ethical, diverse, safe working environment, job security and respect human rights.
Social And Relationship	Build a strong relationship with key stakeholders through long term partnership, mutual trust, and value-added products and services.
Natural Capital	To be environmentally conscious and measuring our environmental impacts based on industry best practice.

Bright does not perceive the current, successful position as a final destination, but rather as a starting point for taking new initiatives to ensure continuous improvement and sustainable growth. Through an ongoing process of identification and evaluation, the Board continues to establish the direction of our sustainability strategy and keeping up performance and growth remains a priority. The Board is assisted by the Audit and Risk Management Committee to oversee and ensure the integration of the Board-approved sustainability strategy into our business operations.

STATEMENT OF **DIRECTORS' RESPONSIBILITIES**

The Directors are required by the Companies Act 2016 ("Act") and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad to prepare financial statements which give a true and fair view of the state of affairs of the Group and of the Company as at the end of each financial year and of the results and cash flows of the Group and of the Company for the financial year then ended. The Directors ensure that suitable accounting policies have been used and applied consistently, and that reasonable and prudent judgments and estimates have been made, in the preparation of the financial statements. The Directors also ensure that applicable approved accounting standards have been followed. The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with the Act.

This Statement is made in accordance with a resolution of the Board of Directors dated 3 December 2019.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

The Board of Directors ("the Board") of Bright Packaging Industry Berhad ("the Company") and its group of companies ("Bright Group" or "the Group") continues to be committed in promoting and maintaining good standards of corporate governance practices in line with the Malaysian Code on Corporate Governance ("the Code") in managing the business affairs of the Group to protect and enhance sustainable shareholders' value and the financial performance of the Group.

The Board believes that maintaining such level of corporate governance with the concepts of integrity, transparency, accountability and professionalism, is a fundamental part of its responsibilities in managing the business and affairs of Bright Group and discharging its responsibilities to the Shareholders.

The disclosure statement below sets out the manner in which the Group has applied the principles of the Code throughout the financial year ended 31 August 2019.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

Clear functions reserved for the Board and those delegated to Management

The Board has full and effective control over the business undertakings of the Company subject to the powers reserved for shareholders under the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and other applicable laws. This includes responsibility for determining the Company's overall strategic direction as well as the approval of annual and interim results, specific items of investments and divestments, as well as the risk management framework and internal control policies and procedures for the Company.

The Board has adopted a Board Charter which sets out the functions that are reserved for the Board.

The Executive Director is responsible for matters which are not specifically reserved for the Board or delegated to the Board committees such as the day-to-day management of the operations of the Company.

Clear Roles and Responsibilities of the Board

The Board's role and responsibilities are set out in the Company's Board Charter. While the day-to-day management of the operations of the Company is delegated to the Executive Director, the Board retains effective control over important policies and processes covering areas such as internal controls, risk management and the remuneration of executives and employees of the Company.

The Board has also delegated certain responsibilities to other Board committees, which operate within clearly defined terms of reference. Standing committees of the Board include the Audit and Risk Management Committee (please refer to the Report on Audit and Risk Management Committee set out on page 42 to page 44), Nomination Committee and Remuneration Committee. The terms of reference of Board Committees detailing the responsibilities of each Committee and how they exercise their authority.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**
(cont'd)

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

Separation of Positions of the Chairman and Executive Director

There is a clear division of responsibility between the Chairman and Executive Director to ensure a balance of power and authority. The principal duties of the Chairman are to conduct the meetings of the Board and shareholders and to facilitate constructive discussions at these meetings. The Executive Director is responsible for the day-to-day running of the businesses of the Group and to develop and implement strategies.

Qualified and competent Company Secretary

The Board is supported by suitably qualified company secretaries who are responsible for ensuring the effective functioning of the Board and that rules and regulations are complied with. The company secretaries also act as secretaries of all Board Committees. The Company Secretaries circulate relevant guidelines and updates on statutory and regulatory requirements from time to time for the Directors' reference. They also ensure that all Board and Board Committee meetings are properly convened, and that deliberations, proceedings and resolutions are properly minutes and documents.

Access to Information and Advice

Each Board member receives quarterly operating results, including a comprehensive review and analysis. Prior to each Board meeting, Directors are sent an agenda and a full set of Board papers for each agenda item to be discussed at the meeting. This is issued in sufficiently time to enable the Directors to obtain further explanations, where necessary, in order to be sufficiently briefed before the meeting.

All Board members have access to the advice and services of the company secretaries and senior management. The Board, whether as a full board or in their individual capacity, in the furtherance of their duties, may seek independent professional advice in discharge of their duties and responsibilities at the Company's expense.

Board Charter

The Board has adopted a formal Board Charter which is available on the Company's website. The Board Charter is subject to an annual review and more frequently, if required, due to a change of law or of company policy that affects the Board Charter.

Ethical Standards and Code of Conduct

The Board has in place a Code of Conduct for the Directors. The Code of Conduct includes amongst others to act honestly, in good faith and in the best interest of the company, to exercise due care and diligence in carrying out the functions, to avoid conflicts of interest, and to protect the Group's assets and use these assets for legitimate business purposes. The Code of Conduct is reviewed periodically by the Board and revised as and when appropriate.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**
(cont'd)

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

Whistle Blowing Policy

The Board has formalized a whistleblower policy to provide a safe mechanism for whomever to come forward and raise any concerns about the actual or potential fraud or breach of trust involving employees, Management and the Directors of the Group.

It allows the whistleblower the opportunity to raise concerns outside the Management line. The identity of the whistleblower will be kept confidential and protection is accorded to the whistleblower against any form of reprisal or retribution.

Composition of the Board

During the financial year under review, the Board consisted of five (5) Board Members with various experience and expertise. The composition of the Board Members comprising one (1) Executive Deputy Chairman, one (1) Executive Director and three (3) Independent Non-Executive Directors. The composition fulfils the Main Market Listing Requirements of Bursa Securities, which stated that at least two (2) or one-third (1/3) of the Board, whichever is higher, must be Independent Directors.

Tenure of Independent Directors

As a matter of policy, the Board has established that the tenure of Independent Directors shall not exceed a cumulative term of nine years. The Board believes that this tenure provides a balance of effectiveness and independence that is appropriate for the Group.

The Independent Director may continue to serve on the Board beyond nine years tenure provided the he is re-designated as a Non-Independent Director. If the Board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the Board continues to retain the independent director after the twelfth year, the Board should seek annual shareholders' approval through a two (2)-tier voting process.

The Company does not have term limits for the Independent Directors as the Board believes that experience with the Company's business operations brings benefits to the Board and the long serving Independent Directors possess knowledge of the Company's affairs.

During the financial year under review, none of the Independent Directors has served on the Board beyond nine years.

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

New Appointment of Directors

The Nomination Committee ("NC") considers candidates proposed by the Directors, Senior Management, Major Shareholders or independent sources. The NC is responsible to ensure a formal and transparent procedure for the appointment of new Directors to the Board and to recommend individuals for nomination as members of the Board by assessing the desirability of renewing existing directorships. Due consideration should be given to the extent to which the interplay of the Director's expertise, skills, knowledge, experience, independence and boardroom diversity was demonstrated with those of other Board members.

In the case of candidates for the position of Independent Non-Executive Director, the NC shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Director. New Directors are provided with comprehensive information on the Group to enable them to gain a better understanding of the Group's strategies and operations, and hence allow them to effectively contribute to the Board. The NC will ensure that orientation programme is in place for future new recruits to the Board.

Gender Diversity Policy

The Board supports non-discrimination on gender, ethnicity and age group of candidates to be appointed as Board members although no formal policy has been formed. The Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with skills, experience, time commitment and other qualities in meeting the future needs of the Company. Currently, our Board members comprise of one female director.

Nomination Committee

The Nomination Committee ("NC") is responsible to recommend appointment of new candidates to the Board of Directors, reviews the effectiveness and its performance assessment of the Board of Directors and the Board Committees.

The current NC comprises entirely of Independent Non-Executive Directors.

The following are the Members of the NC:

Name	Designation	Directorship
Yeong Siew Lee	Chairperson	Senior Independent Non-Executive Director
Tee Wee Keat	Member	Independent Non-Executive Director
Ong Chooi Lee (appointed on 31 July 2019)	Member	Independent Non-Executive Director

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**
(cont'd)

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

Nomination Committee (cont'd)

The Board has stipulated specific Terms of Reference for the NC, which covers following salient functions:

i. assessing and recommending to the Board the candidature of directors, appointment of directors to board committees;

ii. reviewing of Board's succession plans and training programmes for the Board;

iii. undertaking the assessment of the Board, board committees and individual directors on an on-going basis; and

iv. undertaking annual assessment of the independence of independent directors in the Board beyond the independent director's background, economic and family relationships but considering they can continue to bring independent and objective judgment to Board deliberations.

Annual Assessment / Summary of Activities by NC

During the financial year, the NC reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board, including core competencies of the Directors, the contribution of each individual Director as well as their character, integrity and time commitment, independence of the Independent Directors, effectiveness of the Board as a whole, and the Board Committees; and also the retirement of Directors eligible for re-election. The NC uses the Board and Board Committee Evaluation Forms comprising questionnaires for the assessments. The NC has reviewed the profile of new director and recommended the appointment to the Board for approval.

Remuneration Committee

The Remuneration Committee ("RC") is responsible to assist the Board on fair remuneration practices in attracting, retaining and motivating Directors.

The current RC comprises entirely of Independent Non-Executive Directors. The following are the Members of the RC:

Name	Designation	Directorship
Yeong Siew Lee	Chairperson	Senior Independent Non-Executive Director
Tee Wee Keat	Member	Independent Non-Executive Director
Ong Chooi Lee (appointed on 31 July 2019)	Member	Independent Non-Executive Director

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

Remuneration Committee (cont'd)

For the financial year ended 31 August 2019, the RC met once to review and recommend the Executive Directors' remuneration packages and Directors' fees in financial year 2019. The Board as a whole determines the remuneration of Non-Executive Directors with individual Director abstaining from decisions in respect of their individual remuneration.

The Company has adopted the objectives as recommended by the Code to determine the remuneration of the Directors so as to ensure that the Company attracts and retains directors of the quality needed to manage the business of the Group respective.

The aggregate remuneration of the Directors of the Group paid or payable by the Group for the financial year under review are as follows:

Company

	Salaries (RM)	Fees (RM)	Other emoluments / Benefits[1] (RM)	Total (RM)
EXECUTIVE DIRECTORS				
Nik Mustapha Bin Muhamad	–	36,000	–	36,000
Yap Kok Eng	235,692	–	–	235,692
NON-EXECUTIVE DIRECTORS				
Yeong Siew Lee	–	24,000	–	24,000
Lye Jun Fei *(Resigned on 31 July 2019)*	86,440	16,500	–	102,940
Tee Wei Keat	–	18,000	–	18,000
Ong Chooi Lee *(Appointed on 31 July 2019)*	–	1,500	–	1,500

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**
(cont'd)

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

Remuneration Committee (cont'd)

Group

	Salaries (RM)	Fees (RM)	Other emoluments / Benefits[1] (RM)	Total (RM)
EXECUTIVE DIRECTORS				
Nik Mustapha Bin Muhamad	–	36,000	–	36,000
Yap Kok Eng	235,692	–	–	235,692
NON-EXECUTIVE DIRECTORS				
Yeong Siew Lee	–	24,000	–	24,000
Lye Jun Fei *(Resigned on 31 July 2019)*	86,440	16,500	–	102,940
Tee Wei Keat	–	18,000	–	18,000
Ong Chooi Lee *(Appointed on 31 July 2019)*	–	1,500	–	1,500

[1] Other emolument include meeting allowance, car and driver allowances.

The Board has chosen to disclose the remuneration of the top (5) senior management personnel in bands instead of named basis as the Board is of the opinion that disclosure of the senior management personnel names and the various remuneration component would not be in the best interest of the Group due to confidentiality and sensitivity of each remuneration package.

The number of top senior management's remuneration for the financial year under review is as follows: -

Range of Remuneration	Number of Senior Management Staff
Below RM50,000	1
RM50,001 – RM100,000	-
RM100,001 – RM150,000	-
RM150,001 – RM200,000	-
RM200,001 – RM250,000	1

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

Options Committee

The Options Committee is responsible to administer the Options under the employee share options scheme.

The current Options Committee comprises entirely of Independent Non-Executive Directors.

The following are the Members of the Options Committee:

Name	Designation	Directorship
Yeong Siew Lee	Chairperson	Senior Independent Non-Executive Director
Tee Wee Keat	Member	Independent Non-Executive Director
Ong Chooi Lee (appointed on 31 July 2019)	Member	Independent Non-Executive Director

The Board has stipulated specific Terms of Reference for the Options Committee, which covers following salient functions:

- To implement and administer the Scheme in such manner as it shall in its discretion deem fit in accordance with the Employee Share Options Scheme, including to deal with the issue and allotment of new shares in the Company arising from the exercise of options by grantees;

- To determine the number of shares to be offered to eligible participants and to make offers to eligible participants in accordance with the Employee Share Options Scheme;

- To recommend to the Board where it deems necessary, any amendment, modification, addition, or deletion of the Employee Share Options Scheme;

- To enter into any transactions, agreements, deeds, documents or arrangements, and make rules, regulations or impose terms and conditions or delegate its power relating to the Scheme subject to the provisions of the Employee Share Options Scheme;

- To take all other actions within the purview of the Committee pursuant to the Employee Share Options Scheme, for the necessary and effective implementation and administration of the Scheme.

No Options Committee meeting was held during the financial year ended 31 August 2019.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**
(cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit and Risk Management Committee Composition and Chairman

The Audit and Risk Management Committee ("ARMC") consists of three (3) Independent Non-Executive Directors. The Chairperson of the ARMC is Ms. Yeong Siew Lee whilst the Chairman of the Board is Encik Nik Mustapha bin Muhamad. Having the position of Board Chairman and ARMC Chairperson assumed by different individuals allows the Board to objectively review the ARMC's findings and recommendations.

Policy on appointment of a former key audit partner as AC member

The Company observes the practice under the Code that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the ARMC.

Assessment of Suitability, Objectivity and Independence of External Auditors

The ARMC undertakes an annual review of the suitability, objectivity and independence of the external auditors. The External Auditors have confirmed that they were, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. The External Auditors can be engaged to perform non-audit services that are not perceived to be in conflict with their role as External Auditors.

Having assessed their performance, the ARMC is satisfied with the competence and independence of the External Auditors and had recommended to the Board, upon which the shareholders' approval will be sought at the forthcoming AGM of the Company.

All ARMC members are financially literate

All members of the ARMC are financially literate and are able to understand matters under the purview of the ARMC including financial reporting process. The Committee members possess the necessary qualification, knowledge, experience, expertise and skills which contributed to the overall effectiveness of the ARMC. All members of the ARMC undertake continuous professional development to keep themselves abreast of relevant developments and they also receive updates from External Auditors on areas relating to changes in accounting standards, practices and rules.

Risk management and Internal Control framework

The Board has full and effective control over the business undertakings of the Group subject to the powers reserved for shareholders under the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and other applicable laws. This includes responsibility for determining the Group's overall strategic direction as well as the approval of annual and interim results, specific items of investments and divestments, as well as the risk management framework and internal control policies and procedures for the Group.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

Risk management and Internal Control framework (cont'd)

The Group has established policies and procedures for the oversight and management of material business and financial risks as well as the monitoring of the internal controls that are in place.

The risk management policy sets out procedures which are designed to identify assess, monitor and manage risk at each of the businesses of the Group. The risks covered in the procedures and reviewed by the internal audit team include operational, market (both business and finance), legal and credit risks. The Management and the Board also carry out a regular review of political, regulatory and economic risks in line with the Board's oversight of the strategic direction and position of the Group within the marketplace it operates.

Information on internal control of Bright Group is detailed in the Statement on Risk Management and Internal Control set out on pages 38 to 41.

Internal audit function reporting to the ARMC

The Management has devised and implemented a risk management system appropriate to the Group's operations. Management is charged with monitoring the effectiveness of this risk management system and is required to report on the adequacy of the internal controls put in place to the Board via the ARMC. The Internal Auditor reports to the ARMC which oversees the Group's risk management policy.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**
(cont'd)

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

Communication with Stakeholders

The Board recognizes the importance of being transparent and accountable to the Company's shareholders and prospective investors. The various channels of communications are through meetings with shareholders and investment communities, quarterly announcements on financial results to Bursa Securities, relevant announcements and circulars, when necessary, the Annual and Extraordinary General Meetings and through the Group's website at www.brightpack.net where shareholders and prospective investors can access corporate information, annual reports, press releases financial information, company announcements, share and warrant prices of the Company. To maintain a high level of transparency and to effectively address any issues or concerns, the Group has a dedicated electronic mail, i.e. admin@brightpack.net to which shareholders can direct their queries or concerns.

The Group has a corporate disclosure policy which seeks to promote effective communication to its shareholders and other stakeholders. The policy emphasis timely and complete disclosure of all relevant information to shareholders as required by the Listing Requirements and applicable laws and is in line with the Group's policy of building and maintaining a sustainable business based on delivering value to its shareholders. The communication channels include the Group's annual reports, disclosures and announcements made to Bursa Securities, press statements and other public communications notices of meetings and explanatory documents issued to shareholders.

Conduct of general meetings

The Company encourages its shareholders to attend the AGM. The Annual Report and Notice of the AGM are sent to all shareholders in accordance with the provisions of the Main Market Listing Requirements of Bursa Securities. The Notice of AGM is also published in national newspapers. The Notice would include explanatory statements for proposed resolutions to facilitate understanding and evaluation of issues involving the shareholders.

The AGM is the primary forum for the Directors to communicate with shareholders. The Board provides opportunities for shareholders to raise questions pertaining to issues in the Annual Report, corporate developments in the Group, the resolutions being proposed and the business of the Group.

Using information technology for effective dissemination of information

The Group has a corporate website which provides copies of all public communications and other relevant company information.

The Company will explore the leverage of technology to enhance the quality of engagement with its shareholders and facilitate further participation by shareholders at AGMs of the Company where circumstances permit.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (cont'd)

Attendance at Board of Directors' Meetings and Board Committees' Meetings

Shown below is the attendance of each Director for the financial year ended 31 August 2019.

Name of Director	Designation	No. of Meetings attended	%
Nik Mustapha Bin Muhamad	Executive Deputy Chairman	3/4	75
Yap Kok Eng	Executive Director	4/4	100
Lye Jun Fei [1]	Independent Non-Executive Director	3/4	75
Tee Wee Keat	Independent Non-Executive Director	4/4	100
Yeong Siew Lee	Senior Independent Non-Executive Director	4/4	100

Board of Committee Meetings

Name of Director	ARMC	NC	RC
Lye Jun Fei [1]	3/4	1/1	1/1
Tee Wee Keat	3/4	0/1	0/1
Yeong Siew Lee	4/4	1/1	1/1

[1] Lye Jun Fei had attended the meetings prior to his resignation on 31 July 2019.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**
(cont'd)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (cont'd)

Directors' Training

During the financial year, the Directors have attended the following training:

Directors	Seminar / Trainings
Nik Mustapha Bin Muhamad	• Progress Through Integrated Reporting
Yap Kok Eng	• Special Dialogue with Lembaga Hasil Dalam Negeri
Tee Wee Keat	• Budget seminar 2020
Lye Jun Fei (Resigned on 31 July 2019)	• Budget seminar 2020
Ong Chooi Lee	• PI Note Training • Toward Boardroom Excellence • Building Corporation Longevity • My Industries 4.0
Yeong Siew Lee	• Internal Audit for Board and Audit Committee • Budget Seminar 2019 • Sustainability: Governance Towards Long Term Value Creation • Audit Committee Conference • CFO Conference 2019 • Managing and Processing Payroll in Malaysia

This Corporate Governance Overview Statement was approved by the Board of Directors on 3 December 2019.

ADDITIONAL COMPLIANCE **INFORMATION**

Audit and Non-Audit Fees

During the financial year ended 31 August 2019, the amount of the audit fees paid to external auditors on the Company and Group basis were RM80,000 and RM66,000 respectively.

The amount of non-audit fees paid or payable to the External auditors, or a firm or corporation affiliated to the auditors' firm by the Company and Group during the financial year ended 31 August 2019 are as follow:-

Particular	**Group RM**	**Company RM**
Non-Audit Fees paid or payable to External auditor		
- Review of the Statement on Risk Management and Internal Control	5,000	5,000
Non-Audit Fees paid or payable to a firm or corporation affiliated to the auditors' firm		
- Taxation services	14,000	10,500

Recurrent Related Party Transactions ("RRPT")

There was no RRPT during the financial year ended 31 August 2019.

Material Contracts

There were no material contracts entered into by the Company and/or its subsidiaries during the financial year ended 31 August 2019 involving the interest of the Directors and/or Major Shareholders of the Company.

STATEMENT ON RISK MANAGEMENT **AND INTERNAL CONTROL**

This Statement on Risk Management and Internal Control is made in accordance with the paragraph 15.26(b) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and as guided by the Statement on Risk Management and Internal Control: Guidance for Directors of Listed Issuers, which requires Malaysian public listed companies to make a statement in their annual report about their state of internal control, as a Group.

Board responsibility

The Board affirms its overall responsibility to establish and oversight a sound risk management framework and procedures of internal control. The Board continues its role to set the tone and shape the Group's culture, with an emphasis on adequacy and effectiveness of risk management and internal control, including financial, operational management, compliance and information technology controls and risk management procedures.

The Board ensured to devote sufficient time for through discussion on key matters at formal Board meetings to ensure that each Director is actively engaged. The Audit and Risk Management Committee (ARMC) assists the Board to fulfil its responsibilities in providing oversight of the Group's financial risk process, the financial reporting process, the audit process, the system of internal controls and compliance with laws and regulations.

The Board recognizes the inherent limitations in any system of the risk management and internal control processes, the system in place can only manage and not completely eliminate the material financial misstatements, fraud or losses and unforeseen emerging risks.

Management responsibility

The Management is responsible for the day-to-day activities of the business and operations of the Group. It has primarily responsibility for identifying, assessing and reporting key business risks to the Board in order to safeguard shareholders' investment and the Group's assets. While identifying risks areas, management can improve the control testing, monitoring functions and reducing the complexity of business processes also offers the potential for improving the efficiency of core operations and enhance risk management. The Management's performance is monitored by the Board through a comprehensive summary of the Group's financial performance on a quarterly basis.

The Executive Director also provides assurance to the Board that the Group's system of risk management and internal control is operating adequately in all material aspects based on the risk management and internal control system put in place.

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

Risk Management Framework

The Board regards the risk management as an integral part of the Group's business operations and has operated under a Board approved risk management framework. It outlines the Group's risk-based approach to risk management which oversight and describes the structures and practices employed to current and emerging risks inherent to Bright Packaging.

Risk assessments are performed based on pre-defined risk management process adapted from ISO 9001: 2015 Quality management system guidelines and globally acceptable risk management. It reinforces each team member's personal accountability for risk management and is built on a foundation that begins with a deep understanding of the Group's processes, risks and controls. It also supports management in achieving the Group's strategic goals and objectives, and it supports the Board as it carries out its risk oversight responsibilities.

Diagram 1 below illustrates the Group's Enterprise Risk Management framework.

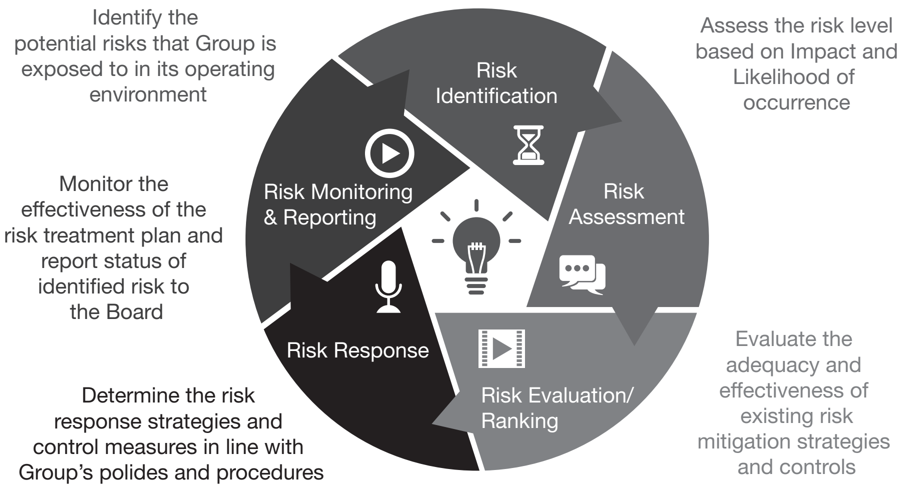


Diagram 1: Enterprise Risk Management Framework

The risk management framework consists of three lines of defense: (1) The front line which consists of Bright's risk generating activities, including activities of production process, strategic of business development, quality assurance, purchasing, and occupational, health and safety, in addition to certain activities of company functions (Human Resources and Finance); (2) Risk Assessment Committee which report to the ARMC; (3) Internal audit and external audit, which is independent consulting firm who reports to the ARMC.

STATEMENT ON RISK MANAGEMENT **AND INTERNAL CONTROL**
(cont'd)

The Group cultivates an environment that promotes robust communication and corporation among the two lines of defense and supports identifying, escalating and addressing current and emerging risk issues. The Board receives reports from management regarding current or emerging risk matters at each of its quarterly scheduled meetings. The diagram below provides an overview of the Risk Management Governance Structure:

Diagram 2: Risk Management Corporate Structure

Internal Audit Function

The internal audit function is outsourced to an external professional firm, Kloo Point Risk Management Services Sdn. Bhd. (KLP) and staffed with persons with relevant qualifications and experience to perform the review and testing of the Group's processes consistent with the International Professional Practices Framework of the Institute of Internal Auditors. The internal auditors have unfettered access to all the Group's documents, records, properties and personnel.

The internal audit function reports directly and provides assurance to the ARMC through the independent execution of internal audit work based on a risk-based internal audit plan approved by the ARMC. It highlights significant findings and corrective measures in respect of adequacy and effectiveness of risk management and internal control, while management is responsible for establishing and implementing the internal control procedures in a timely and appropriate manner.

The total costs incurred for the Internal audit function for the financial year ended 31 August 2019 amounted to RM20,000 (2018: RM14,000).

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

Conclusion

The Board is of the view that there is no significant breakdown or weaknesses in the current system of internal controls of the Group that have resulted in material losses incurred by the Group for the financial year ended 31 August 2019. The Board and the Management will continue to take necessary measures and ongoing commitment to strengthen and improve its internal control environment and processes.

This Statement is made in accordance with the resolution of the Board of Directors dated 3 December 2019.

Review of the Statement by External Auditors

The External Auditors have, in accordance with the Recommended Practice Guide 5 issued by the Malaysian Institute of Accountants, reviewed the Statement as required by paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, for inclusion in the Company's Annual Report for the financial year ended 31 August 2019.

Based on their review, the auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing and assessing the integrity and adequacy of the internal controls of the Group.

AUDIT AND RISK MANAGEMENT **COMMITTEE REPORT**

A. COMPOSITION, ANNUAL PERFORMANCE ASSESSMENT AND ATTENDANCE

The Audit and Risk Management Committee (ARMC) comprises three members, all of whom are Independent Non-Executive Directors. They are:

Yeong Siew Lee *(Chairperson, Senior Independent Non-Executive Director)*
Tee Wee Keat *(Member, Independent Non-Executive Director)*
Ong Chooi Lee *(Member, Independent Non-Executive Director)*

The members of the ARMC have sufficient financial management expertise, as interpreted by the Board in its business judgement, to discharge its functions and duties. The Board performs an annual assessment of the Committee's effectiveness in carrying out its duties set out in the Terms of Reference (TOR). The Board is satisfied that the ARMC effectively discharged its duties in accordance with its TOR.

Notes:
For meeting attendance see page 35.

B. SUMMARY OF WORK OF THE ARMC DURING THE FINANCIAL YEAR

The principal activities undertaken by the ARMC during the financial year are summarised as follows:-

Financial Reporting

i) Reviewed the unaudited quarterly financial results of the Group prior to the Board's approval.
ii) Reviewed the annual audited financial statement for financial year ended 2019 (FY2019).
iii) Focused on:
   - compliance with the Malaysian Financial Reporting Standards, Main Market Listing Requirement and Company Act 2016; and
   - changes to the accounting policies and practices, significant judgements and uncorrected misstatements.
iv) Reviewed the related party transactions and recurrent related party transactions of a revenue or trading nature.

B. SUMMARY OF WORK OF THE ARMC DURING THE FINANCIAL YEAR (cont'd)

Internal Audit

i) Reviewed and approved the Internal Audit Plan for FY2019 to ensure the principal risks and key functions were adequately identified and covered in the plan.

ii) Risk assessment review report presented by KLP was reviewed by ARMC on 22 April 2019. This included a review on business and operational activities with respect to:
- Risk management strategy and policy;
- Risk assessment process and monitoring; and
- Adequacy of Management's responsive to the audit findings and recommendations.

External Audit

i) Reviewed the external auditors' Group Audit Plan that outlines the audit strategy and approach for FY2019.

ii) Reviewed the significant audit and accounting matters arising from the audit and updated on any new developments potentially affecting the Group.

iii) Had discussion with external auditors twice during the financial year, on 9 October 2019 and 30 October 2019, without the presence of the management, to discuss matters concerning audit and financial statements.

iv) Assessment and be satisfied with the written independent assurance given by the external auditors.

Annual Report

i) Reviewed and endorsed the Corporate Governance Statement, and Statement on Risk Management and Internal Control Statement for Board's approval and inclusion in FY2019 Annual Report.

C. STATEMENT OF VERIFICATION ON ALLOCATION OF SHARE ISSUANCE SCHEME ("SIS")

During the FY2019, there were no options granted pursuant to the SIS.

AUDIT AND RISK MANAGEMENT **COMMITTEE REPORT**
(cont'd)

D. INTERNAL AUDIT FUNCTION

The Company outsourced its internal audit function to Kloo Point Risk Management Services Sdn. Bhd. (KLP), a third party professional firm to assist the ARMC in discharging its responsibilities and duties. The role of the internal audit functions is to undertake independent regular and systematic reviews of the system of internal controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively.

The internal audits cover the review of the adequacy of risk management, operational controls, and compliance with established procedures, guidelines and statutory requirements.

Based on the approved Audit Plan 2019, a Risk Assessment Review was conducted by KLP and covering the following business and operational activities:
i) Strategic Business Planning and Business Development
ii) Credit Control
iii) Legal and Regulatory Compliance
iv) Financial Management
v) Quality Assurance
vi) Warehousing
vii) Purchasing
viii) Human Resource
ix) Plant and Machinery Maintenance
x) Occupational, Healthy and Safety

At the Committee's quarterly meeting, KLP presented the key findings of investigations made and proposed corrective actions to be taken by Management to address and resolve issues. Follow-up discussions are then carried in subsequent quarterly meeting to ensure these were adequately addressed on a timely basis.

This statement was made in accordance with a resolution of the Board dated 3 December 2019.

FINANCIAL STATEMENTS

DIRECTORS' **REPORT**

The directors submit their report and the audited financial statements of the Group and the Company for the financial year ended 31 August 2019.

Principal activities

The Company is principally a manufacturer of aluminium foil packaging materials and investment holding. The details of the subsidiaries, including their principal activities, are disclosed in Note 11 to the financial statements.

Financial results

	Group RM	Company RM
Net profit/(loss) for the financial year attributable to:		
Owners of the Company	1,935,340	1,764,019
Non controlling interests	(2,471)	–
	1,932,869	1,764,019

In the opinion of the directors, the results of the operations of the Group and the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors also do not recommend any dividend payment in respect of the current financial year.

Reserves and provisions

There were no material transfers to and from reserves or provisions during the financial year other than those disclosed in the financial statements.

Issue of shares and debentures

The Company has not issued any shares and debentures during the financial year.

Treasury shares

As at 31 August 2019, the Company held a total of 500 treasury shares of its 205,330,894 issued ordinary shares. The treasury shares are held at carrying amount of RM505. The shares repurchased are being held as treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016. Further relevant details on treasury shares are disclosed in Note 18.1 to the financial statements.

Warrants

The Company had on 23 January 2014 issued 57,713,200 free Warrants 2014/2019 in conjunction with its rights issue of shares. The Warrants 2014/2019 are constituted by a Deed Poll dated 5 December 2013.

The movements in the Company's Warrants 2014/2019 during the financial year are as follows:

	Entitlement for ordinary shares			
	Balance at 1.9.2018	**Exercised**	**Expired**	**Balance at 31.8.2019**
Number of unexercised warrants	72,141,348	–	(72,141,348)	–

The salient features of the Warrants 2014/2019 is disclosed in Note 18.3 to the financial statements.

Share options

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

DIRECTORS' **REPORT**
(cont'd)

Directors

The directors of the Company in office since the end of the previous financial year to the date of this report are:

Nik Mustapha Bin Muhamad	
Tee Wee Keat	
Yap Kok Eng	
Yeong Siew Lee	
Ong Chooi Lee	Appointed on 31 July 2019
Lye Jun Fei	Resigned on 31 July 2019

Directors' interests in shares

None of the directors in office at the end of the financial year had an interest in shares of the Company and its related companies during the financial year, as recorded in the Register of Directors' Shareholdings kept under Section 59 of the Companies Act 2016.

Directors' benefits

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation 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.

The details of the directors' remuneration are disclosed in Note 5 to the financial statements.

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

Indemnity and insurance

There was no indemnity given to or insurance effected for any directors, officers and auditors of the Company during the financial year.

Other statutory information

Before the financial statements of the Group and the Company were prepared, the directors took reasonable steps:

(a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their expected realisable values.

At the date of this report, the directors are not aware of any circumstances:

(a) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent;

(b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; and

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

In the interval between the end of the financial year and the date of this report:

(a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the directors, would substantially affect the results of the operations of the Group and the Company for the financial year in which this report is made; and

(b) no charge has arisen on the assets of the Group and the Company which secures the liability of any other person nor have any contingent liabilities arisen in the Group and the Company.

No contingent or other liability of the Group and the Company 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 affect the ability of the Group and the Company to meet their obligations as and when they fall due.

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements, which would render any amount stated in the financial statements misleading.

DIRECTORS' REPORT
(cont'd)

Auditors

The auditors, Messrs Russell Bedford LC & Company, have indicated their willingness to continue in office.

The auditors' remuneration is disclosed in Note 5 to the financial statements.

Signed on behalf of the Board
in accordance with a resolution of the directors,

NIK MUSTAPHA BIN MUHAMAD **ONG CHOOI LEE**

Kuala Lumpur

Dated: 3 December 2019

STATEMENT BY **DIRECTORS**

The directors of BRIGHT PACKAGING INDUSTRY BERHAD state that, in the opinion of the directors, the accompanying financial statements are drawn up in accordance with the provisions of the Companies Act 2016 and the Malaysian Financial Reporting Standards, so as to give a true and fair view of the financial position of the Group and of the Company as at 31 August 2019, and of their financial performance and their cash flows for the year ended on that date.

Signed on behalf of the Board
in accordance with a resolution of the directors,

NIK MUSTAPHA BIN MUHAMAD **ONG CHOOI LEE**

Kuala Lumpur

Dated: 3 December 2019

STATUTORY **DECLARATION**

I, NIK MUSTAPHA BIN MUHAMAD, being the director primarily responsible for the financial management of BRIGHT PACKAGING INDUSTRY BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by)
the above named NIK MUSTAPHA BIN)
MUHAMAD at Kuala Lumpur in Wilayah)
Persekutuan on 3 December 2019)

NIK MUSTAPHA BIN MUHAMAD

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT **AUDITORS' REPORT**
TO THE MEMBERS OF BRIGHT PACKAGING INDUSTRY BERHAD

1. Report on the audit of the financial statements

1.1 Opinion

We have audited the accompanying financial statements which comprise the statements of financial position of the Group and of the Company as at 31 August 2019, and the related statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 August 2019, and of their financial performance and their cash flows for the year then ended in accordance with the Companies Act 2016 ("Act") and the Malaysian Financial Reporting Standards.

1.2 Basis for opinion

We conducted our audit in accordance with the Approved Standards on Auditing in Malaysia and the International Standards on Auditing. Our responsibilities under those standards are further described in paragraph 1.6.

We are independent of the Group in accordance with the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("MIA By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the MIA By-Laws and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

1.3 Key audit matters

Key audit matters are those matters that, in our professional judgment, 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BRIGHT PACKAGING INDUSTRY BERHAD
(cont'd)

1. Report on the audit of the financial statements (cont'd)

1.3 Key audit matters (cont'd)

1.3.1 Review of useful lives of plant and machineries of the Group

As at 31 August 2019, the carrying amount of plant and machineries of the Group and the Company amounted to RM34,049,468 and RM34,104,469 respectively, constitutes 58% and 77% of the total property, plant and equipment. During the financial year, the Group and the Company have revised the useful lives of the plant and machineries used in the manufacturing activities. Assessment of useful lives of plant and machineries involves management judgment, consideration of historical experiences, anticipated technological changes as well as the age and condition of the assets expected at the end of the useful life. Accordingly, it has been determined as a key audit matters as this involves significant management judgment.

<u>How the matter was addressed in the audit</u>

Our audit procedures included, amongst others:

- Evaluated the reasonableness of the assumptions considered by the management in estimation of useful lives
- Examined the useful lives with reference to the Group's historical experience, anticipated technological changes, age and condition of the plant and machineries
- Assessed whether the impact on the change has been appropriately recognised in the financial statements
- Reviewed the disclosures made in the financial statements in this regard

We are satisfied with the results of our procedures performed and appropriateness of the disclosures made in the financial statements.

1.4 Other information

Management is responsible for the other information. The other information comprises the information included in the Company's directors' report, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

INDEPENDENT **AUDITORS' REPORT**

TO THE MEMBERS OF BRIGHT PACKAGING INDUSTRY BERHAD
(cont'd)

1. Report on the audit of the financial statements (cont'd)

1.4 Other information (cont'd)

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

1.5 Responsibilities of management and those charged with governance for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Act and the Malaysian Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and/or its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

1.6 Auditors' responsibilities for the audit of the financial statements

It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion solely to you, as a body, in accordance with Section 266 of the Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

Our objectives are to obtain reasonable assurance about whether the financial statements 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 the Approved Standards on Auditing in Malaysia and the 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 BRIGHT PACKAGING INDUSTRY BERHAD
(cont'd)

1. Report on the audit of the financial statements (cont'd)

1.6 Auditors' responsibilities for the audit of the financial statements (cont'd)

As part of an audit in accordance with the Approved Standards on Auditing in Malaysia and the International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's 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 Group's and/or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention on our auditors' report to the related disclosures in the financial statements 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 and/or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group's financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

INDEPENDENT **AUDITORS' REPORT**
TO THE MEMBERS OF BRIGHT PACKAGING INDUSTRY BERHAD
(cont'd)

1. Report on the audit of the financial statements (cont'd)

1.6 Auditors' responsibilities for the audit of the financial statements (cont'd)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of 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 report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

2. Other matter

The financial statements for the year ended 31 August 2018 were audited by another firm of auditors whose report dated 26 December 2018 expressed an unqualified audit opinion.

3. Engagement partner

The engagement partner on the audit resulting in this independent auditors' report is Teoh Wuey Sze.

RUSSELL BEDFORD LC & COMPANY	**TEOH WUEY SZE**
AF 1237	02831/01/2020 J
CHARTERED ACCOUNTANTS	CHARTERED ACCOUNTANT

Kuala Lumpur

Date: 3 December 2019

STATEMENTS OF **COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Revenue	4	67,890,625	54,281,474	67,890,625	54,281,474
Cost of sales		(62,638,127)	(55,028,768)	(62,636,693)	(55,048,768)
Gross profit/(loss)		5,252,498	(747,294)	5,253,932	(767,294)
Other operating income		282,864	541,939	282,864	536,769
Selling and distribution expenses		(1,288,217)	(971,694)	(1,288,217)	(971,694)
Administrative expenses		(2,822,139)	(2,917,218)	(2,653,811)	(2,530,786)
Other operating expenses		(28,281)	(966,043)	(640,989)	(925,394)
Profit/(Loss) from operations	5	1,396,725	(5,060,310)	953,779	(4,658,399)
Finance income	6	1,377,564	1,266,174	1,377,564	1,266,174
Finance costs	7	(5,396)	(6,957)	(5,396)	(6,957)
Net finance income		1,372,168	1,259,217	1,372,168	1,259,217
Profit/(Loss) before tax		2,768,893	(3,801,093)	2,325,947	(3,399,182)
Income tax expense	8	(836,024)	398,652	(561,928)	569,293
Net profit/(loss)/Total comprehensive income/(loss) for the year		1,932,869	(3,402,441)	1,764,019	(2,829,889)
Net profit/(loss)/Total comprehensive income/(loss) attributable to:					
Owners of the Company		1,935,340	(3,402,441)		
Non controlling interests		(2,471)	–		
		1,932,869	(3,402,441)		
Earnings per share (sen)					
- Basic	9	0.94	(1.44)		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF **FINANCIAL POSITION**
AS AT 31 AUGUST 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Non current assets					
Property, plant and equipment	10	58,991,715	61,916,941	44,427,116	47,211,042
Investment in subsidiaries	11	–	–	2	606,030
Other receivables	14	–	–	13,473,096	–
		58,991,715	61,916,941	57,900,214	47,817,072
Current assets					
Inventories	12	11,768,330	11,640,234	11,768,330	11,640,234
Trade receivables	13	13,718,456	13,795,223	13,718,456	13,795,223
Other receivables, deposits and prepayments	14	197,275	287,766	167,774	13,749,777
Fixed deposits with a licensed bank	15	–	1,644,200	–	1,644,200
Cash and bank balances	16	44,519,887	37,877,277	44,514,270	37,868,553
		70,203,948	65,244,700	70,168,830	78,697,987
Total assets		129,195,663	127,161,641	128,069,044	126,515,059
Equity					
Share capital	17	97,716,929	97,716,929	97,716,929	97,716,929
Reserves	18	20,030,365	18,095,025	15,750,738	13,986,719
Equity attributable to owners of the Company		117,747,294	115,811,954	113,467,667	111,703,648
Non-controlling interests		(2,471)	–	–	–
Total equity		117,744,823	115,811,954	113,467,667	111,703,648

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 31 AUGUST 2019
(cont'd)

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Non current liabilities					
Hire purchase liabilities	19	65,171	96,904	65,171	96,904
Deferred tax liabilities	20	2,973,330	2,142,626	961,655	405,095
		3,038,501	2,239,530	1,026,826	501,999
Current liabilities					
Trade payables	21	7,806,638	8,238,370	7,787,769	8,219,501
Other payables and accruals	22	573,969	821,641	5,755,050	6,039,765
Tax payables		–	19,975	–	19,975
Hire purchase liabilities	19	31,732	30,171	31,732	30,171
		8,412,339	9,110,157	13,574,551	14,309,412
Total liabilities		11,450,840	11,349,687	14,601,377	14,811,411
Total equity and liabilities		129,195,663	127,161,641	128,069,044	126,515,059

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF **CHANGES IN EQUITY**
FOR THE YEAR ENDED 31 AUGUST 2019

Group	Share capital RM	Treasury shares RM	Warrants reserve RM	Other reserve RM	Retained profits RM	Equity attributable to owners of the Company RM	Non-controlling interest RM	Total equity RM
At 1 September 2017	97,716,929	(436)	30,495,655	(30,495,655)	21,497,971	119,214,464	–	119,214,464
Transactions with owners:								
Treasury share repurchased	–	(69)	–	–	–	(69)	–	(69)
Net loss/Total comprehensive loss for the year	–	–	–	–	(3,402,441)	(3,402,441)	–	(3,402,441)
At 31 August 2018	97,716,929	(505)	30,495,655	(30,495,655)	18,095,530	115,811,954	–	115,811,954
Transactions with owners:								
Warrant 2014/2019 expired	–	–	(30,495,655)	30,495,655	–	–	–	–
Net profit/Total comprehensive income for the year	–	–	–	–	1,935,340	1,935,340	(2,471)	1,932,869
At 31 August 2019	97,716,929	(505)	–	–	20,030,870	117,747,294	(2,471)	117,744,823

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF **CHANGES IN EQUITY**
FOR THE YEAR ENDED 31 AUGUST 2019
(cont'd)

Company	**Share capital RM**	**Treasury shares RM**	**Warrants reserve RM**	**Other reserve RM**	**Retained profits RM**	**Total RM**
At 1 September 2017	97,716,929	(436)	30,495,655	(30,495,655)	16,817,113	114,533,606
Transactions with owners:						
Treasury share repurchased	–	(69)	–	–	–	(69)
Net loss/Total comprehensive loss for the year	–	–	–	–	(2,829,889)	(2,829,889)
At 31 August 2018	97,716,929	(505)	30,495,655	(30,495,655)	13,987,224	111,703,648
Transactions with owners:						
Warrant 2014/2019 expired	–	–	(30,495,655)	30,495,655	–	–
Net profit/Total comprehensive income for the year	–	–	–	–	1,764,019	1,764,019
At 31 August 2019	97,716,929	(505)	–	–	15,751,243	113,467,667

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF **CASH FLOWS**
FOR THE YEAR ENDED 31 AUGUST 2019

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Cash flows from/(used in) operating activities				
Profit/(Loss) before tax	2,768,893	(3,801,093)	2,325,947	(3,399,182)
Adjustments for:				
Bad debt written off	–	–	6,680	–
Depreciation	3,632,141	6,629,676	3,490,841	6,488,376
Impairment loss on investment in a subsidiary	–	–	606,028	–
Interest expense	5,396	6,957	5,396	6,957
Interest income	(1,377,564)	(1,266,174)	(1,377,564)	(1,266,174)
Inventories written down	–	26,191	–	26,191
Realised loss on foreign exchange – cash and cash equivalents	(116,873)	–	(116,873)	–
Unrealised gain on foreign exchange	(106,122)	(347,697)	(106,122)	(347,697)
Operating profit before working capital changes	4,805,871	1,247,860	4,834,333	1,508,471
Increase in inventories	(128,096)	(5,287,926)	(128,096)	(5,287,926)
Decrease/(Increase) in trade and other receivables	371,747	42,126	365,068	(349,933)
(Decrease)/Increase in trade and other payables	(777,771)	2,490,841	(807,093)	2,678,103
Cash generated from/(used in) operations	4,271,751	(1,507,099)	4,264,212	(1,451,285)
Income tax refunded	929	17,800	605	17,420
Income tax paid	(26,224)	(7,660)	(25,948)	(7,336)
Net cash from/(used in) operating activities	4,246,456	(1,496,959)	4,238,869	(1,441,201)
Cash flows from/(used in) investing activities				
Purchase of plant and equipment	(706,915)	(1,508)	(706,915)	(1,509)
Interest income	1,377,564	1,266,174	1,377,564	1,266,174
Repayment from/(Advances to) subsidiaries	–	–	18,415	(100,708)
Net cash from investing activities	670,649	1,264,666	689,064	1,163,957

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019
(cont'd)

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash flows from/(used in) financing activities				
Treasury shares repurchased	–	(69)	–	(69)
Repayments of hire purchase liabilities	(30,172)	(28,611)	(30,172)	(28,611)
Repayments to a subsidiary	–	–	(7,721)	(160,534)
Interest paid	(5,396)	(6,957)	(5,396)	(6,957)
Net cash used in financing activities	(35,568)	(35,637)	(43,289)	(196,171)
Net increase/(decrease) in cash and cash equivalents	4,881,537	(267,930)	4,884,644	(473,415)
Cash and cash equivalents at beginning of year	39,521,477	39,646,857	39,512,753	39,638,471
Effect of exchange differences	116,873	142,550	116,873	347,697
Cash and cash equivalents at end of year	44,519,887	39,521,477	44,514,270	39,512,753
Cash and cash equivalents are represented by:				
Cash and bank balances	44,519,887	37,877,277	44,514,270	37,868,553
Fixed deposits with licensed banks	–	1,644,200	–	1,644,200
	44,519,887	39,521,477	44,514,270	39,512,753

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF **CASH FLOWS**
FOR THE YEAR ENDED 31 AUGUST 2019
(cont'd)

Reconciliation of liabilities arising from financing activities

	1.9.2018 RM	Cash flows RM	31.8.2019 RM
Group			
Hire purchase liabilities	127,075	(30,172)	96,903

	1.9.2017 RM	Cash flows RM	31.8.2018 RM
Group			
Hire purchase liabilities	155,686	(28,611)	127,075

	1.9.2018 RM	Cash flows RM	31.8.2019 RM
Company			
Hire purchase liabilities	127,075	(30,172)	96,903
Amount due to a subsidiary	5,245,825	(7,721)	5,238,104

	1.9.2017 RM	Cash flows RM	31.8.2018 RM
Company			
Hire purchase liabilities	155,686	(28,611)	127,075
Amount due to a subsidiary	5,406,359	(160,534)	5,245,825

The accompanying notes form an integral part of the financial statements.

NOTES TO THE **FINANCIAL STATEMENTS**
31 AUGUST 2019

1. General information

The Company is principally a manufacturer of aluminium foil packaging materials and investment holding.

The Company is a public limited company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office is located at B-11-10, Level 11, Megan Avenue II, Jalan Yap Kwan Seng, 50450 Kuala Lumpur.

The principal place of business is located at 23, Jalan Delima 1/3, Subang Hi-Tech Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan.

The financial statements were approved and authorised for issue by the board of directors on 3 December 2019.

2. Principal accounting policies

2.1 Statement of compliance

The financial statements of the Group and the Company have been prepared and presented in accordance with the provisions of the Companies Act 2016 and the Malaysian Financial Reporting Standards.

The financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

2.2 Basis of preparation of the financial statements

2.2.1 Basis of accounting

The financial statements have been prepared under the historical cost convention and any other bases described in the significant accounting policies as summarised below.

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.1 Basis of accounting (cont'd)

The Group has adopted the new and revised Malaysian Financial Reporting Standards ("MFRSs") and IC interpretations that become mandatory for the current reporting period. The adoption of these new and revised MFRSs and IC interpretations does not result in significant changes in accounting policies of the Group other than as follows:

i) MFRS 9 Financial Instruments

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at the inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss, unless this creates an accounting mismatch.

There is now a new expected credit losses model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit losses model is forward looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The effect of adopting MFRS 9 is disclosed in Note 27.

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.1 Basis of accounting (cont'd)

The Group has not adopted the new standards, amendments to published standards and IC Interpretations that have been issued but not yet effective. These new standards, amendments to published standards and IC Interpretations do not result in significant changes in accounting policies of the Group upon their initial application other than the following:

i. MFRS 16 Leases (effective for financial periods beginning on or after 1 January 2019)

The scope of MFRS 16 includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

MFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance lease under MFRS 117. The standard includes two recognition exemptions for lessees – leases of low value assets and short term leases (i.e. leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right of use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right of use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g. a change of lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right of use asset.

Lessor accounting is substantially unchanged. Lessors will continue to classify all leases using the same classification principle as in MRFS 117 and distinguish between two types of lease which is operating and finance leases.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2019 with early adoption permitted.

The Group is in the process of making an assessment of where the impact of MFRS 16 is expected to be in the period of initial application.

NOTES TO THE **FINANCIAL STATEMENTS**
31 AUGUST 2019
(cont'd)

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.2 Significant accounting policies

Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

For each business combination, non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at the present ownership instruments' proportionate share of the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's net identifiable assets and liabilities is recorded as goodwill in the consolidated statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.2 Significant accounting policies (cont'd)

Basis of consolidation (cont'd)

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the reporting period between non-controlling interests and the owners of the Company. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the parent.

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

NOTES TO THE **FINANCIAL STATEMENTS**
31 AUGUST 2019
(cont'd)

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.2 Significant accounting policies (cont'd)

Revenue recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the control of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

Revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

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

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

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.2 Significant accounting policies (cont'd)

Revenue recognition (cont'd)

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

Revenue is recognised only when it is probable that the Group will collect the consideration to which it will be entitled to in exchange for goods or services sold.

Foreign currencies

Transactions in foreign currencies are measured in the functional currency of the Company and its subsidiaries and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the reporting date. Non monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

The principal exchange rates for every unit of foreign currency ruling at reporting date used are as follows:

	2019 RM	2018 RM
United States Dollar	4.2150	4.1105

Employee benefits

(i) Short term benefits

Wages, allowances, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non accumulating compensated absences such as sick leave are recognised when the absences occur.

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.2 Significant accounting policies (cont'd)

Employee benefits (cont'd)

(ii) Defined contribution plans

Obligations for contribution to defined contribution plans such as Employees Provident Fund are recognised as an expense in profit or loss as incurred.

Income tax

Income tax on the profit or loss for the reporting period comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the reporting period and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for, using the 'liability' method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the reporting period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the profit or loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income respectively.

Deferred tax assets and liabilities are offset if there is legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.2 Significant accounting policies (cont'd)

Impairment of non financial assets

The carrying amount of assets subject to accounting for impairment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in profit or loss in the reporting period in which it arises.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal is recognised in the profit or loss.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

NOTES TO THE **FINANCIAL STATEMENTS**
31 AUGUST 2019
(cont'd)

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.2 Significant accounting policies (cont'd)

Property, plant and equipment and depreciation (cont'd)

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

No depreciation is provided on freehold land. Depreciation on other property, plant and equipment is calculated to write off the cost of the assets to its residual value on a straight line basis at the following annual rates based on their estimated useful lives:

Buildings	2%
Plant and machineries	3.75% - 10%
Furniture, fittings and office equipment	10%
Motor vehicles	20%

The residual values, useful lives and depreciation method are reviewed at each reporting date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Investment in subsidiaries

Subsidiary is a company controlled by the Company. Control exists when the Company has power over its investee, exposed or has rights to variable returns from its involvement with the investee, and has the ability to affect those returns through its power over the investee.

The Company's investment in subsidiaries is stated at cost less impairment losses, if any.

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.2 Significant accounting policies (cont'd)

Inventories

Inventories, comprising raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost of inventories is determined on a weighted average basis. Net realisable value represents the estimated selling prices less all estimated costs to completion and costs to be incurred in selling and distribution.

Cost of raw materials comprises the cost of purchase plus the cost of bringing the inventories to their present location and condition. Cost of work in progress and finished goods comprises the cost of raw materials used, direct labour, other direct costs and appropriate production overheads.

Leases

Assets acquired under leases or hire purchase which transfers substantially all the risks and rewards incident to ownership of the assets are capitalised under property, plant and equipment. The assets and the corresponding lease obligations are recorded at their fair values or, if lower, at the present value of the minimum lease payments of the leased assets at the inception of the respective leases.

Finance costs, which represent the difference between the total lease commitments and the fair values of the assets acquired, are recognised in profit or loss over the term of the relevant lease periods so as to give a constant periodic rate of charge on the remaining balance of the obligations for each reporting period.

All other leases which do not meet such criteria are classified as operating leases. Lease payments under operating leases are recognised as an expense on a straight line basis over the terms of the relevant lease.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2019
(cont'd)

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.2 Significant accounting policies (cont'd)

Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of the asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

Segment information

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

Financial instruments

Financial instruments are recognised in the statement of financial position when the Group has become a party to the contractual provisions of the instrument.

A financial instrument (unless it is a trade receivable without a significant financing component) is recognised initially at its fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument. A trade receivable without significant financing component is initially measured at the transaction price.

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.2 Significant accounting policies (cont'd)

Financial instruments (cont'd)

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income in profit or loss.

Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has legal enforceable right to offset and intends to settle either on a net basis or realise the asset and settle the liability simultaneously.

On initial recognition, financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss. Financial liabilities are classified, at initial recognition, as financial liabilities subsequently measured at fair value through profit or loss or at amortised cost, as appropriate.

(i) Financial assets at amortised cost

A financial asset is classified at amortised cost if it meets both of the following conditions:

a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortised cost are measured using the effective interest method and are subject to impairment. Gains or losses are recognised in profit or loss when the financial assets at amortised cost are derecognised or impaired, and through the amortisation process (finance income).

NOTES TO THE **FINANCIAL STATEMENTS**
31 AUGUST 2019
(cont'd)

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.2 Significant accounting policies (cont'd)

Financial instruments (cont'd)

(ii) Financial liabilities at amortised cost

Financial liabilities are classified at amortised cost if they are not:

a) contingent consideration of an acquirer in a business combination;
b) financial guarantee contracts;
c) loan commitments;
d) designated at fair value through profit or loss; or
e) liabilities that arise when a transfer of a financial asset that does not qualify for derecognition or when the continuing involvement approach applies.

Subsequent to initial recognition, financial liabilities at amortised cost are measured using the effective interest method. Gains or losses are recognised in profit or loss when the financial liabilities at amortised cost are derecognised, and through the amortisation process (finance cost).

(iii) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of the proceeds received net of direct issue costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the reporting period in which they are approved.

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in equity.

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.2 Significant accounting policies (cont'd)

Financial instruments (cont'd)

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

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

Expected credit losses

The Group recognises an allowance for expected credit losses ("ECL") on financial assets at amortised cost.

ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECL are recognised in profit or loss.

ECL are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

NOTES TO THE **FINANCIAL STATEMENTS**
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(cont'd)

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.2 Significant accounting policies (cont'd)

Expected credit losses (cont'd)

For trade receivables, the Group applies a simplified approach in calculating ECL. The Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. Where appropriate, the Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

Loss allowances for debt instruments measured at amortised cost and contract assets are deducted from the gross carrying amount of the assets.

Low credit risk

A financial instrument is determined to have low credit risk if:

a) the financial instrument has a low risk of default;
b) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
c) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

Significant increase in credit risk

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

The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.2 Significant accounting policies (cont'd)

Expected credit losses (cont'd)

Definition of default

The Group considers a debt instrument to be in default when:

a) The Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company; or

b) The financial asset is more than 90 days past due.

Credit impaired financial assets

A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable events:

a) Significant financial difficulties of the debtor;
b) A breach of contract, such as a default or past due event;
c) The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
d) It becoming probable that the borrower will enter into bankruptcy or other financial reorganisations; or
e) Disappearance of an active market for that financial asset because of financial difficulties.

Write off

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Subsequent recoveries of a financial asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.2 Significant accounting policies (cont'd)

Current versus non-current classification

Assets and liabilities are presented based on a current/non-current classification. An asset is current when it is:

a) Expected to be realised or intended to be sold or consumed in the normal operating cycle;

b) Held primarily for the purpose of trading;

c) Expected to be realised within twelve months after the reporting period; or

d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

a) It is expected to be settled in the normal operating cycle;

b) It is held primarily for the purpose of trading;

c) It is due to be settled within twelve months after the reporting period; or

d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Statements of cash flows

Statements of cash flows are prepared using the indirect method.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to insignificant risk of changes in value.

3. Critical accounting estimates and judgments

In the preparation of the financial statements, the directors are required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Estimates and judgments are continually evaluated by the directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Group's accounting policies, which are described above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the date of financial statements, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period other than as follows:

(a) Useful lives of property, plant and equipment

The Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period based on the factors that include asset utilisation, internal technical evaluation, technological changes, environmental and anticipated use of the assets. Changes in the expected level of use of the assets and the Group's historical experience with similar assets after taking into account anticipated technological changes could impact the economic useful lives and the residual values of the assets. Therefore, future depreciation charges could be revised.

NOTES TO THE **FINANCIAL STATEMENTS**
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(cont'd)

4. Revenue

4.1 Disaggregation of revenue

	Group and Company	
	2019	**2018**
	RM	**RM**
Geographical markets		
Phillipines	35,959,804	26,260,579
Indonesia	18,668,692	13,381,762
Pakistan	4,912,308	4,647,272
Korea	3,296,705	4,000,923
Thailand	2,282,111	3,250,386
Malaysia	474,971	601,135
Others	2,296,034	2,139,417
	67,890,625	54,281,474

	Group and Company	
	2019	**2018**
	RM	**RM**
Timing of revenue recognition		
Goods transferred at a point in time	67,890,625	54,281,474

4.2 Performance obligations

The Group manufactures and sells aluminium foil packaging materials. The performance obligation is satisfied upon delivery of the products and payment is generally due within 30 to 90 days from delivery.

4.3 Transaction price allocated to the remaining performance obligations

For practical expendiency, no information is provided on the remaining performance obligation at the reporting date that have an original expected duration of one year or less as allowed under the paragraph 121(a) of MFRS 15.

4.4 Financing components

The Group does not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

5. Profit/(Loss) from operations

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Profit/(Loss) from operations is arrived at after charging/(crediting):				
Auditors' remuneration				
- auditors' of the Company				
- audit services	75,000	65,000	66,000	57,000
- over provision in prior years	(6,959)	(1,000)	(7,586)	(1,000)
- other services	5,000	5,000	5,000	5,000
Bad debt written off	–	5,170	6,680	5,170
Impairment loss on investment in a subsidiary	–	–	606,028	–
Inventories written down	–	26,191	–	26,191
Loss/(gain) on foreign exchange				
- realised	28,281	894,033	28,281	894,033
- unrealised	(106,122)	(347,697)	(106,122)	(347,697)
Operating lease expense				
- factory	–	–	132,000	132,000
- hostel	38,682	34,093	38,682	34,093

	Group and Company 2019 RM	Group and Company 2018 RM
Staff costs comprise:		
Defined contribution plan	224,492	217,078
Salaries, wages and allowances	3,181,307	2,749,802
Other employee related expenses	482,402	515,658
	3,888,201	3,482,538
Executive directors:		
Fees	36,000	36,000
Remuneration other than fees	235,692	240,985
	271,692	276,985
Non executive directors:		
Fees	60,000	60,000
Remuneration other than fees	86,440	79,200
	146,440	139,200
	4,306,333	3,898,723

NOTES TO THE **FINANCIAL STATEMENTS**
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(cont'd)

5. Profit/(Loss) from operations (cont'd)

The number of directros of the Company where total remuneration during the reporting period falls within the following bands as follows:

	2019 RM	2018 RM
Executive directors:		
Below RM50,000	1	1
RM200,001 to RM250,000	1	1
Non executive directors:		
Below RM50,000	3	2
RM100,001 to RM150,000	1	1

6. Finance income

	Group and Company	
	2019 RM	2018 RM
Interest income from fixed deposits	25,813	108,117
Interest income from cash management fund account	1,351,751	1,158,057
	1,377,564	1,266,174

7. Finance costs

	Group and Company	
	2019 RM	2018 RM
Interest expense on hire purchase	5,396	6,957

8. Income tax expense

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Expected income tax payable				
- current year	(6,420)	(27,324)	(6,420)	(27,000)
- over provision in prior years	1,100	244	1,052	244
	(5,320)	(27,080)	(5,368)	(26,756)
Deferred tax (Note 20)				
- current year	(816,481)	1,041,551	(537,084)	1,023,129
- under provision in prior years	(14,223)	(615,819)	(19,476)	(427,080)
	(830,704)	425,732	(556,560)	596,049
	(836,024)	398,652	(561,928)	569,293

A reconciliation of income tax expense applicable to profit/(loss) before tax at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Profit/(Loss) before tax	2,768,893	(3,801,093)	2,325,947	(3,399,182)
Taxation at statutory tax rate of 24% (2018: 24%)	(665,000)	912,300	(558,000)	815,804
Expenses not deductible for tax purposes	(161,223)	(102,557)	(284,456)	(97,609)
Effect of change in tax rate for real property gain tax	(568,878)	–	(271,648)	–
Deferred tax assets not recognised	–	(48,477)	–	–
Utilisation of deferred tax assets not recongised	1,600	–	–	–
Income not subject to tax	570,600	252,961	570,600	277,934
Over/(Under) provision in prior years				
- income tax	1,100	244	1,052	244
- deferred tax	(14,223)	(615,819)	(19,476)	(427,080)
Income tax expense for the year	(836,024)	398,652	(561,928)	569,293

NOTES TO THE **FINANCIAL STATEMENTS**
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(cont'd)

9. Earnings per share

Basic

Basic earnings per ordinary share is calculated based on the net profit attributable to ordinary shareholders and weighted average number of ordinary shares in issue as follows:

	Group	
	2019 **RM**	**2018** **RM**
Net profit/(loss) attributable to owners of the Company	1,935,340	(3,402,441)
Weighted average number of ordinary shares in issue	205,330,894	235,694,443
Basic earnings per share (sen)	0.94	(1.44)

Diluted

Diluted earnings per share are not presented in the financial statements since there are no dilutive potential ordinary shares as at 31 August 2019.

As at 31 August 2018, diluted loss per share is not presented in the financial statements as there is an anti dilutive effect on loss per share.

NOTES TO THE **FINANCIAL STATEMENTS**
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(cont'd)

10. Property, plant and equipment

Group	Freehold land RM	Buildings RM	Plant and machineries RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Total RM
Cost						
At 1 September 2017	15,300,000	10,169,303	68,562,858	3,348,445	306,238	97,686,844
Additions	–	–	–	1,508	–	1,508
At 31 August 2018	15,300,000	10,169,303	68,562,858	3,349,953	306,238	97,688,352
Addtions	–	–	698,959	7,956	–	706,915
At 31 August 2019	15,300,000	10,169,303	69,261,817	3,357,909	306,238	98,395,267
Accumulated depreciation						
At 1 September 2017	-	1,692,410	26,113,051	1,213,286	122,988	29,141,735
Charge for the year	-	282,676	6,001,162	308,079	37,759	6,629,676
At 31 August 2018	-	1,975,086	32,114,213	1,521,365	160,747	35,771,411
Charge for the year	-	189,234	3,098,136	307,142	37,629	3,632,141
At 31 August 2019	-	2,164,320	35,212,349	1,828,507	198,376	39,403,552
Carrying amount						
At 31 August 2019	15,300,000	8,004,983	34,049,468	1,529,402	107,862	58,991,715
At 31 August 2018	15,300,000	8,194,217	36,448,645	1,828,588	145,491	61,916,941

NOTES TO THE **FINANCIAL STATEMENTS**
31 AUGUST 2019
(cont'd)

10. Property, plant and equipment (cont'd)

Company	Freehold land RM	Buildings RM	Plant and machineries RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Total RM
Cost						
At 1 September 2017	6,615,000	3,104,303	68,617,858	3,348,445	306,238	81,991,844
Additions	–	–	1	1,508	–	1,509
At 31 August 2018	6,615,000	3,104,303	68,617,859	3,349,953	306,238	81,993,353
Addtions	–	–	698,959	7,956	–	706,915
At 31 August 2019	6,615,000	3,104,303	69,316,818	3,357,909	306,238	82,700,268
Accumulated depreciation						
At 1 September 2017	–	844,610	26,113,051	1,213,286	122,988	28,293,935
Charge for the year	–	141,376	6,001,162	308,079	37,759	6,488,376
At 31 August 2018	–	985,986	32,114,213	1,521,365	160,747	34,782,311
Charge for the year	–	47,934	3,098,136	307,142	37,629	3,490,841
At 31 August 2019	–	1,033,920	35,212,349	1,828,507	198,376	38,273,152
Carrying amount						
At 31 August 2019	6,615,000	2,070,383	34,104,469	1,529,402	107,862	44,427,116
At 31 August 2018	6,615,000	2,118,317	36,503,646	1,828,588	145,491	47,211,042

10. Property, plant and equipment (cont'd)

At the reporting date:

(i) The freehold land and buildings of the Group and Company with carrying amount of RM8,685,383 (2018: RM8,733,317) have been charged as collaterals to secure the banking facilities granted to the Company.

(ii) Motor vehicles of the Group and the Company with carrying amount of RM107,862 (2018: RM145,491) are acquired under hire purchase arrangements.

Changes in estimates

During the reporting period, the Group conducted a review of the useful lives of certain items of plant and machineries used in the manufacturing activities. The review was carried out based on asset utilisation, internal technical evaluation, technologies changes, environmental and anticipated use of the assets. As a result, the expected useful lives of these assets increased. The effect of these changes on depreciation expenses recognised in cost of sales in the current and future period is as follows:

	2019 RM	2020 RM	2021 RM	2022 RM	2023 and after RM
(Decrease)/Increase in depreciation expense - Cost of sales	(2,883,036)	(2,978,597)	(3,048,487)	(3,118,523)	12,028,643

11. Investment in subsidiaries

	Company 2019 RM	2018 RM
Unquoted shares at cost		
At beginning/end of year	24,278,267	24,278,267
Accumulated impairment losses		
At beginning of year	23,672,237	23,672,237
Impairment loss during the year	606,028	–
At end of year	24,278,265	23,672,237
Carrying amount	2	606,030

11. Investment in subsidiaries (cont'd)

The details of the subsidiaries are as follows:

Subsidiaries of the Company	Country of incorporation	Group's effective interest 2019 %	Group's effective interest 2018 %	Principal activities
Acorn Properties Sdn. Bhd.	Malaysia	100	100	Property investment
Photon Technologies (Malaysia) Sdn. Bhd.	Malaysia	90.9	90.9	Ceased operation
Markmas Pak-Print Sdn. Bhd.	Malaysia	99.9	99.9	Ceased operation

Impairment of investment in subsidiaries

During the reporting period, the directors have performed an impairment test on the investment in Markmas Pak-Print Sdn. Bhd. ("Markmas") and an impairment loss of RM606,028 was recognised to write down the investment in Markmas to its recoverable amount of RM Nil. The recoverable amount is determined based on its fair value less costs of disposal (arrived at based on the audited net assets) of Markmas and the amount of impairment loss has been recognised in profit or loss under "Other operating expenses" line item.

12. Inventories

	Group and Company 2019 RM	Group and Company 2018 RM
At cost:		
Raw materials		
- on hand	5,374,909	10,046,739
- in transit	2,525,557	–
Work in progress	881,818	868,522
Finished goods	2,986,046	724,973
	11,768,330	11,640,234
Cost of inventories recognised in profit or loss	62,636,693	55,074,959

13. Trade receivables

	Group and Company 2019 RM	2018 RM
Trade receivables	13,718,456	15,573,255
Less: Allowance for expected credit losses	–	(1,778,032)
	13,718,456	13,795,223

The Group's normal trade credit terms range from 30 days to 90 days (2018: 30 days to 120 days).Trade receivables are not secured by any collateral or credit enhancements.

The following table provides information on the trade receivables credit risk exposure.

	Group and Company 2019 RM	2018 RM
Not past due	9,010,944	11,538,386
1 - 30 days past due	4,707,512	1,477,092
31 - 60 days past due	–	779,745
	13,718,456	13,795,223
Impaired	–	1,778,032
	13,718,456	15,573,255

The movements in the allowance for expected credit losses for trade receivables during the reporting period are as follows:

	Group and Company 2019 RM	2018 RM
At beginning of year	1,778,032	1,778,032
Write offs	(1,778,032)	–
At end of year	–	1,778,032

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(cont'd)

13. Trade receivables (cont'd)

The foreign currency exposure profile of trade receivables are as follows:

	Group and Company	
	2019	**2018**
	RM	**RM**
United States Dollar	13,692,903	12,018,244

14. Other receivables, deposits and prepayments

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Amount due from subsidiaries	–	–	38,307,558	38,325,973
Less: Allowance for expected credit losses	–	–	(24,834,462)	(24,834,462)
	–	–	13,473,096	13,491,511
Deposits	34,582	34,132	18,632	18,182
Other receivables	52,833	190,569	52,832	190,569
Prepayments	109,860	63,065	96,310	49,515
	197,275	287,766	13,640,870	13,749,777
Less: Non current portion (Note 14.1)	–	–	(13,473,096)	–
	197,275	287,766	167,774	13,749,777

14.1 Amount due from subsidiaries

Amount due from subsidiaries represents unsecured interest free advances receivable on demand.

At the reporting date, amount due from a subsidiary of RM13,473,096 has been presented under non current assets as these advances are not expected to be realised within 12 months after the reporting date in accordance with FRSIC Consensus 31- Classification of Amount Due from Subsidiaries and Amount Due to Holding Company that is Repayable on Demand issued by The Malaysian Institute of Accountants.

15. Fixed deposits with a licensed bank

The foreign currency exposure profile of fixed deposits with a licensed bank is as follows:

	Group and Company	
	2019	2018
	RM	RM
United States Dollar	–	1,644,200

16. Cash and bank balances

The foreign currency exposure profile of cash and bank balances is as follows:

	Group and Company	
	2019	2018
	RM	RM
United States Dollar	2,703,276	2,952,978

17. Share capital

	Group and Company	
	2019	2018
	RM	RM
Issued and fully paid		
205,330,894 ordinary shares	97,716,929	97,716,929

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. In respect of the Company's treasury shares, all rights are suspended until those shares are reissued.

NOTES TO THE **FINANCIAL STATEMENTS**
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(cont'd)

18. Reserves

	Group		Company	
	2019 **RM**	**2018** **RM**	**2019** **RM**	**2018** **RM**
Distributable:				
Retained profits	20,030,870	18,095,530	15,751,243	13,987,224
Non distributable:				
Treasury shares (Note 18.1)	(505)	(505)	(505)	(505)
Warrant reserve (Note 18.2)	–	30,495,655	–	30,495,655
Other reserve	–	(30,495,655)	–	(30,495,655)
	20,030,365	18,095,025	15,750,738	13,986,719

18.1 Treasury shares

Treasury shares comprises cost of acquisition of the Company's own shares. At 31 August 2019, the Group held 500 (2018: 500) of the Company's own shares.

18.2 Warrants reserve

The warrant reserve represents reserve arising from the issue of free warrants. This reserve is determined based on the estimated fair value of the warrants immediately upon the listing and quotation thereof.

18.3 Warrant 2014/2019

The Company had on 23 January 2014 issued 57,713,200 warrants ("Warrants") which are constituted by a deed poll dated 5 December 2013 ("Deed Poll")

The salient features of the Warrants 2014/2019 are as follows:

(a) The issue date of the Warrants is on 23 January 2014 and the expiry date is on 12 January 2019. Any Warrants not exercised at the expiry date will lapse and cease to be valid for any purpose;

(b) The exercise price and the number of Warrants are subject to adjustment in the event of alteration to the share capital of the Company in accordance with the provisions in the Deed Poll;

18. Reserves (cont'd)

18.3 Warrant 2014/2019 (cont'd)

(c) The exercise price of the warrant was adjusted from RM0.82 to RM0.65 pursuant to the bonus issue of shares undertaken by the Company on 18 September 2017; and

(d) The new ordinary shares to be issued upon exercise of the Warrants, shall upon issuance and allotment, rank pari passu with the then existing ordinary shares, except that they will not be entitled to dividends, rights, allotments and/or other distributions, declared by the Company which entitlement thereof precedes the allotment date of the new ordinary shares allotted pursuant to the exercise of the Warrants.

The movements in the Company's Warrants during the reporting period are as follows:

	Entitlement for ordinary shares			
	Balance at 1.9.2018	**Exercised**	**Expired**	**Balance at 31.8.2019**
Number of unexercised warrants	72,141,348	–	(72,141,348)	–

19. Hire purchase liabilities

	Group and Company	
	2019 RM	**2018 RM**
Total outstanding	103,729	139,297
Less: interest in suspense	(6,826)	(12,222)
Principal outstanding	96,903	127,075
Amount due within one year	(31,732)	(30,171)
Non current portion	65,171	96,904

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(cont'd)

19. Hire purchase liabilities (cont'd)

	Group and Company 2019 RM	2018 RM
The non current portion of the hire purchase obligations is payable as follows:		
Later than 1 year and not later than 2 years	33,273	30,172
Later than 2 years and not later than 5 years	31,898	66,732
	65,171	96,904

The weighted average effective interest rate of the hire purchase obligations is 4.80% (2018: 2.51%) per annum.

20. Deferred tax liabilities

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
At beginning of year	(2,142,626)	(2,568,358)	(405,095)	(1,001,144)
Recognised in profit or loss (Note 8)				
- current year	(816,481)	1,041,551	(537,084)	1,023,129
- under provision in prior years	(14,223)	(615,819)	(19,476)	(427,080)
	(830,704)	425,732	(556,560)	596,049
	(2,973,330)	(2,142,626)	(961,655)	(405,095)

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Presented after appropriate offsetting as follows:				
Deferred tax assets	6,963,200	6,219,474	6,963,200	6,219,474
Deferred tax liabilities	(9,936,530)	(8,362,100)	(7,924,855)	(6,624,569)
	(2,973,330)	(2,142,626)	(961,655)	(405,095)

20. Deferred tax liabilities (cont'd)

Deferred tax liabilities are in respect at the following:

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Tax effects of:				
Excess of tax capital allowances over related depreciation of property, plant and equipment	7,626,561	6,510,168	7,321,600	6,206,053
Revaluation reserve	2,309,969	1,768,485	603,255	335,069
Unrealised gain on foreign exchange	–	83,447	–	83,447
	9,936,530	8,362,100	7,924,855	6,624,569

Deferred tax assets are in respect of the following:

	Gross		Tax effects	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Group				
Unutilised tax losses to be utilised up to year ending				
- 31 August 2025	25,402,900	–	6,096,700	–
- no expiry	–	25,604,406	–	6,145,057
Unrealised loss on foreign exchange	41,700	–	10,000	–
Unabsorbed capital allowances	36,617,400	33,571,400	8,788,100	8,057,147
	62,062,000	59,175,806	14,894,800	14,202,204
Less: Deferred tax assets recognised	(29,013,000)	(25,914,475)	(6,963,200)	(6,219,474)
Deferred tax assets have not been recognised	33,049,000	33,261,331	7,931,600	7,982,730

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(cont'd)

20. Deferred tax liabilities (cont'd)

	Gross		Tax effects	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Company				
Unutilised capital allowances	28,972,000	25,914,000	6,953,200	6,219,474
Unrealised loss on foreign exchange	41,000	–	10,000	–
	29,013,000	25,914,000	6,963,200	6,219,474
Less: Deferred tax assets recognised	(29,013,000)	(25,914,000)	(6,963,200)	(6,219,474)
Deferred tax assets have not been recognised	–	–	–	–

Portion of deferred tax assets have not been recognised as it is not probable that taxable profit will be available in the foreseeable future to utilise these tax benefits.

21. Trade payables

The normal trade credits granted to the Group and Company range from 30 days to 75 days (2018: 30 days to 120 days).

The foreign currency exposure profile of trade payables are as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
United States Dollar	7,323,830	7,639,613	7,310,596	7,639,613

22. Other payables and accruals

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Amount due to a subsidiary	–	–	5,238,104	5,245,825
Other payables	402,746	665,390	359,397	649,089
Accruals	171,223	156,251	157,549	144,851
	573,969	821,641	5,755,050	6,039,765

The amount due to a subsidiary represents unsecured interest free advances repayable on demand.

23. Significant related party disclosures

23.1 Related party transactions

Significant transactions with related parties are as follows:

		Company	
	Type of transactions	**2019 RM**	**2018 RM**
With a subsidiary			
Acorn Properties Sdn. Bhd.	Rental expenses	132,000	132,000

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(cont'd)

23. Significant related party disclosures (cont'd)

23.2 Related party balances

Individually significant outstanding balances arising from transactions (other than normal trade transactions) are as follows:

	Type of transactions	Company 2019 RM	Company 2018 RM
Financial assets			
With subsidiaries			
Acorn Properties Sdn. Bhd.	Advances	13,473,096	13,491,511
Photon Technologies (Malaysia) Sdn. Bhd.	Advances	24,834,462	24,834,462
	Allowance for expected credit loss	(24,834,462)	(24,834,462)
		–	–
Financial liabilities			
With a subsidiary			
Markmas Pak-Print Sdn. Bhd.	Advances	5,238,104	5,245,825

23.3 Compensation of key management personnel

The key management personnel comprises mainly executive directors of the Company whose remuneration is disclosed in Note 5.

24. Segment information

Segment information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure. Management monitors the operating results of its business segment separately for the purpose of making decision about resource allocation and performance assessment.

Revenue from transactions with major customers that individually accounted for 10 percent or more of the Group's revenue are summarised below:

	2019 RM	2018 RM
Customer A	64,550,113	49,889,500

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on geographical location.

		Group
	Revenue RM	Non-current assets RM
2019		
Geographical information		
Phillipines	35,959,804	–
Indonesia	18,668,692	–
Pakistan	4,912,308	–
Korea	3,296,705	–
Thailand	2,282,111	–
Malaysia	474,971	58,991,715
Others	2,296,034	–
	67,890,625	58,991,715

24. Segment information (cont'd)

	Group Revenue RM	Non-current assets RM
2018		
Geographical information		
Phillipines	26,260,579	–
Indonesia	13,381,762	–
Pakistan	4,647,272	–
Korea	4,000,923	–
Thailand	3,250,386	–
Malaysia	601,135	61,916,941
Others	2,139,417	–
	54,281,474	61,916,941

Non current assets information presented above consist of property, plant and equipment as presented in the statements of financial position.

25. Financial instruments, financial risks and capital risk management

25.1 Categories of financial instruments

The following table sets out the financial instruments as at the reporting date:

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Financial assets				
Amortised costs				
- trade and other receivables	13,753,038	–	27,210,184	–
- cash and bank balances and fixed deposits	44,519,887	–	44,514,270	–
Loans and receivables				
- trade and other receivables	–	13,829,355	–	27,304,916
- cash and bank balances and fixed deposits	–	39,521,477	–	39,512,753
	58,272,925	53,350,832	71,724,454	66,817,669
Financial liabilities				
Amortised cost				
- hire purchase liabilities (fixed rate)	96,903	127,075	96,903	127,075
- trade and other payables	8,380,607	9,060,011	13,542,819	14,259,266
	8,477,510	9,187,086	13,639,722	14,386,341

25. Financial instruments, financial risks and capital risk management (cont'd)

25.2 Financial risk management policies and objectives

The Group's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the Group.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change in the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

Interest rate risk management

The Group's primary interest rate risk relates to interest bearing debts. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. The information on maturity dates and effective interest rates of financial liabilities are disclosed in their respective notes.

The sensitivity analysis below has been determined based on the exposure to interest rates for the banking facilities at the reporting date. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis point higher or lower and all other variables were held constant, the Group's and the Company's profitability before tax would decrease or increase by RM500 (2018: RM600) respectively.

Liquidity risk management

The Group maintains sufficient cash and bank balances, and internally generated cash flows to finance its activities. The Group finances its operations by equity and keeping committed credit lines available.

25. Financial instruments, financial risks and capital risk management (cont'd)

25.2 Financial risk management policies and objectives (cont'd)

Liquidity risk management (cont'd)

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

		Contractual cash flows (including interest payments)			
Group	**Carrying amount**	**Total**	**On demand or within 1 year**	**Within 1 to 2 years**	**Within 2 to 5 years**
2019	**RM**	**RM**	**RM**	**RM**	**RM**
Non interest bearing debts	8,380,607	8,380,607	8,380,607	–	–
Interest bearing debts	96,903	103,729	35,568	35,568	32,593
	8,477,510	8,484,336	8,416,175	35,568	32,593
2018					
Non interest bearing debts	9,060,011	9,060,011	9,060,011	–	–
Interest bearing debts	127,075	139,297	35,568	35,568	68,161
	9,187,086	9,199,308	9,095,579	35,568	68,161

25. Financial instruments, financial risks and capital risk management (cont'd)

25.2 Financial risk management policies and objectives (cont'd)

Liquidity risk management (cont'd)

		Contractual cash flows (including interest payments)			
Company	**Carrying amount**	**Total**	**On demand or within 1 year**	**Within 1 to 2 years**	**Within 2 to 5 years**
2019	**RM**	**RM**	**RM**	**RM**	**RM**
Non interest bearing debts	13,542,819	13,542,819	13,542,819	–	–
Interest bearing debts	96,903	103,729	35,568	35,568	32,593
	13,639,722	13,646,548	13,578,387	35,568	32,593
2018					
Non interest bearing debts	14,259,266	14,259,266	14,259,266	–	–
Interest bearing debts	127,075	139,297	35,568	35,568	68,161
	14,386,341	14,398,563	14,294,834	35,568	68,161

25. Financial instruments, financial risks and capital risk management (cont'd)

25.2 Financial risk management policies and objectives (cont'd)

Foreign exchange risk management

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group transacts business in various currencies, and therefore is exposed to foreign exchange risk. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

The carrying amounts of the Group's and the Company's foreign currency denominated financial assets and financial liabilities at the end of reporting period are disclosed in respective notes.

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of the Group. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items adjusted at the reporting period end for a 10% change in foreign currency rates. If the relevant foreign currencies strengthen by 10% against the functional currency of the Group, profitability before tax will increase by:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
United States Dollar	907,000	897,581	909,000	897,581

The opposite applies if the relevant foreign currencies weaken by 10% against the functional currency of the Group and the Company.

25. Financial instruments, financial risks and capital risk management (cont'd)

25.2 Financial risk management policies and objectives (cont'd)

Credit risk management

The Group's credit risk is primarily attributable to its trade and other receivables and bank balances. The Group minimises credit risk by dealing exclusively with high credit worthy counterparties. At reporting date, there were no significant concentrations of credit risk other than as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Bank balances with one financial instituition (2018: One)	40,724,801	31,483,936	40,724,801	31,483,936
Amount due from a subsidiary	–	–	13,473,096	13,491,511
	40,724,801	31,483,936	54,197,897	44,975,447

Management believes that the sound financial standing of its subsidiaries substantially mitigates the Company's exposure to credit risk.

The Group's credit risk grading framework for expected credit losses ("ECL") model is as follows:

Category	Definition	Basis for recognition of ECL
Performing	The debtor has a low risk of default and a strong capacity to meet contractual cash flows.	12-month ECL
Doubtful	Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit impaired
Default	Amount is > 90 days past due or there is evidence indicating the asset is credit impaired.	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery or the debtor is two years past due.	Amount is written off

25. Financial instruments, financial risks and capital risk management (cont'd)

25.2 Financial risk management policies and objectives (cont'd)

Credit risk management (cont'd)

i) Trade receivables

For trade receivables, the Group has applied the simplified approach to measure the loss allowance at lifetime expected credit losses. In determining the ECL trade receivables, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring, as well as the loss upon default in each case. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

ii) Other receivables

Other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL. The loss allowance for the amount due from subsidiaries of RM24,834,462 is measured at an amount equal to the lifetime ECL as there has been a significant increase in credit risk since initial recognition. In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring, as well as the loss upon default in each case. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

iii) Cash and bank balances (including fixed deposits)

The cash and bank balances are held with reputable financial institutions with high credit ratings and no history of default. Impairment on cash and bank balances has been measured on a 12-month ECL and reflects the short term maturities of the exposures. The Group considers that its cash and bank balances have low credit risk based on the external credit ratings of the financial institutions. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

None of the receivables that have been written off is subject to enforcement activities.

NOTES TO THE **FINANCIAL STATEMENTS**
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(cont'd)

25. Financial instruments, financial risks and capital risk management (cont'd)

25.3 Capital structure and equity

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while providing an adequate return to stakeholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the statements of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity and reserves that are managed as capital.

During the reporting period ended 31 August 2019, the Group's and the Company's strategy were unchanged from 31 August 2018 which is to maintain the debt-to-adjusted capital ratio at a level deemed appropriate considering business, economic and investment conditions. The debt-to-adjusted capital ratios at 31 August 2019 and 31 August 2018 were as follows:

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Total debts	96,903	127,075	96,903	127,075
Less: Cash and bank balances and fixed deposits	(44,519,887)	(39,521,477)	(44,514,270)	(39,512,753)
Net cash	(44,422,984)	(39,394,402)	(44,417,367)	(39,385,678)
Total equity/Adjusted capital	117,744,823	115,811,954	113,467,667	111,703,648
Debt-to-adjusted capital ratio (times)	N/A	N/A	N/A	N/A

26. Fair value of assets and liabilities

26.1 Financial assets and liabilities not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of cash and bank balances, receivables and payables, and other liabilities approximate their respective fair values due to the respectively short-term maturity of these financial instruments.

The fair value of the Group's and Company's hire purchase liabilities approximate its carrying amount as the effective interest rate of this instrument is within reasonable approximation of the market interest rate on or near reporting date.

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table provides an analysis of each class of assets measured at fair value at the end of the reporting period:

	Company 2018 Fair value measurements at the end of the reporting period using			
	Level 1 RM	**Level 2 RM**	**Level 3 RM**	**Total RM**
Non recurring fair value measurements				
Non financial assets:				
Investment in subsidiaries:				
- impaired subsidiaries carried at fair value less cost of disposal	–	–	606,028	606,028

There were no transfers between these levels of fair values in the current and previous reporting period.

NOTES TO THE **FINANCIAL STATEMENTS**
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(cont'd)

26. Fair value of assets and liabilities (cont'd)

26.1 Financial assets and liabilities not carried at fair value and whose carrying amounts are reasonable approximation of fair value (cont'd)

Valuation techniques used to derive Level 3 fair values

a) Investment in subsidiaries

The valuation of investment in subsidiaries was derived based on the audited net assets as at reporting date, as the subsidiaries are not generating substantial operating cash flows for discounting purposes.

27. Change in accounting policies

The Company applied MFRS 9 and MFRS 15 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Based on the transitioning provisions, the Group and the Company applied MFRS 9 retrospectively and differences arising from the adoption have been recognised directly in retained earnings. The Group and the Company is not required to restate the comparative information, which continues to be reported under MFRS 139.

The transitioning to MFRS 9 did not have any significant impact on the retained profits of the Group and the Company as at 1 September 2018.

Classification and measurement

MFRS 9 contains three principal classification categories for financial assets which is measured at:

a) amortised cost;
b) fair value through profit or loss ("FVTPL"); and
c) fair value through other comprehensive income ("FVOCI").

The classification of financial assets under MFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.The assessment of the Group's and the Company's business model and cash flow characteristics was made based on the facts and circumstances as at the date of initial application of 1 September 2018.

27. Change in accounting policies (cont'd)

Classification and measurement (cont'd)

The classification and measurement requirements of MFRS 9 did not have a significant impact to the Group and the Company. The following table and the accompanying notes below explain the original measurement categories under MFRS 139 and the new measurement categories under MFRS 9 for each class of the Group's and the Company's financial assets as at 1 September 2018.

			MFRS 9 measurement category
MFRS 139 measurement category		**RM**	**Amortised cost RM**
Group			
Loans and receivables			
Trade and other receivables	(a)	13,829,355	13,829,355
Cash and bank balances and fixed deposits		39,521,477	39,521,477
Total financial assets		53,350,832	53,350,832
Company		**RM**	**RM**
Loans and receivables			
Trade and other receivables	(a)	27,304,916	27,304,916
Cash and bank balances and fixed deposits		39,512,753	39,512,753
Total financial assets		66,817,669	66,817,669

(a) Trade and other receivables that were classified as loans and receivables under MFRS 139 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost beginning 1 September 2018.

There are no changes in classification and measurement for the Group's and the Company's financial liabilities at the date of initial application.

NOTES TO THE **FINANCIAL STATEMENTS**
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(cont'd)

28. Comparative figures

The following comparative figures as at 31 August 2018 have been reclassified to conform with the current reporting period presentation.

	As previously reported RM	Reclassification RM	As restated RM
Group			
Statement of comprehensive income for the year ended 31 August 2018			
Other income	(1,808,113)	1,266,174	(541,939)
Administrative expenses	2,818,359	98,859	2,917,218
Finance income	–	(1,266,174)	(1,266,174)
Finance costs	105,816	(98,859)	6,957

	As previously reported RM	Reclassification RM	As restated RM
Company			
Statement of comprehensive income for the year ended 31 August 2018			
Other income	(1,802,943)	1,266,174	(536,769)
Administrative expenses	2,431,927	98,859	2,530,786
Finance income	–	(1,266,174)	(1,266,174)
Finance costs	105,816	(98,859)	6,957

	As previously reported RM	Reclassification RM	As restated RM
Company			
Statement of financial position as at 31 August 2018			
Other receivables, deposits and prepayments	258,266	13,491,511	13,749,777
Amount due from subsidiary companies	13,491,511	(13,491,511)	–
Other payables and accruals	793,940	5,245,825	6,039,765
Amount due to a subsidiary company	5,245,825	(5,245,825)	–

The consequential changes to the prior reporting period's cash flow statements and information in the notes have also been reflected appropriately for consistency of presentation.

SHAREHOLDERS' INFORMATION / **ANALYSIS OF SHAREHOLDINGS**

Number of Issued Shares	:	205,330,894 Ordinary Shares (inclusive of 500 as Treasury Shares)
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS AS AT 29 NOVEMBER 2019

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 – 99	80	2.48	3,228	0.00
100 – 1,000	135	4.19	39,301	0.02
1,001 – 10,000	1,368	42.47	5,665,669	2.76
10,001 – 100,000	1,433	44.49	45,302,525	22.07
100,001 – 10,266,518*	204	6.33	86,691,075	42.22
10,266,519 and above **	1	0.03	67,628,596	32.94
Total	3,221	99.99	205,330,394	100.01

Notes:
* *Less than 5% of issued holdings*
** *5% and above of issued holdings*

DIRECTORS' SHAREHOLDINGS AS AT 29 NOVEMBER 2019

		Direct interest		Deemed interest	
No.	Name	No. of Shares	%	No. of Shares	%
1.	Nik Mustapha Bin Muhamad	–	–	–	–
2.	Yap Kok Eng	–	–	–	–
3.	Yeong Siew Lee	–	–	–	–
4.	Tee Wee Keat	–	–	–	–
5.	Ong Chooi Lee	–	–	–	–

SHAREHOLDERS' INFORMATION / **ANALYSIS OF SHAREHOLDINGS**
(cont'd)

SUBSTANTIAL SHAREHOLDERS AS AT 29 NOVEMBER 2019

No.	Name	Direct interest No. of Shares	Direct interest %	Deemed interest No. of Shares	Deemed interest %
1.	WONG SK HOLDINGS SDN BHD	67,628,596	32.94	–	–
2.	DATO' WONG SHEE KAI [(i)]	–	–	67,628,596	32.94
3.	TEH SEW WAN [(i)]	–	–	67,628,596	32.94

[(i)] Deemed interested by virtue of his/her shareholdings in Wong SK Holdings Sdn Bhd pursuant to Section 8(4) of the Companies Act 2016.

THIRTY LARGEST SHAREHOLDERS AS AT 29 NOVEMBER 2019

No.	Shareholders	No. of Shares	% of Issued Share Capital
1	WONG SK HOLDINGS SDN BHD	67,628,596	32.94
2	MATRIX ANGLE SDN BHD	10,025,000	4.88
3	TEE YOK POH	8,876,250	4.32
4	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KONG KOK CHOY (8092812)	6,070,000	2.96
5	HK WONG HOLDINGS SDN BHD	3,000,000	1.46
6	OOI LEE PENG	2,433,125	1.18
7	CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS)	1,835,000	0.89
8	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN GAIK SUAN	1,623,000	0.79
9	LAU KIM WAH	1,600,000	0.78
10	TEE AH SWEE	1,550,500	0.76
11	TEH SIEW YAN	1,481,000	0.72
12	TIAH THEE KUAN	1,464,625	0.71
13	WONG YET LONG	1,261,250	0.61
14	WILLIAM WONG CHEE KIN	1,250,000	0.61

SHAREHOLDERS' INFORMATION / **ANALYSIS OF SHAREHOLDINGS**
(cont'd)

THIRTY LARGEST SHAREHOLDERS AS AT 29 NOVEMBER 2019

No.	Shareholders	No. of Shares	% of Issued Share Capital
15	MAYBANK NOMINEES (TEMPATAN) SDN BHD NOMURA SINGAPORE LIMITED FOR LIM LIAN HOCK (410242)	1,147,000	0.56
16	NG KWEE KUAN	1,130,000	0.55
17	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KONG KOK CHOY (SRB/PMS)	1,030,000	0.50
18	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TEO AH SENG (PB)	748,875	0.36
19	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH BOON POH (008)	687,500	0.33
20	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE LI SEE (SOLARIS-CL)	671,200	0.33
21	LIEW TEEN CHAI	625,000	0.30
22	OON PHAIK SIEW	625,000	0.30
23	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OOI LEE PENG	623,500	0.30
24	EUGENE LIEW WENG LEONG	613,750	0.30
25	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OOI LEE PENG (MLK/SS)	589,500	0.29
26	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE HENG CHOON (MY1672)	573,375	0.28
27	LAM MOHN YAN	570,000	0.28
28	WEE SENG HUAT	543,750	0.26
29	NG KOOI LAM	525,000	0.26
30	TENG CHUAN HENG	510,875	0.25

LIST OF **PROPERTIES**

The list of properties held by the Group as at 31 August 2019 is set out as follows:

Location	Description Of Land	Existing Use	Land Area (Sq. ft.)	Tenure/ Lease Period	Net Book Value (RM'000)	Approximate Age Of Building (Years)	Date Of Last Revaluation
No. 23, Jalan Delima 1/3, Subang Hi-Tech Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan, Malaysia.	Industrial Land	Office Cum Factory Building	56,555	Freehold	8,685	27	3 January 2013
No. 20, Jalan Delima 1/1, Subang Hi-Tech Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan, Malaysia.	Industrial Land	Factory Building	80,482	Freehold	14,620	23	3 January 2013

NOTICE OF THIRTY-SECOND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Second (32nd) Annual General Meeting of the Company will be held at Tioman Room, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Tuesday, 21 January 2020 at 9.00 a.m. to transact the following businesses:

A G E N D A

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 August 2019 and the Reports of Directors and Auditors thereon. **(Please refer to Explanatory Note 1)**

2. To re-elect Ong Chooi Lee who is retiring as a Director in accordance with Article 116 of the Company's Constitution. **Ordinary Resolution 1**

3. To re-elect Encik Nik Mustapha Bin Muhamad who is retiring as a Director in accordance with Article 131 of the Company's Constitution. **Ordinary Resolution 2**

4. To re-appoint Messrs Russell Bedford LC & Company as the Auditors of the Company and authorise the Directors to determine their remuneration. **Ordinary Resolution 3**

5. To approve the payment of Directors' fees of up to RM96,000.00 from 22 January 2020 to next Annual General Meeting of the Company. **Ordinary Resolution 4**

As Special Business

To consider and if thought fit, to pass the following resolutions, with or without modifications:-

6. **AUTHORITY TO ISSUE SHARES** **Ordinary Resolution 5**

   "THAT subject always to the Companies Act 2016 ("the Act"), Constitution of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Section 75 and Section 76 of the Act to issue not more than ten per centum (10%) of the total number of issued shares of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof."

NOTICE OF THIRTY-SECOND **ANNUAL GENERAL MEETING**
(cont'd)

7. **PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK** **Ordinary Resolution 6**

"THAT subject always to compliance with the Companies Act 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") or any other regulatory authorities and all other applicable rules, regulations, guidelines or approval for the time being in force or as may be amended from time to time, the Directors be and are hereby authorised to make purchases of ordinary shares in the Company's issued share capital as may be determined by the Directors from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company, provided that:

(i) the aggregate number of ordinary shares which may be purchased and/or held by the Company as treasury shares shall not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being;

(ii) the maximum funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained earnings of the Company at the time of the said purchase(s); and

(iii) the authority conferred by this resolution shall commence immediately upon the passing of this ordinary resolution and shall continue to be in force until:

  (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;

  (b) the expiration of the period within which the next AGM after that date is required by law to be held; or

  (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

  whichever is earlier;

NOTICE OF THIRTY-SECOND **ANNUAL GENERAL MEETING**
(cont'd)

AND THAT upon completion of the purchase by the Company of its own shares, the Directors be and are hereby authorised to deal with the shares purchased in their absolute discretion in the following manner:

(i) cancel all or part of the shares so purchased; and/or

(ii) retain the shares so purchased in treasury for distribution as dividend to the shareholders or resell on the market of Bursa Securities; and/or

(iii) retain part thereof as treasury shares and cancel the remainder;

and in any other manner as prescribed by the Act, rules and regulations made pursuant to the Act and the Main Market Listing Requirements of Bursa Securities and any other relevant authorities for the time being in force;

AND THAT authority be and is hereby given to the Directors and/or anyone of them to complete and do all such acts and things as they may consider necessary or expedient in the best interest of the Company, including executing all such documents as may be required or necessary and with full powers to assent to any modifications, variations and/or amendments as the Directors in their discretion deem fit and expedient to give effect to the aforesaid purchase(s) contemplated and/or authorised by this Ordinary Resolution."

8. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

NG HENG HOOI (MAICSA 7048492)
WONG MEE KIAT (MAICSA 7058813)
JANE ONG SU PING (MAICSA 7059946)
Secretaries

Kuala Lumpur
17 December 2019

NOTICE OF THIRTY-SECOND **ANNUAL GENERAL MEETING**
(cont'd)

Notes:

1. For the purpose of determining who shall be entitled to attend this Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available a Record of Depositors as at 6 January 2020 and only members whose name appear on such Record of Depositors shall be entitled to attend and vote at the meeting.

2. A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints two proxies, the appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy. A proxy may but need not be a member of the Company.

3. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.

4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or the hand of its officer or its duly authorised attorney.

5. The instrument appointing a proxy shall be deposited at the office of the Share Registrar of the Company situated at 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the meeting or at any adjournment thereof.

6. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to a vote by way of a poll.

NOTICE OF THIRTY-SECOND ANNUAL GENERAL MEETING
(cont'd)

Explanatory Note on Ordinary and Special Business:

1. **Item 1 of the Agenda**

   This agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. **Item 5 of the Agenda**

   Pursuant to Section 230(1) of the Companies Act 2016, fees and benefits payable to the Directors of the Company will have to be approved by the shareholders at a general meeting. The Company is requesting shareholders' approval for the payment of fees for the period commencing 22 January 2020 up till the next Annual General Meeting of the Company in 2021.

3. **Item 6 of the Agenda**

   This is the renewal of the mandate obtained from the members at the last Annual General Meeting ("the previous mandate"). The previous mandate was not utilized and accordingly no proceeds were raised.

   The proposed Ordinary Resolution 5, if passed, will authorize the Directors of the Company to issue not more than 10% of the total number of issued shares of the Company subject to the approvals of all relevant governmental/regulatory bodies. This authorization will expire at the conclusion of the next Annual General Meeting of the Company.

   The purpose of the renewal mandate is for further possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of borrowings and/or acquisitions.

4. **Item 7 of the Agenda**

   The proposed Ordinary Resolution 6, if passed, will empower the Directors of the Company to purchase the Company's shares up to ten per centum (10%) of the total number of issued shares of the Company by utilizing the funds allocated which shall not exceed the total retained earnings of the Company.

   The authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company. Further information on the Proposed Share Buy-Back is set out in the Statement to Shareholders dated 17 December 2019.

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BRIGHT PACKAGING INDUSTRY BERHAD
(Company No. 161776-W)
(Incorporated in Malaysia)

CDS account no.
No. of shares held

FORM OF PROXY

I/We, ...
[Full Name in block, NRIC no./company no.]

of ....
[Address]

....

being the shareholder(s) of **Bright Packaging Industry Berhad**, hereby appoint:

Full name (in block)	**NRIC/Passport no.**	**Proportion of shareholdings**	
		No. of shares	**%**
Address			

and/or (delete as appropriate)

Full name (in block)	**NRIC/Passport no.**	**Proportion of shareholdings**	
		No. of shares	**%**
Address			

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf and, if necessary, to demand a poll at the Thirty-Second Annual General Meeting of the Company to be held at Tioman Room, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Tuesday, 21 January 2020 at 9.00 a.m. or any adjournment thereof, and to vote as indicated below:

Resolution	Agenda	FOR	AGAINST
Ordinary Resolution 1	Re-election of Ong Chooi Lee		
Ordinary Resolution 2	Re-election of Encik Nik Mustapha Bin Muhamad		
Ordinary Resolution 3	Re-appointment of Messrs Russell Bedford LC & Company as the Auditors of the Company and authorise the Directors to determine their remuneration		
Ordinary Resolution 4	Payment of Directors' Fees from 22 January 2020 until the next Annual General Meeting		
Ordinary Resolution 5	Authority to Issue Shares		
Ordinary Resolution 6	Proposed Renewal of Authority for Share Buy-Back		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy may vote or abstain as he thinks fit.

Signed on this .... day of 2020

....
Signature of Shareholder(s)/Common Seal

Notes:

1. For the purpose of determining who shall be entitled to attend this Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available a Record of Depositors as at 6 January 2020 and only members whose name appear on such Record of Depositors shall be entitled to attend and vote at the meeting.
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6. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to a vote by way of a poll.

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AFFIX
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BRIGHTPACK

BRIGHT PACKAGING INDUSTRY BERHAD
(161776-W)
c/o Boardroom Share Registrars Sdn. Bhd.
(Formerly known as Symphony Share Registrars Sdn. Bhd.)
11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13, 46200 Petaling Jaya,
Selangor, Malaysia

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(161776-W)

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