



BRIGHT PACKAGING INDUSTRY BERHAD

Registration No. 198701003105 (161776-W)



ANNUAL REPORT

2020

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Corporate Information

BOARD OF DIRECTORS

Nik Mustapha Bin Muhamad

Executive Deputy Chairman

Ong Chooi Lee

Senior Independent Non-Executive Director

Yeong Siew Lee

*Senior Independent Non-Executive Director
(Resigned on 23 January 2020)*

Tee Wee Keat

Independent Non-Executive Director

Ng Kok Wah

*Independent Non-Executive Director
(Appointed with effective 15 April 2020)*

Yap Kok Eng

Executive Director

AUDIT AND RISK MANAGEMENT

COMMITTEE

Ong Chooi Lee (*Chairman*)

Tee Wee Keat

Ng Kok Wah

NOMINATION COMMITTEE

Ong Chooi Lee (*Chairman*)

Tee Wee Keat

Ng Kok Wah

REMUNERATION COMMITTEE

Ong Chooi Lee (*Chairman*)

Tee Wee Keat

Ng Kok Wah

OPTION COMMITTEE

Ong Chooi Lee (*Chairman*)

Tee Wee Keat

Ng Kok Wah

COMPANY SECRETARIES

Ng Heng Hooi

(MAICSA 7048492) (SSMPC No: 202008002923)

Wong Mee Kiat

(MAICSA 7058813) (SSMPC No: 202008001958)

Jane Ong Su Ping

(MAICSA 7059946) (SSMPC No: 202008002275)

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

59200 Kuala Lumpur

Tel : (03) 2202 6666

Fax : (03) 2202 6699

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia

Securities Berhad

Stock Name : BRIGHT

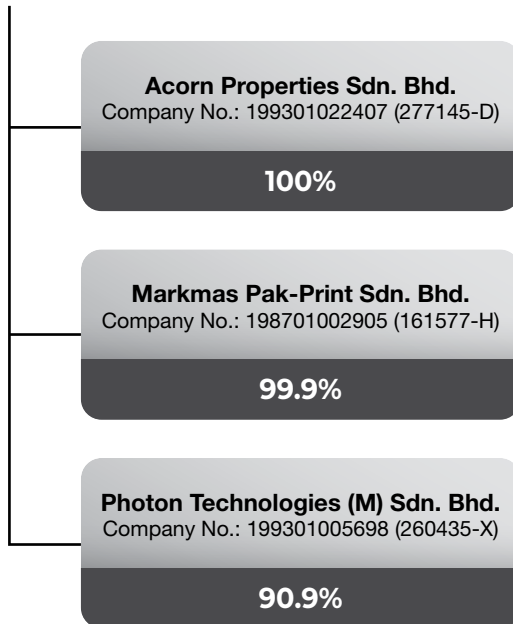
Stock Code : 9938

Group Corporate Structure



BRIGHT PACKAGING INDUSTRY BERHAD

Company No. 198701003105 (161776-W)



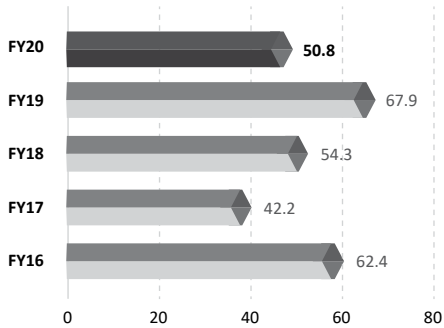
Financial Highlights

	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
FINANCIAL RESULTS					
Revenue	62,374	42,190	54,281	67,891	50,805
Profit/(Loss) Before Tax (PBT)	(300)	(3,590)	(3,800)	2,769	(1,533)
Profit/(Loss) After Tax (PAT)	1,821	(2,615)	(3,402)	1,933	(1,237)
Earnings Before Interest, Tax, Depreciation And Amortisation (EBITA)	5,501	1,927	1,668	5,029	764
PBT Margin (%)	(0.48)	(8.51)	(7.00)	4.08	(3.02)
PAT Margin (%)	2.92	(6.20)	(6.27)	2.85	(2.43)
EBITA Margin (%)	8.82	4.57	3.07	7.41	1.50
Earnings Per Share (sen)					
- Basic	1.11	(1.11)	(1.44)	0.94	(0.60)
- Diluted	1.11	(1.11)	N/A	N/A	N/A
FINANCIAL POSITIONS					
Total Shareholders' Equity	121,830	119,214	115,812	117,747	116,510
Total Assets	133,530	128,321	127,162	129,196	133,555
Total Liabilities	11,700	9,107	11,350	11,451	17,047
Net Operating Cash Flow	6,745	2,860	(1,497)	4,246	5,018
Return On Equity (%)	1.49	(2.19)	(2.94)	1.64	(1.06)
Return On Assets (%)	1.36	(2.04)	(2.68)	1.50	(0.93)

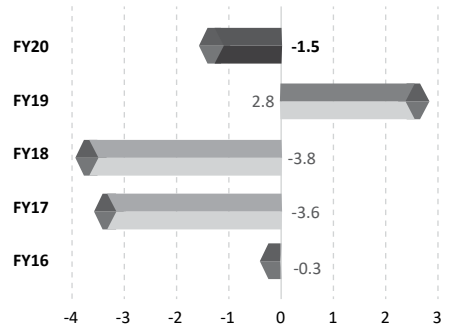
Financial Highlights (cont'd)

FIVE- YEAR PERFORMANCE SUMMARY

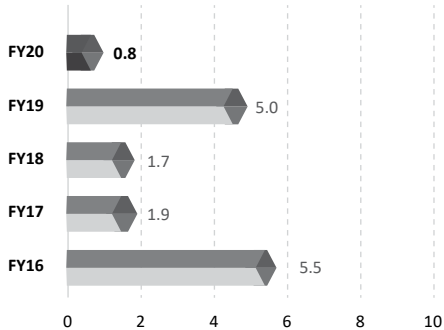
REVENUE (In millions)



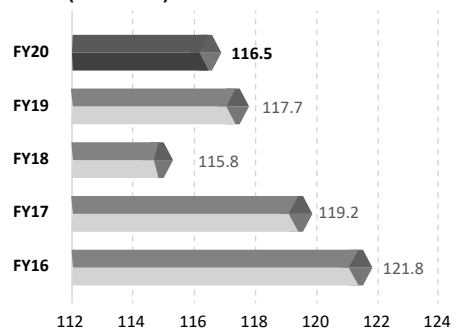
PAT (In millions)



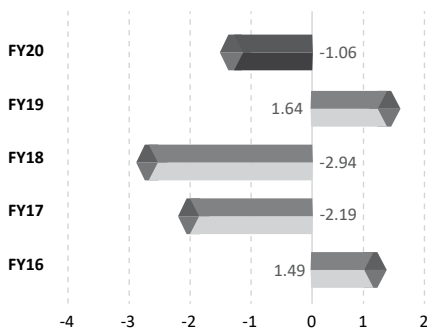
EBITA (In millions)



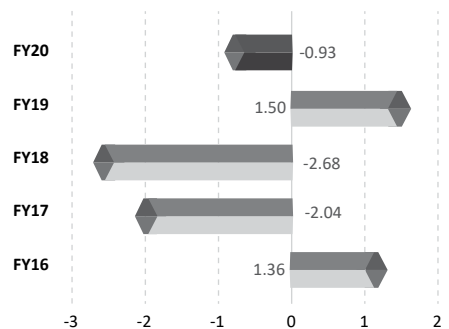
TOTAL SHAREHOLDER'S EQUITY (In millions)



RETURN ON EQUITY (%)



RETURN ON ASSETS (%)



Chairman's Statement



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 2020 (“FY2020”).

Nik Mustapha Bin Muhamad
Executive Deputy Chairman

OVERVIEW

Despite facing numerous obstacles such as hike in excise duty of tobacco, as well as the unexpected COVID-19 pandemic, we managed to remain resilient by maintaining revenue of around RM51 million in FY2020. The hard work and dedication of our employees combined with the guidance of our experienced management team were reflected in the stable topline performance and provides strong encouragement for us to improve going forward.

FINANCIAL PERFORMANCE

The Group recorded lower revenue of RM50.8 million in 2020 compared with RM67.9 million in 2019. The decrease in revenue for 2020 compared with 2019 was predominantly reflecting the impact of excise tax-driven price increases and pandemic-related measures on adult smoker average daily consumption. We also delivered an Earnings before interest, tax, depreciation and amortisation (EBITA) of RM0.8 million for 2020.

The Group posted a net loss of RM1.2 million and earnings per share (EPS) of -RM0.60 compared with RM1.9 million of net profits and EPS 0.94 for 2019. It was attributable to the lower gross margin of 4% for 2020 compared with 8% for 2019.

However, operating cash flow of the Group is RM5.0 million for 2020, increased by RM0.8 million compare to 2019. The Group' balance sheet continued to maintain a healthy position with cash and bank balances of RM50.8 million and a positive net working capital of RM63.8 million.

Chairman's Statement (cont'd)

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.

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.

Chairman's Statement (cont'd)

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 (“BPI” 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. BPI’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, BPI 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.

BPI 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 BPI 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, BPI 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)

Our Product (cont'd)

i. Tobacco Packaging (cont'd)

We share that sentiment and are experienced in delivering such sensitive products free of any damage. BPI 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. BPI 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.

Management Discussion And Analysis (cont'd)

Our Product (cont'd)

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, BPI uses heat-seal lacquer or prime coating for printing and high-adhesion performance.

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

Tobacco Market Growth & Trends

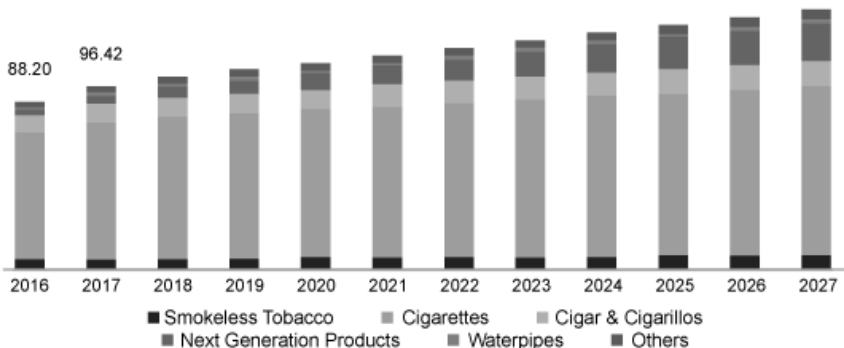
The global tobacco market size is expected to reach USD 1.08 trillion by 2027, according to a new report by Grand View Research, Inc., expanding at a CAGR of 3.1% over the forecast period. Increased number of smokers at the global level, coupled with new product launches in flavored tobacco products, including clove cigarette and menthol cigars, is expected to drive the market over the next few years.

According to the American Lung Association, between 2016 and 2017, among the current cigarette smokers, a substantial increase has been observed in the proportion of people smoking fewer than 15 cigarettes a day. Additionally, from 2014 to 2017, the number of adults who had ever used electronic cigarettes increased 14% from 12.6% to 14.4%. It was also found that from 2011 to 2019, the use of electronic cigarettes increased 1650% among middle school students from 0.6% to 10.5%.

The tobacco companies having been launching new products to cater to the changing demand of millennials and generation Z. For instance, in February 2018, Japan Tobacco Inc. launched heat-not-burn" (HNB) product in Japan. The company further strategized to spend over JPY 100 billion over the next three years on R&D of reduced-risk products (RRP) and cigarette alternatives, which do not utilize the combustible ingredients to produce nicotine.

Furthermore, in July 2019, Philip Morris opened its flagship stores in Johannesburg. The store is expected to draw a large number of tourists and businessmen from all across Africa. The store is established in the land area of 160 square meters and has minimalistic interiors with lounge couches, bright lighting, and an information section. The consumers can get informed about the effects of cigarette as well as IQOS through the utilization of machine that emits a white cloudy smoke and brownish smoke for IQOS and normal cigarettes, respectively. The store focuses on detailed information, demonstrations, and videos about IQOS.

U.S. tobacco market size, by product, 2016 - 2027 (USD Billion)



Overview Of Global Cigarette Industry (cont'd)

Tobacco Market Report Highlights

- By product, cigarettes generated a revenue of USD 598.40 billion in 2019. This is attributed to the influential promotion of tobacco products. The industries' capability to manipulate the government policies in various countries across the globe has also played a crucial role in the growth of the product
- Next generation products are expected to register the fastest CAGR of 10.7% from 2020 to 2027 owing to growing adoption of these products in developed markets. These products are considered to be potentially less harmful than the conventional tobacco products
- Asia Pacific dominated the market with more than 35.0% share of the global revenue in 2019. Wide penetration of tobacco products in various countries, including China Vietnam, Philippines, Thailand, Indonesia, Malaysia, Bangladesh, and India is a key driver
- Middle East and Africa is expected to exhibit the fastest CAGR of 4.4% from 2020 to 2027. Improved economic indicators in the countries of Middle East and Africa as a result of supportive government policies to increase the availability of food and tobacco products to the rural and urban population are expected to remain a key factor driving the industry.

Board Of Directors' Profile

NIK MUSTAPHA BIN MUHAMAD

Age 75, Male | Malaysian
Executive Deputy Chairman

Number of Board Meetings attended during the year: 6/6

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

ONG CHOOI LEE

Age 57, Male | Malaysian
Senior Independent Non-Executive Director

Number of Board Meetings attended during the year: 6/6

Board Committee:

Audit and Risk Management Committee (Chairman)
Nomination Committee (Chairman)
Remuneration Committee (Chairman)
Option Committee (Chairman)

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. On 15 April 2020, he was re-designated as Senior Independent Non-Executive Director.

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' Profile (cont'd)

TEE WEE KEAT

Age 39, Male | Malaysian
Independent Non-Executive Director

Number of Board Meetings attended during the year: 4/6

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

NG KOK WAH

Age 42, 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. Ng is a Fellow of ACCA UK and a member of the Malaysian Institute of Accountants (MIA).

Work Experience

He was appointed as an Independent Non-Executive Director on 15 April 2020.

He started his career with a small accounting firm since year 1998 followed by an international medium accounting firm Morison Anuarul Azizan Chew & Co. as audit manager till year 2004 where he was responsible for handling various audit and non-audit assignments of government and private sector for both listed and non-listed companies. He is also a Licensed Financial Adviser (FA) granted by Capital Market Services Representative License (CMSRL) under Capital Markets & Services Act 2007, Securities Commissioner (SC) Malaysia and presently involve in providing financial planning services. He has more than 18 years' experience in this industry.

Directorship in other public/ listed companies

Ageson Berhad
 Multi-Usage Holdings Bhd.
 BCM Alliance Berhad

Board Of Directors' Profile (cont'd)

KEY SENIOR MANAGEMENT

YAP KOK ENG

Age 50, Male | Malaysian
Executive Director

Number of Board Meetings attended during the year: 5/6

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.

Corporate Sustainability Statement

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

Responsive

to the ever-changing demands of our customers and excel in providing quality products and services.

Responsive

in conducting our business in a safe and environmentally responsible way which is compliance to the statutory.

Resourceful

in creating value for the shareholders of our success by turning opportunities into engine of growth today and invest for a sustainable future.

Committed

to personnel policies which recognize and reward contribution of employees and belief in people. The open-door-policy is granted all employees the rights and possibility to discuss any work-related issues directly with the management.

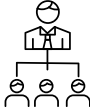


Corporate Sustainability Statement (cont'd)

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

1. Inputs	
	<p>Suppliers The establishment of long-term suppliers' relationships has improved the security of supply and flexibility in the supply chain.</p>
2. Managing the manufacturing process	
	<p>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.</p>
	<p>Environment Environment Policy has been in place across all our activities for many years.</p> <p>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 (CO2) emissions.</p> <p>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.</p>

Corporate Sustainability Statement (cont'd)

2. 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.

3. 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
<p>Financial</p> 	<p>Finance its own activities and service its debts through generation of sustainable revenue.</p> <p>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.</p>
<p>Intellectual Capital</p> 	<p>The knowledge management system has been implemented across the functional units, and sufficient training and development are provided.</p> <p>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.</p> <p>At the core of strategy has been an accumulated knowledge about packaging and production technologies</p>
<p>Human Capital</p> 	<p>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.</p> <p>Provide a fair, ethical, diverse, safe working environment, job security and respect human rights.</p>
<p>Social And Relationship</p> 	<p>Build a strong relationship with key stakeholders through long term partnership, mutual trust and value-added products and services.</p>
<p>Natural Capital</p> 	<p>To be environmentally conscious and measuring our environmental impacts based on industry best practice.</p>

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") 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 8 December 2020.

Corporate Governance 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 2020.

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 39 to page 40), 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 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 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 that 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.

Corporate Governance Statement (cont'd)

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.

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
Ong Chooi Lee	Chairman	Senior Independent Non-Executive Director
Tee Wee Keat	Member	Independent Non-Executive Director
Ng Kok Wah	Member	Independent Non-Executive Director

Corporate Governance 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

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.

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
Ong Chooi Lee	Chairman	Senior Independent Non-Executive Director
Tee Wee Keat	Member	Independent Non-Executive Director
Ng Kok Wah	Member	Independent Non-Executive Director

Corporate Governance Statement (cont'd)

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

Remuneration Committee (cont'd)

For the financial year ended 31 August 2020, the RC met once to review and recommend the Executive Directors' remuneration packages and Directors' fees in financial year 2020. 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)	Total (RM)
EXECUTIVE DIRECTORS			
Nik Mustapha Bin Muhamad	-	36,000	36,000
Yap Kok Eng	284,412	-	284,412
NON-EXECUTIVE DIRECTORS			
Ong Chooi Lee	-	18,000	18,000
Yeong Siew Lee <i>(Resigned on 23 January 2020)</i>	-	8,000	8,000
Tee Wei Keat	-	18,000	18,000
Ng Kok Wah <i>(Appointed with effective from 15 April 2020)</i>	-	6,750	6,750

Corporate Governance Statement (cont'd)

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

Remuneration Committee (cont'd)

Group

	Salaries (RM)	Fees (RM)	Total (RM)
EXECUTIVE DIRECTORS			
Nik Mustapha Bin Muhamad	-	36,000	36,000
Yap Kok Eng	284,412	-	284,412
NON-EXECUTIVE DIRECTORS			
Ong Chooi Lee	-	18,000	18,000
Yeong Siew Lee (Resigned on 23 January 2020)	-	8,000	8,000
Tee Wei Keat	-	18,000	18,000
Ng Kok Wah (Appointed with effective from 15 April 2020)	-	6,750	6,750

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
RM250,001 – RM300,000	1

Corporate Governance Statement (cont'd)

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
Ong Chooi Lee	Chairman	Senior Independent Non-Executive Director
Tee Wee Keat	Member	Independent Non-Executive Director
Ng Kok Wah	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 2020.

Corporate Governance 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 Chairman of the ARMC is Mr. Ong Chooi Lee whilst the Chairman of the Board is Encik Nik Mustapha bin Muhamad. Having the position of Board Chairman and ARMC Chairman 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.

Corporate Governance Statement (cont'd)

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 35 to 38.

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.

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.

Corporate Governance Statement (cont'd)

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

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.

As part of the initiatives to curb the spread of Coronavirus Disease 2019 (COVID-19), the 33rd AGM of the Company will be conducted on a virtual basis entirely through live streaming and online remote voting which are available on <http://vps.megacorp.com.my/THZjC>.

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 2020.

Name of Director	Designation	No. of Meetings attended	%
Nik Mustapha Bin Muhamad	Executive Deputy Chairman	6/6	100
Yap Kok Eng	Executive Director	5/6	83
Ng Kok Wah	Independent Non-Executive Director	4/4	100
Tee Wee Keat	Independent Non-Executive Director	4/6	67
Ong Chooi Lee	Senior Independent Non-Executive Director	6/6	100

Corporate Governance Statement (cont'd)

ATTENDANCE AT BOARD OF DIRECTORS' MEETINGS AND BOARD COMMITTEES' MEETINGS (cont'd)

Board of Committee Meetings

Name of Director	ARMC	NC	RC
Ong Chooi Lee	5/5	1/1	1/1
Tee Wee Keat	3/5	1/1	1/1
Ng Kok Wah	2/2	-	-

Directors' Training

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

Directors	Seminar / Trainings
Nik Mustapha Bin Muhamad	<ul style="list-style-type: none"> Progress Through Integrated Reporting
Yap Kok Eng	<ul style="list-style-type: none"> Special Dialogue with Lembaga Hasil Dalam Negeri
Tee Wee Keat	<ul style="list-style-type: none"> Budget seminar 2020
Ng Kok Wah	<ul style="list-style-type: none"> PI Note Training Toward Boardroom Excellence Building Corporation Longevity My Industries 4.0
Ong Chooi Lee	<ul style="list-style-type: none"> Internal Audit for Board and Audit Committee Budget Seminar 2020 Sustainability: Governance Towards Long Term Value Creation Audit Committee Conference CFO Conference 2020 Managing and Processing Payroll in Malaysia

This Corporate Governance Overview Statement was approved by the Board of Directors on 8 December 2020.

Additional Compliance Information

Audit and Non-Audit Fees

During the financial year ended 31 August 2020, the amount of the audit fees paid to external auditors on the Company and Group basis were RM80,000 and RM71,000 respectively.

There were no 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 2020.

Recurrent Related Party Transactions ("RRPT")

There was no RRPT during the financial year ended 31 August 2020.

Material Contracts

There were no material contracts entered into by the Company and/or its subsidiaries during the financial year ended 31 August 2020 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 thorough 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.

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.

Statement On Risk Management And Internal Control (cont'd)

Risk Management Framework (cont'd)

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.

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:

Statement On Risk Management And Internal Control (cont'd)

Risk Management Framework (cont'd)

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 2020 amounted to RM14,000 (2019: RM20,000).

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 2020. 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 8 December 2020.

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 2020.

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:

Ong Chooi Lee (Chairman, Senior Independent Non-Executive Director)

Tee Wee Keat (Member, Independent Non-Executive Director)

Ng Kok Wah (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 33.

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

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 FY2020.
- 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.

Internal Audit

- i) Reviewed and approved the Internal Audit Plan for FY2020 to ensure the principal risks and key functions were adequately identified and covered in the plan.
- ii) Internal Audit Report presented by KLP was reviewed by ARMC on 27 July 2020. This included a review on business and operational activities with respect to:
 - Inventory receiving and storage procedures; and
 - Credit control.

Audit And Risk management Committee Report (cont'd)

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

External Audit

- i) Reviewed the external auditors' Group Audit Plan that outlines the audit strategy and approach for FY2020.
- 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 during the financial year on 28th October 2020, 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 FY2020 Annual Report.

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

During the FY2020, there were no options granted pursuant to the SIS.

D. INTERNAL AUDIT FUNCTION

Based on the approved Audit Plan 2020, a Risk Assessment Review was conducted by KLP and covering the following business and operational activities:

- i) Inventory receiving and storage procedures
- ii) Credit Control

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.



FINANCIAL STATEMENTS

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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 2020.

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 12 to the financial statements.

Financial results

	Group RM	Company RM
Net loss for the financial year attributable to:		
Owners of the Company	1,237,282	1,192,941
Non controlling interests	5	-
	<hr/> 1,237,287	<hr/> 1,192,941

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

There were no shares being repurchased by the Company during the financial year.

As at 31 August 2020, 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.

Directors' Report (cont'd)

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

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

Ong Chooi Lee

Ng Koh Wah Appointed on 15 April 2020

Yeong Siew Lee Resigned on 23 January 2020

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.

Directors' Report (cont'd)

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: 8 December 2020

Statement By Directors

Pursuant to Section 251(2) of the Companies Act, 2016

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 2020, 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: 8 December 2020

Statutory Declaration

Pursuant to Section 251(1) of the Companies Act, 2016

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 8 December 2020) NIK MUSTAPHA BIN MUHAMAD

Before me,

COMMISSIONER FOR OATHS

Independent Auditors' Report

to the members of Bright Packaging Industry Berhad
Registration No. 198701003105 (161776-W) (Incorporated in Malaysia)

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 2020, 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 2020, and of their financial performance and their cash flows for the year then ended in accordance with the Companies Act 2016 ("the 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' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the 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 (cont'd)

to the members of Bright Packaging Industry Berhad
Registration No. 198701003105 (161776-W) (Incorporated in Malaysia)

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

1.3 Key audit matters (Cont'd)

1.3.1 Impairment review of property, plant and equipment of the Group and the Company

As at 31 August 2020, as shown in Note 10 to the financial statements, the carrying amount of the Group's and the Company's property, plant and equipment amounted to RM55.31 million and RM40.89 million respectively, representing approximately 41% and 31% of the Group's and the Company's total assets respectively.

The Group and the Company are required to carry out impairment test on the carrying amounts of property, plant and equipment for cash generating units having impairment indicators.

For cash generating units having impairment indicators, the Group and the Company determined the recoverable amounts of the cash generating units by estimating their values-in-use, of which, are derived by discounting their projected cash flows.

We have identified the impairment review of property, plant and equipment as a key audit matter because of the critical judgement used by management in estimating the key assumptions applied by the Group and the Company to determine the recoverable amounts.

How the matter was addressed in the audit

Our audit procedures, amongst others, include:

- Assessed the appropriateness of the impairment review model used by management by comparing it with the requirements of the relevant accounting standards;
- Benchmarked key assumptions used by management in estimating future cash flows such as revenue growth and gross profit margin to historical performance, and internal and external sources of information;
- Compared management's basis for determining discount rate by checking the key inputs used such as risk-free rate, market risk premium and industry's debt and equity ratios to market data;
- Performed sensitivity analysis over the key assumptions used in the values-in-use calculations and assessed the impact on the recoverable amounts of the property, plant and equipment.

We did not find any material exception in the procedures performed.

Independent Auditors' Report (cont'd)
to the members of Bright Packaging Industry Berhad
Registration No. 198701003105 (161776-W) (Incorporated in Malaysia)

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

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.

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 to the directors' report.

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.

Independent Auditors' Report (cont'd)

to the members of Bright Packaging Industry Berhad
Registration No. 198701003105 (161776-W) (Incorporated in Malaysia)

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

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.

As part of our 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.

Independent Auditors' Report (cont'd)

to the members of Bright Packaging Industry Berhad
Registration No. 198701003105 (161776-W) (Incorporated in Malaysia)

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

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

- 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.

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, actions taken to eliminate threats or safeguards applied.

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.

Independent Auditors' Report (cont'd)
to the members of Bright Packaging Industry Berhad
Registration No. 198701003105 (161776-W) (Incorporated in Malaysia)

2. Engagement partner

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

RUSSELL BEDFORD LC & COMPANY
AF 1237
CHARTERED ACCOUNTANTS

TEOH WUEY SZE
02831/01/2022 J
CHARTERED ACCOUNTANT

Kuala Lumpur

Date: 8 December 2020

Statements Of Comprehensive Income

For The Year Ended 31 August 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Revenue	4	50,804,807	67,890,625	50,804,807	67,890,625
Cost of sales		(48,468,986)	(62,638,127)	(48,598,571)	(62,636,693)
Gross profit		2,335,821	5,252,498	2,206,236	5,253,932
Other operating income		470,112	282,864	470,112	282,864
Selling and distribution expenses		(816,556)	(1,288,217)	(816,556)	(1,288,217)
Administrative expenses		(4,371,720)	(2,822,139)	(4,357,040)	(2,653,811)
Other operating expenses		(473,515)	(28,281)	(195,729)	(640,989)
(Loss)/Profit from operations	5	(2,855,858)	1,396,725	(2,692,977)	953,779
Finance income	6	1,326,816	1,377,564	1,326,816	1,377,564
Finance costs	7	(3,836)	(5,396)	(89,840)	(5,396)
Net finance income		1,322,980	1,372,168	1,236,976	1,372,168
(Loss)/Profit before tax		(1,532,878)	2,768,893	(1,456,001)	2,325,947
Income tax expense	8	295,591	(836,024)	263,060	(561,928)
Net (loss)/profit/Total comprehensive (loss)/income for the year		(1,237,287)	1,932,869	(1,192,941)	1,764,019
Net (loss)/profit/Total comprehensive (loss) / income attributable to:					
Owners of the Company		(1,237,282)	1,935,340		
Non controlling interests		(5)	(2,471)		
		(1,237,287)	1,932,869		
(Loss)/Earnings per share (sen)					
- Basic	9	(0.60)	0.94		

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

Statements of Financial Position

As At 31 August 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Non current assets					
Property, plant and equipment	10	55,312,996	58,991,715	40,889,697	44,427,116
Right of use assets	11	70,881	-	977,977	-
Investment in subsidiaries	12	-	-	2	2
Other receivables	15	-	-	13,431,642	13,473,096
		55,383,877	58,991,715	55,299,318	57,900,214
Current assets					
Inventories	13	11,471,888	11,768,330	11,471,888	11,768,330
Trade receivables	14	15,827,591	13,718,456	15,827,591	13,718,456
Other receivables, deposits and prepayments	15	80,944	197,275	51,444	167,774
Tax recoverable		501	-	225	-
Cash and bank balances	16	50,790,115	44,519,887	50,789,114	44,514,270
		78,171,039	70,203,948	78,140,262	70,168,830
Total assets		133,554,916	129,195,663	133,439,580	128,069,044
Equity					
Share capital	17	97,716,929	97,716,929	97,716,929	97,716,929
Reserves	18	18,793,083	20,030,365	14,557,797	15,750,738
Equity attributable to owners of the Company		116,510,012	117,747,294	112,274,726	113,467,667
Non controlling interests		(2,476)	(2,471)	-	-
Total equity		116,507,536	117,744,823	112,274,726	113,467,667

Statements of Financial Position (cont'd)

As At 31 August 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Non current liabilities					
Lease liabilities	19	31,877	65,171	872,104	65,171
Deferred tax liabilities	20	2,671,820	2,973,330	692,400	961,655
		2,703,697	3,038,501	1,564,504	1,026,826
Current liabilities					
Trade payables	21	13,323,785	7,806,638	13,304,916	7,787,769
Other payables and accruals	22	986,605	573,969	6,159,683	5,755,050
Lease liabilities	19	33,293	31,732	135,751	31,732
		14,343,683	8,412,339	19,600,350	13,574,551
Total liabilities		17,047,380	11,450,840	21,164,854	14,601,377
Total equity and liabilities		133,554,916	129,195,663	133,439,580	128,069,044

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

Statements of Changes in Equity

For The Financial Year Ended 31 August 2020

	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 interests RM	Total RM
						Company	RM		
Group									
At 1 September 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	
Net loss/Total comprehensive loss for the year	-	-	-	-	(1,237,282)	(1,237,282)	(5)	(1,237,287)	
At 31 August 2020	97,716,929	(505)	-	-	18,793,588	116,510,012	(2,476)	116,507,536	

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

Statements of Changes in Equity (cont'd)

For The Financial Year Ended 31 August 2020

Company	Share capital RM	Treasury shares RM	Warrants reserve RM	Other reserve RM	Retained profits RM	Total RM
At 1 September 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
Net loss/Total comprehensive loss for the year	-	-	-	-	(1,192,941)	(1,192,941)
At 31 August 2020	97,716,929	(505)	-	-	14,558,302	112,274,726

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

Statements of Cash Flows

For The Financial Year Ended 31 August 2020

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash flows from/(used in) operating activities				
(Loss)/Profit before tax	(1,532,878)	2,768,893	(1,456,001)	2,325,947
Adjustments for:				
Bad debt written off	-	-	6,674	6,680
Depreciation	3,619,702	3,632,141	3,607,987	3,490,841
Impairment loss on investment in a subsidiary	-	-	-	606,028
Interest expense	3,836	5,396	89,840	5,396
Interest income	(1,326,816)	(1,377,564)	(1,326,816)	(1,377,564)
Realised gain/(loss) on foreign exchange – cash and cash equivalents	27,257	(116,873)	27,257	(116,873)
Unrealised loss/(gain) on foreign exchange	189,055	(106,122)	189,055	(106,122)
Operating profit before working capital changes	980,156	4,805,871	1,137,996	4,834,333
Decrease/(Increase) in inventories	296,442	(128,096)	296,442	(128,096)
(Increase)/Decrease in trade and other receivables	(2,499,498)	371,747	(2,506,173)	365,068
Increase/(Decrease) in trade and other payables	6,247,422	(777,771)	6,247,261	(807,093)
Cash generated from operations	5,024,522	4,271,751	5,175,526	4,264,212
Income tax refunded	276	929	-	605
Income tax paid	(6,696)	(26,224)	(6,420)	(25,948)
Net cash from operating activities	5,018,102	4,246,456	5,169,106	4,238,869
Cash flows from/(used in) investing activities				
Purchase of plant and equipment	(11,864)	(706,915)	(11,864)	(706,915)
Interest income	1,326,816	1,377,564	1,326,816	1,377,564
Repayment from subsidiaries	-	-	41,454	18,415
Net cash from investing activities	1,314,952	670,649	1,356,406	689,064

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

Statements of Cash Flows (cont'd)

For The Financial Year Ended 31 August 2020

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash flows from/(used in) financing activities				
Repayments of lease liabilities	(31,733)	(30,172)	(125,729)	(30,172)
Repayments to a subsidiary	-	-	(7,842)	(7,721)
Interest paid	(3,836)	(5,396)	(89,840)	(5,396)
Net cash used in financing activities	(35,569)	(35,568)	(223,411)	(43,289)
Net increase in cash and cash equivalents	6,297,485	4,881,537	6,302,101	4,884,644
Cash and cash equivalents at beginning of year	44,519,887	39,521,477	44,514,270	39,512,753
Effect of exchange differences	(27,257)	116,873	(27,257)	116,873
Cash and cash equivalents at end of year	50,790,115	44,519,887	50,789,114	44,514,270
Cash and cash equivalents are represented by:				
Cash and bank balances	50,790,115	44,519,887	50,789,114	44,514,270

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

Statements of Cash Flows (cont'd)

For The Financial Year Ended 31 August 2020

Reconciliation of liabilities arising from financing activities

	1.9.2019 RM	Cash flows RM	31.8.2020 RM
Group			
Lease liabilities	96,903	(31,733)	65,170

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

	1.9.2019 RM	Cash flows RM	Non cash changes RM	31.8.2020 RM
Company				
Lease liabilities				
- hire purchase	96,903	(31,733)	-	65,170
- others	-	(93,996)	1,036,681	942,685
Amount due to a subsidiary	5,238,104	(7,842)	-	5,230,262

	1.9.2018 RM	Cash flows RM	Non cash changes 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

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

Notes To The Financial Statements

31 August 2020

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 8 December 2020.

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.

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:

Notes To The Financial Statements (cont'd)

31 August 2020

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)

i. MFRS 16 Leases

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 MFRS 117 and distinguish between two types of lease which is operating and finance leases.

The effect of adopting MFRS 16 is disclosed in Note 28.

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.

Notes To The Financial Statements (cont'd)

31 August 2020

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.

Notes To The Financial Statements (cont'd)

31 August 2020

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)

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.

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 lost. 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 (cont'd)

31 August 2020

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.

Notes To The Financial Statements (cont'd)

31 August 2020

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:

	2020	2019
	RM	RM
United States Dollar	4.1725	4.2150

Notes To The Financial Statements (cont'd)

31 August 2020

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

(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.

(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.

Notes To The Financial Statements (cont'd)

31 August 2020

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)

Income tax (Cont'd)

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.

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.

Notes To The Financial Statements (cont'd)

31 August 2020

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

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.

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.

Notes To The Financial Statements (cont'd)

31 August 2020

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

As a lessee

i) Right of use assets

The Group recognises a right of use asset at the commencement date of the lease. The right of use asset is initially measured at cost. The cost of right of use assets includes the amount of lease liabilities recognised, adjusted for any lease payments made at or before the commencement date, plus initial direct costs incurred and an estimate of costs to dismantle, remove or restore the leased asset, less any lease incentives received.

Subsequent to initial measurement, the right of use asset is depreciated on a straight line basis over the shorter of the lease term and the estimated useful life as follows:

Premises	8 years
Motor vehicles	5 years

Right of use asset is subject to impairment and is adjusted for any remeasurement of lease liabilities.

Notes To The Financial Statements (cont'd)

31 August 2020

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)

Leases (Cont'd)

As a lessee (Cont'd)

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities at the present value of lease payment to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the assessment of lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payments occurs. The present value of lease payments is discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest method. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

The amount of lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recognised in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

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

Notes To The Financial Statements (cont'd)

31 August 2020

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.

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.

Notes To The Financial Statements (cont'd)

31 August 2020

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)

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).

(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.

Notes To The Financial Statements (cont'd)

31 August 2020

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 (Cont'd)

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.

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.

Notes To The Financial Statements (cont'd)

31 August 2020

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

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).

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 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.

Notes To The Financial Statements (cont'd)

31 August 2020

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)

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.

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.

Notes To The Financial Statements (cont'd)

31 August 2020

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)

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.

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.

Notes To The Financial Statements (cont'd)

31 August 2020

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)

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 (cont'd)

31 August 2020

3. Critical accounting estimates and judgments (Cont'd)

(b) Impairment assessment for property, plant and equipment

The Group assessed the recoverable amount for cash generating unit having impairment indicators based on value-in-used calculations. These calculations use cash flow projections that have been projected to the useful lives of property, plant and equipment based on financial budgets and projections prepared by management. Significant variations to the assumptions and estimates used to determine future cash flows could result in changes to the assessment of the recoverable amount of these property, plant and equipment.

4. Revenue

4.1 Disaggregation of revenue

	Group and Company	
	2020	2019
	RM	RM
<hr/>		
Geographical markets		
Philippines	23,916,840	35,959,804
Indonesia	14,432,115	18,668,692
Pakistan	4,578,998	4,912,308
Korea	2,506,064	3,296,705
Thailand	2,583,173	2,282,111
Malaysia	425,926	474,971
Others	2,361,691	2,296,034
	<hr/>	<hr/>
	50,804,807	67,890,625
<hr/>		
Timing of revenue recognition		
Goods transferred at a point in time	50,804,807	67,890,625
	<hr/>	<hr/>

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.

Notes To The Financial Statements (cont'd)

31 August 2020

4. Revenue (Cont'd)

4.3 Transaction price allocated to the remaining performance obligations

For practical expediency, 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. (Loss)/Profit from operations

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
(Loss)/Profit from operations is arrived at after charging/ (crediting):				
Auditors' remuneration				
- auditors' of the Company				
- audit services	75,000	75,000	66,000	66,000
- over provision in prior years	-	(6,959)	-	(7,586)
- other services	5,000	5,000	5,000	5,000
Bad debt written off	-	-	6,674	6,680
Expenses relating to short term leases	35,356	-	35,356	-
Impairment loss on investment in a subsidiary	-	-	-	606,028
(Gain)/Loss on foreign exchange				
- realised	(210,299)	28,281	(210,299)	28,281
- unrealised	189,055	(106,122)	189,055	(106,122)
Operating lease expense				
- factory	-	-	-	132,000
- hostel	-	38,682	-	38,682

Notes To The Financial Statements (cont'd)

31 August 2020

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

	Group and Company	
	2020 RM	2019 RM
Staff costs comprise:		
Defined contribution plan	271,270	224,492
Salaries, wages and allowances	3,379,032	3,181,307
Other employee related expenses	579,415	482,402
	4,229,717	3,888,201
Executive directors:		
Fees	36,000	36,000
Remuneration other than fees	284,412	235,692
	320,412	271,692
Non executive directors:		
Fees	50,750	60,000
Remuneration other than fees	-	86,440
	50,750	146,440
	4,600,879	4,306,333

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

	2020 RM	2019 RM
Executive directors:		
Below RM50,000	1	1
RM200,001 to RM250,000	1	1
Non executive directors:		
Below RM50,000	4	3
RM100,001 to RM150,000	-	1

Notes To The Financial Statements (cont'd)

31 August 2020

6. Finance income

	Group and Company	
	2020 RM	2019 RM
Interest income from fixed deposits	12,077	25,813
Interest income from cash management fund account	1,314,739	1,351,751
	1,326,816	1,377,564

7. Finance costs

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Interest expense on:				
- hire purchase liabilities	3,836	5,396	3,836	5,396
- other lease liabilities	-	-	86,004	-
	3,836	5,396	89,840	5,396

8. Income tax expense

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Expected income tax payable				
- current year	(6,420)	(6,420)	(6,420)	(6,420)
- over provision in prior years	501	1,100	225	1,052
	(5,919)	(5,320)	(6,195)	(5,368)
Deferred tax (Note 20)				
- current year	331,255	(816,481)	299,000	(537,084)
- under provision in prior years	(29,745)	(14,223)	(29,745)	(19,476)
	301,510	(830,704)	269,255	(556,560)
	295,591	(836,024)	263,060	(561,928)

Notes To The Financial Statements (cont'd)

31 August 2020

8. Income tax expense (Cont'd)

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
(Loss)/Profit before tax	(1,532,878)	2,768,893	(1,456,001)	2,325,947
Taxation at statutory tax rate of 24% (2019: 24%)	367,900	(665,000)	349,400	(558,000)
Expenses not deductible for tax purposes	(444,165)	(161,223)	(457,920)	(284,456)
Effect of change in tax rate for real property gain tax	-	(568,878)	-	(271,648)
Utilisation of deferred tax assets not recognised	-	1,600	-	-
Income not subject to tax	401,100	570,600	401,100	570,600
Over/(Under) provision in prior years				
- income tax	501	1,100	225	1,052
- deferred tax	(29,745)	(14,223)	(29,745)	(19,476)
Income tax expense for the year	295,591	(836,024)	263,060	(561,928)

Notes To The Financial Statements (cont'd)

31 August 2020

9. (Loss)/Earnings per share

Basic

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

	2020 RM	Group 2019 RM
Net (loss)/profit attributable to owners of the Company	(1,237,282)	1,935,340
Weighted average number of ordinary shares in issue	205,330,894	205,330,894
Basic (loss)/earnings per share (sen)	(0.60)	0.94

Diluted

Diluted (loss)/earnings per share are not presented in the financial statements since there are no dilutive potential ordinary share.

Notes To The Financial Statements (cont'd)

31 August 2020

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 2018	15,300,000	10,169,303	68,562,858	3,349,953	306,238	97,688,352
Additions	-	-	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
Reclassification to right of use assets (Note 11)	-	-	-	-	(184,906)	(184,906)
Additions	-	-	6,903	4,961	-	11,864
At 31 August 2020	15,300,000	10,169,303	69,268,720	3,362,870	121,332	98,222,225
Accumulated depreciation						
At 1 September 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
Reclassification to right of use assets (Note 11)	-	-	-	-	(77,044)	(77,044)
Charge for the year	-	203,386	3,076,942	302,393	-	3,582,721
At 31 August 2020	-	2,367,706	38,289,291	2,130,900	121,332	42,909,229
Carrying amount						
At 31 August 2020	15,300,000	7,801,597	30,979,429	1,231,970	-	55,312,996
At 31 August 2019	15,300,000	8,004,983	34,049,468	1,529,402	107,862	58,991,715

Notes To The Financial Statements (cont'd)

31 August 2020

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 2018	6,615,000	3,104,303	68,617,859	3,349,953	306,238	81,993,353
Additions	-	-	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
Reclassification to right of use assets (Note 11)	-	-	-	-	(184,906)	(184,906)
Additions	-	-	6,903	4,961	-	11,864
At 31 August 2020	6,615,000	3,104,303	69,323,721	3,362,870	121,332	82,527,226
Accumulated depreciation						
At 1 September 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
Reclassification to right of use assets (Note 11)	-	-	-	-	(77,044)	(77,044)
Charge for the year	-	62,086	3,076,942	302,393	-	3,441,421
At 31 August 2020	-	1,096,006	38,289,291	2,130,900	121,332	41,637,529
Carrying amount						
At 31 August 2020	6,615,000	2,008,297	31,034,430	1,231,970	-	40,889,697
At 31 August 2019	6,615,000	2,070,383	34,104,469	1,529,402	107,862	44,427,116

Notes To The Financial Statements (cont'd)

31 August 2020

10. Property, Plant and Equipment (Cont'd)

At the reporting date, the freehold land and buildings of the Group and the Company with carrying amount of RM8,623,297 (2019: RM8,685,383) have been charged as collaterals to secure the banking facilities granted to the Company.

10.1 Impairment review on property, plant and equipment

The Company has been making losses during the reporting period. The recoverable amount of the property, plant and equipment is determined from a value in use calculations using cash flows projections from financial budget prepared by management. Based on the impairment assessment, the recoverable amount of the property, plant and equipment is higher than the carrying amount.

10.2 Key assumptions used in the value in use calculations

The calculation of value in use for property, plant and equipment is most sensitive to the following assumptions:

- i) The discount rate used for the value in use calculation is based on the country's industry weighted average cost of capital specific to the business of 8.37%; and
- ii) The value assigned to the key assumptions such as sales growth, fixed and variable costs are based on the management's assessment of future trends of the business and its historical data.

11. Right of use assets

	Motor vehicle RM	Total RM
Group		
Cost		
At 1 September 2019	-	-
Reclassification from property, plant and equipment (Note 10)	184,906	184,906
At 31 August 2020	184,906	184,906

Notes To The Financial Statements (cont'd)

31 August 2020

11. Right of use assets (Cont'd)

		Motor vehicle RM	Total RM
Accumulated depreciation			
At 1 September 2019		-	-
Reclassification from property, plant and equipment (Note 10)		77,044	77,044
Charge for the year		36,981	36,981
At 31 August 2020		114,025	114,025
Carrying amount			
At 31 August 2020		70,881	70,881
At 31 August 2019		-	-
	Premises RM	Motor vehicle RM	Total RM
Company			
Cost			
At 1 September 2019	-	-	-
Effect arising from adoption of MFRS 16	1,036,681	-	1,036,681
Reclassification from property, plant and equipment (Note 10)	-	184,906	184,906
At 31 August 2020	1,036,681	184,906	1,221,587
Accumulated depreciation			
At 1 September 2019	-	-	-
Reclassification from property, plant and equipment (Note 10)	-	77,044	77,044
Charge for the year	129,585	36,981	166,566
At 31 August 2020	129,585	114,025	243,610
Carrying amount			
At 31 August 2020	907,096	70,881	977,977
At 31 August 2019	-	-	-

Notes To The Financial Statements (cont'd)

31 August 2020

12. Investment in subsidiaries

	Company	
	2020 RM	2019 RM
Unquoted shares at cost		
At beginning/end of year	24,278,267	24,278,267
Accumulated impairment losses		
At beginning of year	24,278,265	23,672,237
Impairment loss during the year	-	606,028
At end of year	24,278,265	24,278,265
Carrying amount	2	2

The details of the subsidiaries are as follows:

Subsidiaries of the Company	Country of incorporation	Group's effective interest		Principal activities
		2020 %	2019 %	
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

Notes To The Financial Statements (cont'd)

31 August 2020

12. Investment in subsidiaries (Cont'd)

12.1 Impairment of investment in subsidiaries

In the previous 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.

13. Inventories

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
At cost:				
Raw materials				
- on hand	6,465,105	5,374,909	6,465,105	5,374,909
- in transit	2,013,530	2,525,557	2,013,530	2,525,557
Work in progress	388,806	881,818	388,806	881,818
Finished goods	2,604,447	2,986,046	2,604,447	2,986,046
	11,471,888	11,768,330	11,471,888	11,768,330
Amount of inventories recognised as an expense	48,468,986	62,638,127	48,598,571	62,636,693

Notes To The Financial Statements (cont'd)

31 August 2020

14. Trade receivables

The Group's normal trade credit terms range from 30 days to 90 days (2019: 30 days to 90 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	
	2020	2019
	RM	RM
Not past due	11,094,665	9,010,944
1 - 30 days past due	4,248,740	4,707,512
31 - 60 days past due	484,186	-
	15,827,591	13,718,456

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

	Group and Company	
	2020	2019
	RM	RM
At beginning of year	-	1,778,032
Write offs	-	(1,778,032)
At end of year	-	-

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

	Group and Company	
	2020	2019
	RM	RM
United States Dollar	15,802,038	13,692,903

Notes To The Financial Statements (cont'd)

31 August 2020

15. Other receivables, deposits and prepayments

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Amount due from subsidiaries	-	-	38,266,104	38,307,558
Less: Allowance for expected credit losses	-	-	(24,834,462)	(24,834,462)
	-	-	13,431,642	13,473,096
Deposits	34,582	34,582	18,632	18,632
Other receivables	-	52,833	-	52,832
Prepayments	46,362	109,860	32,812	96,310
	80,944	197,275	13,483,086	13,640,870
Less: Non current portion (Note 15.1)	-	-	(13,431,642)	(13,473,096)
	80,944	197,275	51,444	167,774

15.1 Amount due from subsidiaries

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

The amount due from subsidiaries has been presented under non current assets as these advances are not expected to be realised within 12 months after the reporting date.

16. Cash and bank balances

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

	Group and Company	
	2020 RM	2019 RM
United States Dollar	6,289,261	2,703,276

Notes To The Financial Statements (cont'd)

31 August 2020

17. Share capital

	Group and Company	
	2020	2019
	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.

18. Reserves

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Distributable:				
Retained profits	18,793,588	20,030,870	14,558,302	15,751,243
Non distributable:				
Treasury shares (Note 18.1)	(505)	(505)	(505)	(505)
	18,793,083	20,030,365	14,557,797	15,750,738

18.1 Treasury shares

Treasury shares comprises cost of acquisition of the Company's own shares. At 31 August 2020, the Group held 500 (2019: 500) of the Company's own shares.

Notes To The Financial Statements (cont'd)

31 August 2020

19. Lease liabilities

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Hire purchase liabilities	65,170	96,903	65,170	96,903
Other lease liabilities				
- a subsidiary	-	-	942,685	-
	65,170	96,903	1,007,855	96,903
Less: Portion due within one year	(33,293)	(31,732)	(135,751)	(31,732)
Non current portion	31,877	65,171	872,104	65,171

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
The non current portion of the lease liabilities is payable as follows:				
Later than 1 year and not later than 2 years	31,877	33,273	143,556	33,273
Later than 2 years and not later than 5 years	-	31,898	399,054	31,898
Later than 5 years	-	-	329,494	-
	31,877	65,171	872,104	65,171

The weighted average effective interest rate are as follows:

	Group		Company	
	2020 %	2019 %	2020 %	2019 %
Hire purchase liabilities	4.80	4.80	4.80	4.80
Other lease liabilities	-	-	8.09	-

Notes To The Financial Statements (cont'd)

31 August 2020

19. Lease liabilities (Cont'd)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Total cash outflows for leases	70,925	74,250	250,925	206,250

20. Deferred tax liabilities

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
At beginning of year	(2,973,330)	(2,142,626)	(961,655)	(405,095)
Recognised in profit or loss (Note 8)				
- current year	331,255	(816,481)	299,000	(537,084)
- under provision in prior years	(29,745)	(14,223)	(29,745)	(19,476)
	301,510	(830,704)	269,255	(556,560)
At end of year	(2,671,820)	(2,973,330)	(692,400)	(961,655)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Presented after appropriate offsetting as follows:				
Deferred tax assets	7,495,100	6,963,200	7,495,100	6,963,200
Deferred tax liabilities	(10,166,920)	(9,936,530)	(8,187,500)	(7,924,855)
	(2,671,820)	(2,973,330)	(692,400)	(961,655)

Notes To The Financial Statements (cont'd)

31 August 2020

20. Deferred tax liabilities (Cont'd)

Deferred tax liabilities are in respect of the following:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Tax effects of:				
Differences between tax capital allowances and accounting depreciation	7,897,960	7,626,561	7,586,900	7,321,600
Revaluation reserve	2,268,960	2,309,969	600,600	603,255
	10,166,920	9,936,530	8,187,500	7,924,855

Deferred tax assets are in respect of the following:

Group	Gross		Tax effects	
	2020 RM	2019 RM	2020 RM	2019 RM
Unutilised tax losses to be utilised up to year ending 31 August 2025	25,402,700	25,402,900	6,096,700	6,096,700
Unrealised loss on foreign exchange	189,000	41,700	45,400	10,000
Unabsorbed capital allowances	38,691,800	36,617,400	9,286,200	8,788,100
	64,283,500	62,062,000	15,428,300	14,894,800
Less: Deferred tax assets recognised	(31,229,000)	(29,013,000)	(7,495,100)	(6,963,200)
Deferred tax assets not recognised	33,054,500	33,049,000	7,933,200	7,931,600

Notes To The Financial Statements (cont'd)

31 August 2020

20. Deferred tax liabilities (Cont'd)

Company	Gross		Tax effects	
	2020 RM	2019 RM	2020 RM	2019 RM
Unabsorbed capital allowances	31,040,000	28,972,000	7,449,700	6,953,200
Unrealised loss on foreign exchange	189,000	41,000	45,400	10,000
	31,229,000	29,013,000	7,495,100	6,963,200
Less: Deferred tax assets recognised	(31,229,000)	(29,013,000)	(7,495,100)	(6,963,200)
Deferred tax assets not 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 (2019: 30 days to 75 days).

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
United States Dollar	12,617,050	7,323,830	12,603,816	7,310,596

Notes To The Financial Statements (cont'd)

31 August 2020

22. Other payables and accruals

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Amount due to a subsidiary	-	-	5,230,262	5,238,104
Other payables	858,299	402,746	801,115	359,397
Accruals	128,306	171,223	128,306	157,549
	986,605	573,969	6,159,683	5,755,050

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:

	Type of transactions	Company	
		2020 RM	2019 RM
With a subsidiary			
Acorn Properties Sdn. Bhd.	Lease payments	180,000	132,000

Notes To The Financial Statements (cont'd)

31 August 2020

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	
		2020 RM	2019 RM
Financial assets			
With subsidiaries			
Acorn Properties Sdn. Bhd.	Advances	13,431,642	13,473,096
Photon Technologies (Malaysia) Sdn. Bhd.	Advances Allowance for expected credit losses	24,834,462 (24,834,462)	24,834,462 (24,834,462)
Financial liabilities		-	-
With subsidiaries			
Acorn Properties Sdn Bhd	Lease liabilities	942,685	-
Markmas Pak-Print Sdn. Bhd.	Advances	5,230,262	5,238,104

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.

Notes To The Financial Statements (cont'd)

31 August 2020

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:

	2020 RM	2019 RM
Customer A	47,361,441	64,550,113

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.

2020 Geographical information	Group Revenue RM	Non-current assets RM
Philippines	23,916,840	-
Indonesia	14,432,115	-
Pakistan	4,578,998	-
Korea	2,506,064	-
Thailand	2,583,173	-
Malaysia	425,926	55,383,877
Others	2,361,691	-
	50,804,807	55,383,877

Notes To The Financial Statements (cont'd)

31 August 2020

24. Segment information (Cont'd)

2019 Geographical information	Revenue RM	Group Non-current assets RM
Philippines	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

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

25. Financial instruments and financial risks management

25.1 Categories of financial instruments

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Financial assets				
Amortised costs				
- trade and other receivables	15,862,173	13,753,038	29,277,865	27,210,184
- cash and bank balances	50,790,115	44,519,887	50,789,114	44,514,270
	66,652,288	58,272,925	80,066,979	71,724,454

Notes To The Financial Statements (cont'd)

31 August 2020

25. Financial instruments and financial risks management (Cont'd)

25.1 Categories of financial instruments (Cont'd)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Financial liabilities				
Amortised cost				
- lease liabilities (fixed rate)	65,170	96,903	1,007,855	96,903
- trade and other payables	14,310,390	8,380,607	19,464,599	13,542,819
	14,375,560	8,477,510	20,472,454	13,639,722

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.

Notes To The Financial Statements (cont'd)

31 August 2020

25. Financial instruments and financial risks management (Cont'd)

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

Interest rate risk management (Cont'd)

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 RM300 (2019: RM500) 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.

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.

Notes To The Financial Statements (cont'd)

31 August 2020

25. Financial instruments and financial risks management (Cont'd)

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

Liquidity risk management (Cont'd)

Group 2020	Carrying amount RM	Contractual cash flows (including interest payments)				
		Total RM	On demand or within 1 year RM	Within 1 to 2 years RM	Within 2 to 5 years RM	More than 5 Years RM
Non interest bearing debts	14,310,390	14,310,390	14,310,390	-	-	-
Interest bearing debts	65,170	68,161	35,568	32,593	-	-
	14,375,560	14,378,551	14,345,958	32,593	-	-
2019						
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	-

Notes To The Financial Statements (cont'd)

31 August 2020

25. Financial instruments and financial risks management (Cont'd)

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

Liquidity risk management (Cont'd)

Company 2020	Carrying amount RM	Contractual cash flows (including interest payments)					
		Total RM	On demand or within 1 year RM	Within 1 to 2 years RM	Within 2 to 5 years RM	More than 5 Years RM	
Non interest bearing debts	19,464,599	19,464,599	19,464,599	-	-	-	-
Interest bearing debts	1,007,855	1,328,161	215,568	212,593	540,000	360,000	360,000
	20,472,454	20,792,760	19,680,167	212,593	540,000	360,000	360,000
2019							
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	-	-

Notes To The Financial Statements (cont'd)

31 August 2020

25. Financial instruments and financial risks 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	
	2020 RM	2019 RM	2020 RM	2019 RM
United States Dollar	947,000	907,000	949,000	909,000

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

Notes To The Financial Statements (cont'd)

31 August 2020

25. Financial instruments and financial risks 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	
	2020 RM	2019 RM	2020 RM	2019 RM
Bank balances with one financial institution (2019: One)	42,980,524	40,724,801	42,980,524	40,724,801
Amount due from a subsidiary	-	-	13,431,642	13,473,096
	42,980,524	40,724,801	56,412,166	54,197,897

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

Notes To The Financial Statements (cont'd)

31 August 2020

25. Financial instruments and financial risks 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 of 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

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 (cont'd)

31 August 2020

26 Capital structure and capital risk management

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 2020, the Group's and the Company's strategy were unchanged from 31 August 2019 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 2020 and 31 August 2019 were as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Total debts	65,170	96,903	1,007,855	96,903
Less: Cash and bank balances	(50,790,115)	(44,519,887)	(50,789,114)	(44,514,270)
Net cash	(50,724,945)	(44,422,984)	(49,781,259)	(44,417,367)
Total equity/Adjusted capital	116,507,536	117,744,823	112,274,726	113,467,667
Debt-to-adjusted capital ratio (times)	N/A	N/A	N/A	N/A

Notes To The Financial Statements (cont'd)

31 August 2020

27. Fair value of assets and liabilities

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 lease 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 fair values of financial assets and financial liabilities are determined with standard terms and conditions.

28. Change in accounting policies

The Group adopted MFRS 16 using the modified retrospective approach with the date of initial application of 1 September 2019. Under this approach, the right of use asset is recognised at the date of initial application at an amount equal to the lease liability, using the Group's current incremental borrowing rate. The comparative information are not restated and continues to be reported under MFRS 117.

The Group elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option, and lease contracts for which the underlying asset is of low value.

The nature and effect of the changes as a result of adoption of the new accounting standard are described below.

Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right of use assets and lease liabilities equal the lease assets and liabilities recognised under MFRS 117). The requirements of MFRS 16 was applied to these leases from 1 September 2019. Hire purchase liabilities were also reclassified to lease liabilities on 1 September 2019.

Leases previously classified as operating leases

The Group recognised right of use assets and lease liabilities for those leases previously classified as operating leases, except for short term leases and leases of low value assets. The right of use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

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 30 NOVEMBER 2020

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 – 99	115	3.41	4,909	0.00
100 – 1,000	167	4.96	55,216	0.03
1,001 – 10,000	1,492	44.29	6,771,019	3.29
10,001 – 100,000	1,415	42.00	45,870,454	22.34
100,001 – 10,266,518*	178	5.28	74,600,200	36.33
10,266,519 and above **	2	0.06	78,028,596	38.00
Total	3,369	100.00	205,330,394	99.99

Notes:

* Less than 5% of issued holdings

** 5% and above of issued holdings

DIRECTORS' SHAREHOLDINGS AS AT 30 NOVEMBER 2020

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

Shareholders' Information / Analysis Of Shareholdings (cont'd)

SUBSTANTIAL SHAREHOLDERS AS AT 30 NOVEMBER 2020

No.	Name	Direct interest		Deemed interest	
		No. of Shares	%	No. of Shares	%
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
4.	LYE JUN FEI	10,400,000	5.07	-	-

⁽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 30 NOVEMBER 2020

No.	Shareholders	No. of Shares	% of Issued Share Capital
1	WONG SK HOLDINGS SDN BHD	67,628,596	32.94
2	LYE JUN FEI	10,400,000	5.07
3	MATRIX ANGLE SDN BHD	10,025,000	4.88
4	TEE YOK POH	8,876,250	4.32
5	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEH CHONG JIN	8,150,000	3.97
6	NG KWEE KUAN	1,640,000	0.80
7	LAU KIM WAH	1,600,000	0.78
8	TEH SIEW YAN	1,481,000	0.72
9	TIAH THEE KUAN	1,464,625	0.71
10	LIM WUAY CHERN	1,430,000	0.70
11	WONG YET LONG	1,261,250	0.61
12	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OH KIM SUN	1,000,000	0.49
13	ON THIAM CHAI	1,000,000	0.49
14	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN PEK HOOI (KLC/KAF)	940,000	0.46

Shareholders' Information / Analysis Of Shareholdings (cont'd)

THIRTY LARGEST SHAREHOLDERS AS AT 30 NOVEMBER 2020

No.	Shareholders	No. of Shares	% of Issued Share Capital
15	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEH WEE KOON (MY3344)	800,000	0.39
16	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TEO AH SENG (PBCL-0G0241)	748,875	0.36
17	DATO' SRI WONG ING SOON	699,900	0.34
18	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE LI SEE (SOLARIS-CL)	671,200	0.33
19	SOUTHERN REALTY RESOURCE SDN. BHD.	600,000	0.29
20	ONG FOO AH	591,000	0.29
21	HK WONG HOLDINGS SDN BHD	589,000	0.29
22	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE HENG CHOON (MY1672)	573,375	0.28
23	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEOH JOEY KENG (E-TSA)	536,050	0.26
24	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHU YEE LIM	535,475	0.26
25	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HII KING LEONG (E-PLT)	500,000	0.24
26	WONG SAN FONG	490,300	0.24
27	TOH SU-N	475,000	0.23
28	OOI LEE PENG	463,700	0.23
29	YONG YIN SIEW	456,250	0.22
30	CHAN SIEW KUEN	450,000	0.22

List Of Properties

The list of properties held by the Group as at 31 August 2020 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	8,623	28	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	14,478	24	3 January 2013

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirty-Third Annual General Meeting (“33rd AGM”) of the Company will be conducted on a fully virtual basis via live streaming from the broadcast venue at Board Meeting Room at Bright Packaging Industry Berhad of No. 23, Jalan Delima 1/3, Subang Hi-Tech Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan, Malaysia on Friday, 29th January 2021 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 2020 and the Reports of Directors and Auditors thereon. | (Please refer to Explanatory Note 1) |
| 2. | To re-elect Mr. Ng Kok Wah who is retiring as a Director in accordance with Article 116 of the Company’s Constitution. | Ordinary Resolution 1 |
| 3. | To re-elect Mr. Tee Wee Keat 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 RM108,000 and Directors’ benefits of up to RM12,000 from 30 January 2021 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 |
| | <p>“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.”</p> | |

Notice Of 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;

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;

Notice Of Annual General Meeting (cont'd)

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) (SSM PC No.: 202008002923)

Wong Mee Kiat (MAICSA 7058813) (SSM PC No.: 202008001958)

Jane Ong Su Ping (MAICSA 7059946) (SSM PC No.: 202008002275)

Secretaries

Kuala Lumpur

17 December 2020

Notes:

1. As part of the initiatives to curb the spread of Coronavirus Disease 2019 (COVID-19), the 33rd AGM will be conducted on a virtual basis entirely through live streaming and online remote voting which are available on <https://vps.megacorp.com.my/THZjJC>. Please follow the procedures provided in the Administrative Guide of 33rd AGM in order to register, participate and vote remotely.
2. The Broadcast Venue of the 33rd AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be at the main venue of the meeting. No shareholders/proxies from the public should be physically present at the Broadcast Venue on the day of the 33rd AGM.
3. Members may submit questions to the Board of Directors prior to the 33rd AGM to shaun@brightpack.net no later than 9.00 a.m. on Wednesday, 27 January 2021 or to use the Question and Answer platform to transmit questions to Board of Directors during live streaming.
4. Since the 33rd AGM will be conducted via a virtual meeting, a member entitled to attend and vote at the meeting may appoint the Chairman of the meeting as his/her proxy and indicate the voting instruction in the Proxy Form.

Notice Of Annual General Meeting (cont'd)

5. For the purpose of determining who shall be entitled to attend this 33rd AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available a Record of Depositors as at 15 January 2021 and only members whose name appear on such Record of Depositors shall be entitled to attend and vote at the meeting.
6. 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.
7. 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.
8. 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.
9. The instrument appointing a proxy shall be deposited at the office of the Poll Administrator office, Mega Corporate Services Sdn Bhd, Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur or email to **AGM-support.BPI@megacorp.com.my** not less than forty-eight (48) hours before the time set for holding the meeting or at any adjournment thereof.
10. 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.

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 and benefits for the period commencing 30 January 2021 up till the next Annual General Meeting of the Company in 2022. The benefits comprise meeting allowances payable to directors.

Notice Of Annual General Meeting (cont'd)

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 Share Buy-Back Statement dated 17 December 2020.

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BRIGHT PACKAGING INDUSTRY BERHAD
[Registration No.:198701003105 (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			
E-mail address		Mobile Nos	

and/or (delete as appropriate)

Full name (in block)	NRIC/Passport no.	Proportion of shareholdings	
		No. of shares	%
Address			
E-mail address		Mobile Nos	

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Thirty-Third Annual General Meeting of the Company to be broadcast live at the Board Meeting room at Bright Packaging Industry Berhad of No. 23, Jalan Delima 1/3, Subang Hi-Tech Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan, Malaysia on Friday, 29th January 2021 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 Mr. Ng Kok Wah		
Ordinary Resolution 2	Re-election of Mr. Tee Wee Keat		
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 and Directors' Benefits from 30 January 2021 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 2021

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

Notes:

1. As part of the initiatives to curb the spread of Coronavirus Disease 2019 (COVID-19), the 33rd AGM will be conducted on a virtual basis entirely through live streaming and online remote voting which are available on <https://vps.megacorp.com.my/THZJJC>. Please follow the procedures provided in the Administrative Guide of 33rd AGM in order to register, participate and vote remotely.
2. The Broadcast Venue of the 33rd AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be at the main venue of the meeting. No shareholders/proxies from the public should be physically present at the Broadcast Venue on the day of the 33rd AGM.
3. Members may submit questions to the Board of Directors prior to the 33rd AGM to shaun@brightpack.net no later than 9.00 a.m. on Wednesday, 27 January 2021 or to use the Question and Answer platform to transmit questions to Board of Directors during live streaming.
4. Since the 33rd AGM will be conducted via a virtual meeting, a member entitled to attend and vote at the meeting may appoint the Chairman of the meeting as his/her proxy and indicate the voting instruction in the Proxy Form.
5. 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 15 January 2021 and only members whose name appear on such Record of Depositors shall be entitled to attend and vote at the meeting.
6. 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.
7. 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.
8. 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.
9. The instrument appointing a proxy shall be deposited at the office of the Poll Administrator office, Mega Corporate Services Sdn Bhd, Level 15-2, Bangunan Faber Imperial Court, Jln Sultan Ismail, 50250 Kuala Lumpur or email to AGM-support.BPI@megacorp.com.my not less than forty-eight (48) hours before the time set for holding the meeting or at any adjournment thereof.
10. 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
STAMP



BRIGHT PACKAGING INDUSTRY BERHAD

[Registration No.:198701003105 (161776-W)]

The Poll Administrator
Bright Packing Industries Berhad
c/o Mega Corporate Services Sdn Bhd
Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur.

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BRIGHT PACKAGING INDUSTRY BERHAD

Registration No. 198701003105 (161776-W)

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