

BP PLASTICS HOLDING BERHAD

[Registration No. 200401006398 (644902-V)]
(Incorporated in Malaysia)

APPENDIX I – RESPONSES AND CLARIFICATIONS TO QUESTIONS RECEIVED DURING THE TWENTIETH ANNUAL GENERAL MEETING OF THE COMPANY HELD ON FRIDAY, 24 MAY 2024

No.	Name of Shareholder	Questions
1	LAU CHUAN HOOI	May I know, what is the company's future outlook? Besides, will the Board consider giving door gift such as e-voucher or e-wallets for those participating in this AGM as a token of appreciation?
		<p><u>Response</u></p> <p>The Company's Annual Report 2023 provides a comprehensive overview of the business outlook and prospects. Considering the current economic climate, characterised by sustained growth and a significant increase in tourist arrivals to Malaysia post-pandemic, we are confident that the packaging industry is well-positioned to maintain and achieve further growth.</p> <p>Kindly be informed that there will be no distribution of e-vouchers or e-wallet to the attendees of the Annual General Meeting. Our main method of rewarding shareholders is by payment of dividends.</p> <p>The Company has delivered an average of around 50% Profit After Tax as dividend to shareholders for the last 5 years, which is higher than our dividend policy of minimum 40% dividend payment, subject to the investment and business cost flow requirement.</p>
2	CHANG YOKE LONG	Regarding the newly launched brand "Quantum, please provide guidance on the Average Selling Price (ASP) in comparison to other products and what is the targeted percentage revenue contribution for the financial year 2024?
		<p><u>Response</u></p> <p>The Company has strategically invested in two Nano-technology machines during fiscal years 2021 and 2022, launched and elevated our premium machine stretch film brands, Quantum-n and Priority. With cutting-edge machine technology, coupling with advanced materials, our machine stretch films are of ultra high-performance with high quality and consistency.</p> <p>Quantum-n is deployed to address the advanced market needs for exceptionally thin, strong in load holding and catering high-speed wrapping packaging application. Quantum-n is a premium stretch film packaging which generally fetch ten (10%) to twenty (20%) percent higher selling price than the standard stretch film portfolio.</p> <p>While we cannot disclose specific revenue contribution targets for individual products or brands, we anticipate the machine stretch film business segment will generate higher business growth in the coming years. Premium product range remain as the Company's sales focus; therefore Quantum-n and Priority brands are expected to be a significant contributor within machine stretch films segment.</p>

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3	CHANG YOKE LONG	The Company has allocated RM34.59 million for financial year 2024 Capital Expenditure investments. Please share the estimated completion dates for:- <ol style="list-style-type: none">1. Printing and cutting machines;2. Additional solar panels; and3. Power upgrade project.
<p><u>Response</u></p> <p>Printing and Cutting Machine</p> <p>We are pleased to announce that the printing and cutting machine is expected to be operational in the second half of this year, with a targeted launch in quarter four of 2024.</p> <p>Solar Panel Expansion</p> <p>We are currently in discussions with our supplier to expand our solar panel capacity. This initiative builds upon our previous investments in solar energy over the past few years and reflects our commitment to environmental sustainability. We target to complete the expansion in the second half of this year.</p> <p>Power Upgrade Project</p> <p>The power upgrade project, initiated two and a half years ago, is on track for completion in the second half of this year. This project will provide higher energy capacity to enhance our operational efficiency.</p>		
4	CHANG YOKE LONG	The revenue by country shown "other region" has shown an increase of revenue from RM39.99 million to RM69.83 million from year 2019 to year 2023. Please provide further break down in accordance to countries by percentage for "Other region" and what are the company's strategies in order to further growth the market share.
<p><u>Response</u></p> <p>To respect the privacy of our customers and maintain a competitive edge, we are unfortunately not able to provide such information. We take customer confidentiality seriously and some agreements with our customers prevent us from sharing specific details.</p> <p>We focus on growing our market share through various initiatives, such as participating in industry exhibitions. These events have been instrumental in connecting with new customers and driving business growth especially in export sales.</p>		

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5.	KOH CHOOI PENG	The current general perception is that plastic packaging is one of the main contributors to the environmental ecosystem. What is the percentage of the Company's product that are classified as "green" and are hundred percent (100%) recyclable? What is the market size for these "sustainable packaging" products?
<p><u>Response</u></p> <p>The Company is committed to sustainability where our products are mono-material plastics, which are fully recyclable. This innovative approach simplifies the recycling process, contributing to circular economy by offering environmentally responsible packaging solutions. The need for sustainable packaging solutions have been increasing and we continuously making sure our products and business remains relevant and sustainable.</p> <p>Our commitment to flexible plastics translates into cost-effective and adaptable packaging solutions. By using flexible plastics, we create packaging that are both budget-friendly and highly adaptable. This translates to a wider range of applications and enhanced product protection, ultimately extending shelf life and delivering a comprehensive benefit to our customers.</p>		
6.	TEH KIAN LANG	Will year 2024 be a better year than year 2023 or worse?
<p><u>Response</u></p> <p>Despite ongoing geopolitical tensions and the trade war between China and the US, which continue to create market volatility, we are committed to navigating this challenging environment and delivering a profitable year in 2024.</p>		
7.	KOH CHOOI PENG	Inventories of the Group as at 31 December 2023 has increased substantially to RM88.540 million. 1) What are the reasons for the increase in inventory level despite the drop in revenue for the financial year 2023? 2) What is the current inventory position as at 31 March 2024?
<p><u>Response</u></p> <p>The increase in inventory is attributed to higher sales quantities and the importation of estimated eighty percent (80%) of raw materials from overseas. Our focus is to increase local purchase but domestic suppliers currently unable to supply in quantity or consistently meet the resin quality of our high-grade material specifications.</p> <p>Our current inventory position is maintained at approximately two months, we will need the stock level to mitigate risks from supply chain disruptions in overseas shipments arrangement.</p>		

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8.	CHUA SONG YUN	News reported that China's petrochemical capacity is poised to see considerable growth, due to refinery switching to produce more petrochemical products than fuels. Will this lead to Chinese plastic packaging players able to source for cheaper feedstock, and gain more competitive advantages over Malaysia players?
	<p><u>Response</u></p> <p>Plastic resin is a commodity product. By investing in state-of-the-art equipment, cutting-edge technologies and continuous product innovation efforts, the Company is well-positioned to produce high quality product to maintain its competitiveness within the Asia Pacific market.</p> <p>Meanwhile, collective growth and investment by manufacturers in the country, Malaysia's well-established reputation as a major advance flexible packaging film extrusion equipment investment in the region further strengthens our competitive edge.</p>	
9.	CHUA SONG YUN	Can Management please share what are our competitive advantages against local plastic competitors, regional competitors, and western competitors separately?
	<p><u>Response</u></p> <p>As mentioned earlier, Malaysia is the largest stretch film producer country in Asia Pacific region where the Company is one of the top three producers in Malaysia. The advantageous infrastructure in Malaysia brings benefits to the Company as the Company is able to export to overseas, such as Europe countries due to high cost of production in their region. As for the regional competitors, only a handful are using nano technologies, therefore we believe the Company will remain competitive in these couple years.</p>	
10.	CHUA SONG YUN	Understand that the packaging industry is shifting to more sustainable packaging solutions. Understand that Nano stretch film and mono film are both considered more sustainable. Which of these films has higher demand? Do our company produce these products? If so, these products contributed to how many percent of the group revenue separately?
	<p><u>Response</u></p> <p>The Company prioritises sustainability where our products are mono-material plastics, which are fully recyclable. This innovative approach simplifies the recycling process, minimizing environmental impact.</p> <p>We also offer innovative 67-layer Nano stretch film, a groundbreaking product that promotes eco-friendliness by reducing packaging material usage without compromising product protection. However, to maximize the benefits of 67-layer Nano stretch film's thinness and enhanced stretchability, users may</p>	

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		require specialised high-speed wrapping equipment
11.	KOH CHOOI PENG	<p>The Group has now allocated approximately RM34.59 million of CAPEX investments for the upcoming FY2024, which will include printing and cutting machines, additional solar panels installation and the ongoing 33KV sub-station electricity power upgrade project.</p> <p>Therefore, what are the rationale the increased CAPEX allocated for FY2024 vs FY2023? Moreover, what are the benefits to be derived from the 33KV sub-station project upgrade to the operation of the Group?</p>
	<p><u>Response</u></p> <p>The Company is committed to environmental sustainability / responsibility within the plastics industry. This year, we had invested in advanced printing machines capable of producing thinner packaging solutions. These machines offer a triple benefit: higher value for customers, reduced energy consumption during operation, and a lower environmental footprint. The strategic decision to invest in these machines was made one to two years ago, aligning with our long-term sustainability goals.</p> <p>The 33KV substation upgrade project is being undertaken to fulfil the requirement imposed by Tenaga Nasional Berhad. The project will not directly impact operational costs and electricity rates given that ICPT charges remain unchanged. This upgrade is essential for companies exceeding an energy consumption threshold set by TNB, as it ensures continued access to the electricity grid.</p>	
12.	ALVIN YEO TAW YONG	<p>What is the average utilisation rate and sales volume for FY2023?</p> <p>Are the company concern on the oversupply of cast stretch and nano film in the market and ultimately the depressed selling price of the products and what are the strategy of the Company to counter this issue?</p>
	<p><u>Response</u></p> <p>While maintaining confidentiality regarding specific sales figures for FY2023, we can disclose that our monthly sales volume surpasses 5,000 tonnes. Our current capacity utilisation rate sits around 50%.</p> <p>The Company remains confident in its market position despite potential oversupply concerns for Cast stretch and nano-film products, or potential price fluctuations within the industry. This confidence is rooted in our unwavering commitment to several key areas:</p> <ul style="list-style-type: none">• We differentiate ourselves through the utilisation of cutting-edge technology in our products, setting us apart from competitors who may rely on less sophisticated and efficient equipment deployment.• Rigorous quality control procedures and warehousing practices ensure our	

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	<p>products consistently meet the highest standards of excellence.</p> <ul style="list-style-type: none">• The Company prioritises continuous investment in research and development, enabling us to develop superior products and maintain a lasting competitive edge. <p>We prioritise both profitability and environmental responsibility. We have successfully maintained profitability despite market dynamics, and our unwavering commitment to recyclable plastics strengthens our market position. This commitment aligns perfectly with the growing global focus on sustainability.</p> <p>In addition, the demand for plastics packaging is expected to grow along with global population and economic growth.</p>
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