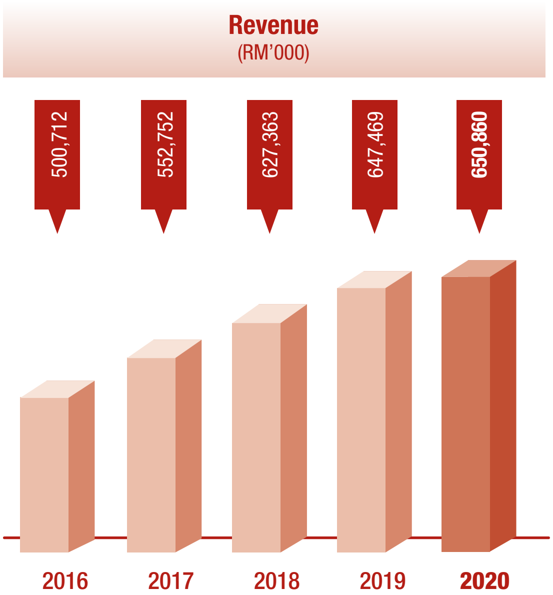
ANNUAL REPORT 2020

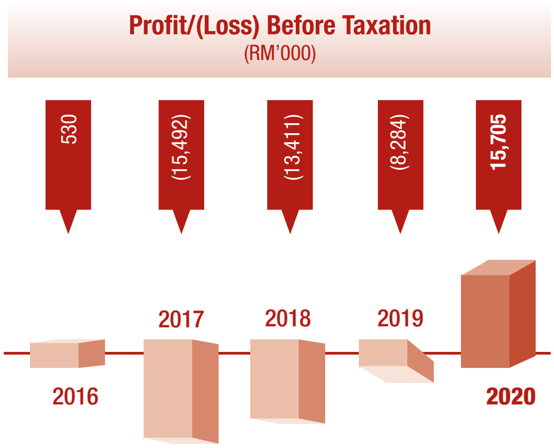
BOX-PAK (MALAYSIA) BHD.

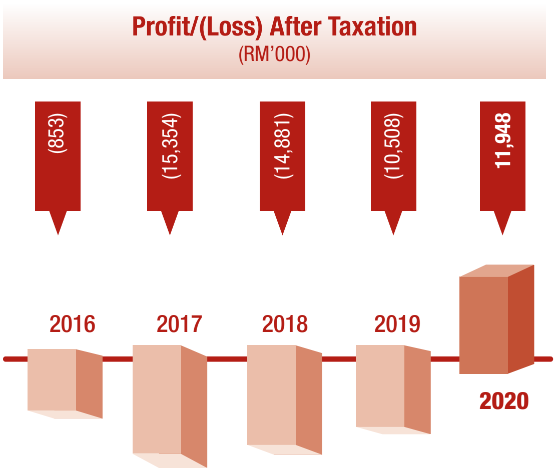
[Registration No. 197401004216 (21338-W)]
(Incorporated in Malaysia)

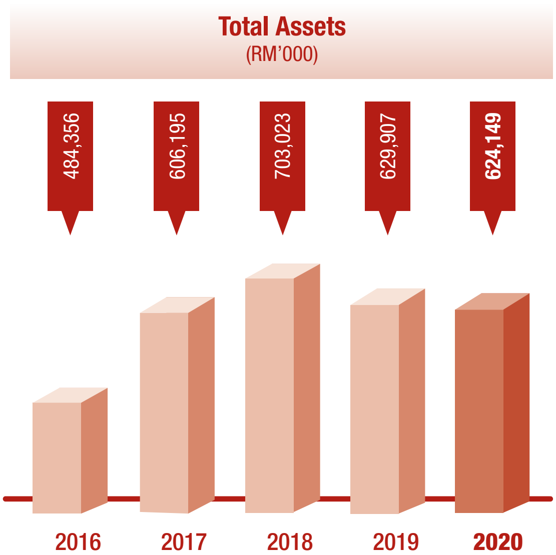
FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

	2020	2019	2018	2017	2016
Revenue (RM'000)	**650,860**	647,469	627,363	552,752	500,712
Profit/(Loss) Before Taxation (RM'000)	**15,705**	(8,284)	(13,411)	(15,492)	530
Profit/(Loss) After Taxation (RM'000)	**11,948**	(10,508)	(14,881)	(15,354)	(853)
Paid-Up Capital (RM'000)	**167,363**	167,363	167,363	167,363	60,023
Shareholders' Equity (RM'000)	**244,274**	236,213	250,171	264,569	182,043
Total Assets (RM'000)	**624,149**	629,907	703,023	606,195	484,356
Total Borrowings and Lease Liabilities (RM'000)	**210,428**	243,554	289,863	199,204	166,770
Profit/(Loss) Per Share - basic and diluted (Sen)	**9.95**	(8.75)	(12.40)	(14.62)	(1.42)
Net Assets Per Share (RM)	**2.03**	1.97	2.08	2.20	3.03
Borrowings/Shareholders' Equity (%)	**86**	103	116	75	92









CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Dr. Roslan Bin A. Ghaffar
Chairman/Independent Non-Executive Director

Yeoh Jin Hoe
Group Managing Director

Chee Khay Leong
President cum Chief Executive Officer

Tan Kim Seng
Independent Non-Executive Director

Gong Wooi Teik
Independent Non-Executive Director

Tee Keng Hoon
Senior Independent Non-Executive Director

Tuan Ngah @ Syed Ahmad Bin Tuan Baru
Independent Non-Executive Director

Keith Christopher Yeoh Min Kit
Non-Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Gong Wooi Teik *(Chairman)*
Tee Keng Hoon
Tuan Ngah @ Syed Ahmad Bin Tuan Baru

REMUNERATION COMMITTEE

Tuan Ngah @ Syed Ahmad Bin Tuan Baru *(Chairman)*
Gong Wooi Teik
Yeoh Jin Hoe

NOMINATION COMMITTEE

Tee Keng Hoon *(Chairman)*
Datuk Dr. Roslan Bin A. Ghaffar
Keith Christopher Yeoh Min Kit

SUSTAINABILITY COMMITTEE

Yeoh Jin Hoe *(Chairman)*
Chee Khay Leong
Keith Christopher Yeoh Min Kit

COMPANY SECRETARIES

Tan Bee Keng
SSM PC No. 201908002597
MAICSA 0856474

Kwong Shuk Fong
SSM PC No. 202008002178
MAICSA 7032330

REGISTERED OFFICE AND CORPORATE OFFICE

Lot 4, Jalan Perusahaan Dua
68100 Batu Caves
Selangor Darul Ehsan, Malaysia
T : +603-6189 6688
F : +603-6189 2515

AUDITORS

BDO PLT
(LLP0018825-LCA & AF 0206)
Chartered Accountants
Level 8, BDO @ Menara CenTara
360, Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Wilayah Persekutuan, Malaysia
T : +603-2616 2888
F : +603-2616 3190

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.
[Registration No. 197101000970 (11324-H)]
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan, Malaysia
T : +603-2783 9299
F : +603-2783 9222
E : is.enquiry@my.tricorglobal.com
W : www.tricorglobal.com

Tricor Customer Service Centre
Unit G-3, Ground Floor
Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan, Malaysia

PRINCIPAL BANKERS

AmBank Islamic Berhad
CIMB Bank Berhad
HSBC Bank Malaysia Berhad
Hong Leong Bank Berhad
OCBC Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

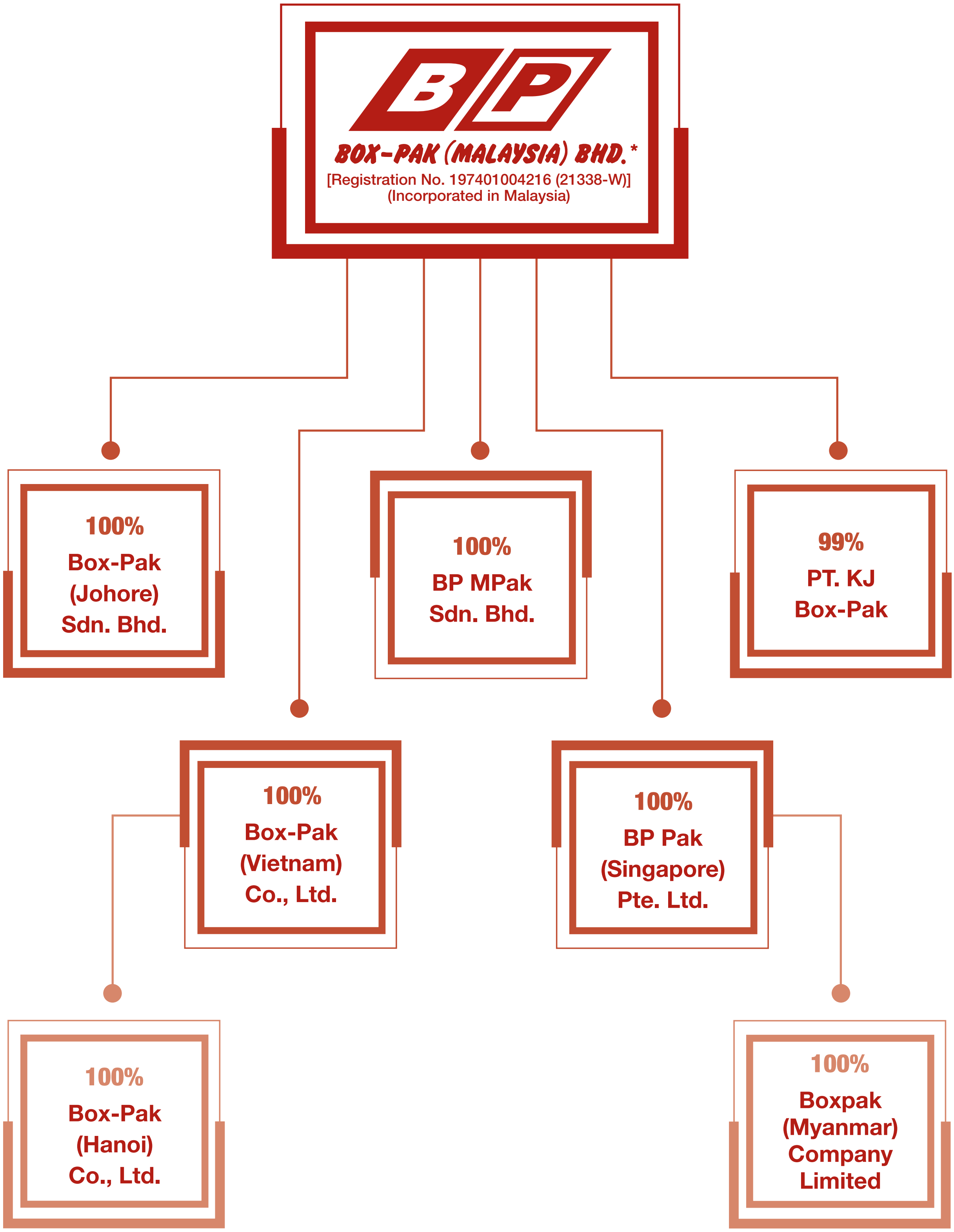
Main Market
Bursa Malaysia Securities Berhad

Stock Name	:	BOXPAK
Stock Code	:	6297
Sector	:	Industrial Products
Sub-Sector	:	Packaging Materials

WEBSITE

www.boxpak.com.my

CORPORATE STRUCTURE
AS AT 31 MARCH 2021



** Listed on the Main Market of Bursa Malaysia Securities Berhad*

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

This Management Discussion and Analysis ("MD&A") provides an analysis on the financial performance of Box-Pak (Malaysia) Bhd. ("the Company") and its subsidiaries ("the Group") for the financial year ended 31 December 2020 ("FYE 2020"). It contains commentary from the Management on the performance of the Group and of the Company, key business strategies, risks and future prospects of the Group.

The MD&A should be read in conjunction with the audited financial statements of the Group and of the Company as set out in pages 67 to 136.

This MD&A is the responsibility of the Management. The Board of Directors of the Company ("Board") has reviewed and approved this MD&A for inclusion in this Annual Report.

FORWARD-LOOKING STATEMENTS

Apart from historical facts presented herein, this MD&A contains statements which are forward-looking. These statements reflect the expectations of the Management regarding the future growth, general industry and economic outlook, financial and operating conditions, business risks and opportunities as well as plans and strategies of the Group. These statements are made based on Management's reasonable expectations and beliefs in light of the information available to them and is subject to future uncertainty. Expressions (but not limited to) such as "seek", "projects", "anticipates", "expects", "believes", "estimates", "could", "intends", "may", "might", "plans", "will", "would" and other similar expressions or the negative of these expressions, are generally indicative of the forward-looking statements.

Whilst the Management has exercised diligence when expressing these statements, these forward-looking statements are subject to inherent uncertainties and should be treated with caution. Actual future performance may materially differ from the projections herein.

OVERVIEW

The Group is principally involved in the manufacture and distribution of paper cartons in Malaysia, Vietnam and Myanmar. The Group also has non-active subsidiaries in Singapore and Indonesia.

The Group's business objective is to manufacture quality carton boxes that meet customers' needs and budget in South East Asia.

The financial performance of the Group for FYE 2020 had been influenced by the outbreak of 2019 Novel Coronavirus infection ("Covid-19") which has disrupted the economic activities, consumer demand and global supply chain. On 11 March 2020, the World Health Organisation declared Covid-19 as a pandemic.

Subsequently, movement control order, lockdown measures and curfew had been imposed by Governments in Malaysia, Vietnam and Myanmar especially in the first half of FYE 2020. Factory operations were disrupted and demand for cartons had been affected during this period. As a result, a drop in revenue was registered in the first half of FYE 2020.

As these Governments slowly relaxed the control measures, economic activities slowly resumed. Consequently, the Group managed to register better financial results in the second half of FYE 2020.

FINANCIAL PERFORMANCE

Summary of the Group's financial performance for FYE 2020 as compared to financial year ended 31 December 2019 ("FYE 2019") were as follows:

	FYE 2020 RM'000	FYE 2019 RM'000	Increase/(Decrease) RM'000	%
Revenue	**650,860**	647,469	3,391	0.5
Gross profit ("GP")	**73,386**	54,353	19,033	35.0
Profit/(Loss) before taxation ("PBT"/"LBT")	**15,705**	(8,284)	23,989	289.6
Profit/(Loss) after taxation ("PAT"/"LAT")	**11,948**	(10,508)	22,456	213.7
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	**60,445**	36,823	23,622	64.2
Gross assets	**624,149**	629,907	(5,758)	(0.9)
Shareholders' equity	**244,274**	236,213	8,061	3.4
No. of shares in issue ('000)	**120,047**	120,047	–	–
Total borrowings & lease liabilities	**210,428**	243,554	(33,126)	(13.6)
GP Margin (%)	**11.28**	8.39		
PBT/(LBT) Margin (%)	**2.41**	(1.28)		
PAT/(LAT) Margin (%)	**1.84**	(1.62)		
EBITDA Margin (%)	**9.29**	5.69		
Net assets per share (RM)	**2.03**	1.97		
Profit/(Loss) per share - basic and diluted (Sen)	**9.95**	(8.75)		
Debt/Equity ratio (times)	**0.86**	1.03		

Despite operating under challenging circumstances, the Group's revenue improved by 0.5% to RM650.9 million in FYE 2020 as compared to RM647.5 million recorded in FYE 2019. The increase in revenue was driven by higher sales volume in Malaysia and Myanmar, offset by decrease in revenue in Vietnam.

The Group registered a higher GP in FYE 2020 at RM73.4 million as compared to RM54.4 million in FYE 2019. The improvement in GP was driven by higher GP margin recorded in Malaysia and Vietnam and lower gross loss recorded in Myanmar. The improvement in GP was mainly due to improvement in paper and production cost management.

With lower general and administration expenses and finance cost, the Group registered a PBT of RM15.7 million in FYE 2020 as compared to a LBT of RM8.3 million in FYE 2019.

The Group recorded a PAT of RM11.9 million in FYE 2020 as compared to a LAT of RM10.5 million in FYE 2019.

FINANCIAL PERFORMANCE (continued)

Malaysian entities

Contributions from entities in Malaysia were as follows:

	FYE 2020 RM'000	FYE 2019 RM'000	Increase/(Decrease) RM'000	%
Revenue	**176,782**	175,357	1,425	0.8
PBT/(LBT)	**6,226**	(2,514)	8,740	(347.7)

The Group's manufacturing facilities in Malaysia are located in Batu Caves, Selangor and Senai, Johor.

Revenue improved slightly to RM176.8 million in FYE 2020 as compared to RM175.4 million in FYE 2019. Revenue improved in the second half of FYE 2020 after initially recording a drop in the first half of FYE 2020 due to movement control orders imposed by the Malaysian Government to curb the spread of Covid-19.

PBT of RM6.2 million was recorded in FYE 2020 as compared to LBT of RM2.5 million in FYE 2019. The improvement was due to increase in GP margin and lower general and administration expenses as well as finance cost.

The improvement in GP margin was attributable to better paper and production cost management in FYE 2020.

Vietnam entities

Contributions from entities in Vietnam were as follows:

	FYE 2020 RM'000	FYE 2019 RM'000	Increase/(Decrease) RM'000	%
Revenue	**458,605**	464,894	(6,289)	(1.4)
PBT	**22,468**	9,529	12,939	135.8

The Group's manufacturing facilities in Vietnam are located in Ho Chi Minh City and Hanoi City.

The Vietnam entities recorded a 4.2% drop in revenue in the first half of FYE 2020 due to the disruption in business activities caused by lockdown measures imposed by the Vietnam Government to curb the spread of Covid-19. Revenue picked up in the second half of FYE 2020 as business sentiment improved, after the Vietnam Government eased the lockdown measures. As a result, overall revenue dropped by 1.4% to RM458.6 million in FYE 2020 as compared to RM464.9 million in FYE 2019.

Despite the slight decrease in revenue, the Vietnam entities recorded a substantially stronger PBT due to changes in sales mix and improvement in cost control. A PBT of RM22.5 million was achieved in FYE 2020 compared to a PBT of RM9.5 million in FYE 2019.

FINANCIAL PERFORMANCE (continued)

Myanmar entity

Contribution from entity in Myanmar was as follows:

	FYE 2020 RM'000	FYE 2019 RM'000	Increase/(Decrease) RM'000	%
Revenue	**15,473**	7,218	8,255	114.4
LBT	**(14,191)**	(16,481)	2,290	(13.9)

In its second year of commercial operations, the Myanmar entity continued to expand its market penetration and registered a 114.4% increase in revenue to RM15.5 million in FYE 2020 from RM7.2 million in FYE 2019.

The increased revenue contributed to a lower LBT at RM14.2 million in FYE 2020 compared to a LBT of RM16.5 million in FYE 2019.

As a green field project, the Group anticipates the new plant in Myanmar to contribute positive results after 4 to 5 years from its commencement of operations. The Group continues to ride on the existing customer base in Malaysia and Vietnam and those of the immediate holding company, Kian Joo Can Factory Berhad. Demand for carton boxes is anticipated to increase when the growth momentum in Myanmar gathers pace.

As Myanmar is a relatively young democratic country, it is inevitable that the Group's investment in Myanmar is exposed to geo-political risks, regulatory risks as well as currency risks.

STRATEGIC ANALYSIS

Overall market analysis and outlook

Corrugated cartons are used in a wide variety of industries worldwide as primary and secondary packaging materials. The market demand for the Group's products is dependent on the economic situation in Malaysia, Vietnam and Myanmar.

The product specifications may differ from country to country, from industry to industry and from customer to customer. The Group's objective is to supply carton boxes which our customers want at the price acceptable to them in order to achieve business growth.

In Malaysia, the corrugated carton industry is a matured industry with numerous players. The Malaysian Corrugated Carton Manufacturer's Association which is the trade association representing the industry, has more than 50 members and associate members.

Apart from a handful of integrated corrugated carton manufacturers who also manufacture paper rolls, there are also a handful of corrugated carton manufacturers with size and capacity comparable to the Group's operations in Malaysia, Vietnam or Myanmar. There are also downstream players who are pure converters where they source paper boards from corrugators and supply carton boxes to their customers.

In Malaysia, the Group focuses their marketing effort on fast moving consumer products where high quality carton boxes are in demand. The Group also sells its products to electronic & electrical industry, paints and other industries.

In Vietnam, the carton box industry is a matured industry with a high number of players. Apart from manufacturers of similar size, the Group's operations in Vietnam are also competing with large integrated carton box manufacturers as well as smaller converters.

STRATEGIC ANALYSIS (continued)

Overall market analysis and outlook (continued)

The Group in Vietnam focuses its attention on fast moving consumer products and footwear where demands are high and the quality requirements are more stringent. The Group also supplies corrugated carton boxes to the electronic & electrical industry as well as furniture industry.

In Myanmar, there are more than 10 carton box manufacturers. Demand for corrugated cartons is expected to increase when its economy reaps benefits from foreign direct investment into the country.

Due to the presence of the high number of manufacturers in Malaysia, Vietnam and Myanmar, competitions in these markets are intense and the profit margin is expected to be thin but reasonable.

Customer concentration

The revenue stream of the Group is quite diversified. In FYE 2020, none of the customers contributed more than 15% of the Group's revenue. However, significant portion of the Group's revenue is concentrated in the food & beverage industry.

The Group also manufactures carton boxes for edible oil industry, electronic & electrical industry, footwear and furniture industries. The Group also sells paper board to converters. The Group will continuously develop new customers and new market segments in order to diversify its customer risks.

Credit risks

It is the industry norm to sell carton boxes to customers on credit. The Group typically grants credit term of between 14 to 93 days, subject to a credit limit set upon evaluation of creditworthiness of each customer.

Credit terms and limits are evaluated annually and ageing reports are reviewed monthly to identify slow paying customers so that appropriate action can be taken to recover those debts.

Where appropriate, some of the trade receivables in Malaysia are covered by trade insurance policy to reduce exposure to bad and doubtful debts. Some of these trade receivables are discounted and sold to a financial institution to improve cash flows for the Group.

A summary of debtors ageing together with a list of long outstanding customers are presented to the Audit and Risk Management Committee ("ARMC") for review on a quarterly basis.

On a regular basis, evaluations will be carried out to write-off bad debts, if any, and to provide for impairment for debts exceeding credit period. Please refer to Note 12 of the financial statements for receivables ageing analysis.

Direct materials

Paper rolls are the main material used in the production of carton boxes.

In Malaysia, there are only a handful of reliable local paper suppliers from whom the Group purchases its paper rolls. The Group also imports certain types of paper rolls subject to 0% to 10% import duty. In addition, importation of paper rolls may expose the Group to foreign currency exchange risks.

Similarly in Vietnam, the Group works with a handful of reliable local suppliers where the Group sourced for its paper requirements. Some other paper materials can be imported, subject to an import duty of between 0% to 20%.

Major suppliers of paper rolls in Malaysia and Vietnam are also producers of corrugated carton and hence, have a competitive advantage over the Group in the market place.

In Myanmar, the Group is currently importing paper rolls to cater for production, free from duty. The Group is continuously assessing the quality standard of local paper mills with a view of localising some of the paper requirements in the future.

STRATEGIC ANALYSIS (continued)

Cost of direct materials

The main cost component of corrugated carton is paper rolls.

Although majority of paper rolls are sourced locally by the Malaysian and Vietnam entities, the cost of paper rolls mirrors those of international market as it is influenced by the market price of paper pulps and old corrugated cardboard price in the international market. Fluctuations in foreign currency exchange rate also have an impact on the price of paper rolls.

Supply of paper rolls in Malaysia and Vietnam is also dependent on the availability of capacity by local paper mills, some of which are controlled by the integrated paper mills.

Overhead costs

Apart from direct materials, the Group incurred transportation, utilities, upkeep and other consumables costs (such as inks and glue) in the production of corrugated cartons.

Production and inventory management

Due to the limitation on the supply of paper rolls, the Group kept a reasonable quantity of paper rolls in the factory to ensure smooth production process.

Carton boxes are manufactured to order and specific to the customers, once produced. Excess quantity produced will be scrapped if there are no repeat orders from customers for the same item as cartons produced have a limited shelf life. However, to ensure efficiency in production, certain minimum production quantity need to be achieved.

Hence, careful production planning is essential to ensure that excess quantities are minimised whilst production efficiencies are maintained.

On a regular basis, evaluations will be carried out to write-off obsolete inventories and to provide for impairment for slow moving inventory in accordance with the Group's policy.

Human capital

The manufacturing of corrugated cartons is considered a labour intensive industry. The Group employs a diversified workforce with various backgrounds, knowledge, skills and experience. The Group offers reasonable remuneration package, tasked at attracting talents to join the Group and retaining the existing pool of experienced employees.

In Malaysia, the direct labour cost is affected by the minimum wage rate fixed by the Malaysian Government. The current minimum wage which was fixed in 2019 was RM1,200.

In FYE 2020, in the effort to fight the spread of Covid-19, the Group incurred additional expenses to purchase personal protection equipment ("PPE") and sanitise the factories regularly.

As the Malaysian entities rely on foreign workers from Nepal, Myanmar, Vietnam and Bangladesh to provide the labour required at the manufacturing facilities, they also incurred additional expenses in ensuring that they comply with Employees' Minimum Standards of Housing, Accomodations and Amenities (Accomodation and Centralised Accomodation) Regulations 2020 as introduced by Jabatan Tenaga Kerja.

In Vietnam, the Government enforces the minimum wage. In Ho Chi Minh City, the minimum wage was Vietnam Dong ("VND") 4.42 million whereas in Hanoi City, it was VND3.92 million. The last revision was made in January 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

STRATEGIC ANALYSIS (continued)

Human capital (continued)

Although the Vietnam Government did not revise the minimum wage for 2021, additional expenses was incurred by the Vietnam entities to purchase the necessary PPE and sanitise the factories regularly as the nation is fighting the spread of Covid-19.

In Myanmar, the minimum wage fixed by the Myanmar Government is Myanmar Kyat 4,800 a day.

Apart from wages, training programs are held from time-to-time to develop and enhance the workers' skills in all plants. Great emphasis is also placed on our workers' awareness on occupational safety and health matters to promote a healthy and safe work place.

Risk associated with loss of key personnel are reviewed regularly and succession plans are in place for key roles.

Manufacturing facilities

Production facilities, plants, machinery and equipment are essential part of the business. They are subject to technological obsolescence and wear and tear. Hence, regular upgrades and maintenance are required to ensure that they can operate at the optimum level and reduce wastages. Inevitably, as the machinery and equipment age, it will be more costly to upkeep them.

In Malaysia, some of the key machinery used in the operations are more than 25 years old. Apart from capacity limitation, the availability of the replacement parts and cost of repair and maintenance are the key challenges the Management needs to manage.

Plant and machinery is subject to continuous expansion, upgrades and improvements to cater for customers' demand.

All manufacturing facilities, plant and machinery are adequately insured to protect the Group's interest in the event of any mishaps.

Impairment review

The Myanmar entity reported financial losses since inception, which gives an indication that the value of assets in use may have been impaired. However, as a green field project, the Management anticipates the Myanmar plant to contribute positive results after 4 to 5 years from commencement of operations.

Nevertheless, impairment review was carried out on Myanmar entity based on a variety of estimates including the value-in-use of the loss making entities and the capital appreciation of landed properties. The estimation of value-in-use requires the Management to estimate the expected projected future cash flows and discount it using a suitable discount rate.

Based on the review, the Management concluded that no adjustment is to be made for impairment loss in FYE 2020 on the Myanmar entity.

STRATEGIC ANALYSIS (continued)

Liquidity and capital management

The Group maintains a healthy level of cash and cash equivalents and committed credit facilities from financial institutions to fund the Group's short-term and long-term commitments. The Group also manages the repayment profile of the borrowings in order to reflect the ability to generate cash from its operations.

The Group's borrowings are principally denominated in the functional currency of the respective companies in the Group to match the currency of the repayment source. The Group's borrowings are subject to periodic review to ensure they are priced at competitive rates.

Excess funds, if any, are placed in interest bearing assets.

At 31 December 2020, the Group's shareholders' equity and borrowings were as follows:

	31 December 2020 RM'000	31 December 2019 RM'000
Shareholder's equity	**244,274**	236,213
Borrowings and lease liabilities		
- Short-term	**146,712**	156,720
- Long-term	**63,716**	86,834
Gross borrowings	**210,428**	243,554
Trade and other payables	**163,073**	144,407
Short term funds	**(13,884)**	(4,239)
Cash and bank balances	**(30,380)**	(22,896)
Net debts	**329,237**	360,826
Capital and net debt	**573,511**	597,039
Gearing ratio (%)	**57**	60

Net debts of the Group reduced by 8.8% in FYE 2020 due to repayment of borrowings from cash generated from operations. The Group managed to lower its inventory holding period in FYE 2020 and reduced reliance on borrowings to finance its working capital.

Borrowings incurred by the Group exposes the Group to interest rate risks as they are priced based on floating market interest rates. In respect of certain long term borrowings, the Group enters into interest rate swap contracts ("IRS") to fix the interest rate.

The IRS is subject to fair value adjustments at the end of each reporting period. The fair value adjustments had been accounted for as cash flow hedge under other comprehensive income/expenses.

The debit balance of the cash flow hedge as at 31 December 2020 amounted to RM3.0 million.

STRATEGIC ANALYSIS (continued)

Warrants 2017/2022

In conjunction with a corporate exercise undertaken by the Company in 2017, 15,005,861 free detachable warrants 2017/2022 were issued by the Company. The warrant can be exercised at any time on or before 13 March 2022 in exchange for a new share in the Company per warrant, at an exercise price of RM2.04 per share.

The warrants issued may have a dilutive impact on the future earnings per share of the Company.

Foreign currency exposures

The Group's operating results and cash flows are not expected to be severely impacted by fluctuations in foreign currency exchange rate as majority of sales and purchases are denominated in the functional currencies in the respective countries, although purchases of machinery and equipment and paper rolls are denominated in United States Dollar.

However, due to the difference in functional currencies between the Malaysian entities and its foreign subsidiaries, the net assets value in Vietnam, Singapore and Myanmar are subject to foreign currency translation risk. The translation differences was accounted for as foreign currency translation reserve.

As at 31 December 2020, there is a credit balance of RM9.0 million in the foreign currency translation reserve accounts.

OTHER MATTERS

Taxation

The statutory tax rate in Malaysia is 24% while in Vietnam is 15% to 20%. In Myanmar, the Group is poised to enjoy tax holiday for 5 years from the commencement of operations and the relief of 50% of corporate income tax for the following 5 years.

No consideration has been given on the prior year tax losses incurred by the loss making entities in Malaysia, Vietnam and Myanmar. These can be utilised to set off against future income tax in these entities once they return to profit, subject to a 7-year limit (in the case of Malaysia and Vietnam).

Retirement benefit

The Company operates an unfunded defined contribution retirement benefit program. Actuarial valuation was carried out once in 3 years by external professionals to determine the cost of service to be accounted for. An actuarial valuation was carried out in FYE 2020.

Related parties transactions

The Group enters into related party transactions to:

a. rent factory premises owned by a related company;
b. rent a factory premises to a related company;
c. borrow funds from and pay interest thereon to the immediate holding company and related companies; and
d. sell products to its related parties in accordance with the mandate given by the shareholders in the Annual General Meeting held on 24 June 2020.

The related party transactions are subject to review regularly to ensure that they were entered into in the ordinary course of business on terms that the Directors considered comparable to transactions entered with third parties.

OTHER MATTERS (continued)

Dividend

No dividend was declared or proposed by the Directors for FYE 2020.

Political upheaval in Myanmar

The political upheaval in Myanmar on 1 February 2021 has resulted in the state of emergency declared in Myanmar for a period of 1 year. This has raised some cause for concern as it could disrupt the business environment in Myanmar. Nevertheless, the subsidiary of the Group, Box-Pak (Myanmar) Company Limited has been able to continue its operations as usual.

Since ongoing developments remain uncertain and cannot be reasonably predicted at this juncture, the Group will continue to assess the operational and financial impact of the political instability and monitor the development in Myanmar to enable effective and timely response to any changes in order to deliver sustainable and satisfactory results for the Group.

PROFILE OF DIRECTORS

DATUK DR. ROSLAN BIN A. GHAFFAR
Independent Non-Executive Chairman, Malaysian, Male, Aged 68

Datuk Dr. Roslan was appointed to the Board of the Company on 27 May 2015. He is a member of the Nomination Committee.

He holds a Bachelor of Science degree from Louisiana State University, Baton Rouge, United States of America ("USA"), and obtained his Ph.D. at the University of Kentucky, Lexington, USA.

He has over 30 years of experience in the areas of economics, finance and investment. From 1985 to 2001, he was the Head of Economics Department of Universiti Putra Malaysia ("UPM"). In the 1992-1993 academic years, Datuk Dr. Roslan was with the University of Kentucky, Lexington as Visiting Professor. On various occasions while at the UPM, he served as consultant to various international and national organisations which included the World Bank, Asian Development Bank, Winrock International and the Economic Planning Unit of the Prime Minister's Department.

In 1994, Datuk Dr. Roslan was appointed as Director of Investment and Economic Research of the Malaysian Employees Provident Fund ("Fund"). He was promoted to the position of Senior Director in 1996 and later held the position of Deputy Chief Executive Officer of the Fund until his retirement in 2007. During his 13 years tenure at the Fund, he was instrumental in the formulation and implementation of investment strategies to meet the Fund's investment objectives.

Datuk Dr. Roslan currently sits on the board of Straits International Education Group Sdn. Bhd.. He is the Chairman of Priceworth International Berhad and Mieco Chipboard Berhad which are listed on Bursa Malaysia Securities Berhad ("Bursa Securities"). Datuk Dr. Roslan is also a director of Sentral REIT Management Sdn. Bhd. (formerly known as MRCB-Quill Management Sdn. Bhd.), the Manager of public listed Sentral REIT (formerly known as MRCB-Quill REIT).

YEOH JIN HOE
Group Managing Director, Malaysian, Male, Aged 74

Yeoh Jin Hoe was appointed to the Board of the Company on 31 July 2012 as Executive Director and assumed the position of Group Managing Director on 8 June 2015. He is responsible for the development of the corporate goals and objectives of the Group and the setting of strategies to achieve them. He is the Chairman of the Sustainability Committee and a member of the Remuneration Committee.

He has extensive experience in the manufacturing and trading industries. He founded several companies which are involved in the manufacturing sector. These companies manufacture and sell branded mattresses and other sleep related products; food products such as instant noodles and food seasonings; and distribution of sanitary wares, ironmongery and builders' hardware.

He is also the Group Managing Director of immediate holding company, Kian Joo Can Factory Berhad ("Kian Joo"). Prior to this, he was the Managing Director of Can-One Berhad ("Can-One"), a company which is listed on Bursa Securities and the ultimate holding company of Kian Joo. Under his previous leadership and guidance, Can-One group of companies ("Can-One Group") expanded its core business to several other businesses. He was instrumental for the acquisition by Can-One of its significant interest in Kian Joo. Currently, he remains as a Non-Independent Non-Executive Director of Can-One.

He is an Executive Director of Alcom Group Berhad, a company listed on the Bursa Securities and Alcom Group Berhad's wholly-owned subsidiary company, Aluminium Company of Malaysia Berhad.

He is a major shareholder of the Company. He is the father of Keith Christopher Yeoh Min Kit, a Non-Independent Non-Executive Director of the Company.

CHEE KHAY LEONG

President cum Chief Executive Officer, Malaysian, Male, Aged 60

Chee Khay Leong was appointed to the Board of the Company on 3 July 2013 as Executive Director. He was re-designated as President cum Chief Executive Officer ("CEO") of the Company on 10 July 2018. He oversees the implementation of the Group's broad operational strategies and policies, operations and performance of the Group. He is also a member of the Sustainability Committee.

He is also the President cum CEO of the immediate holding company, Kian Joo. He has extensive experience in the management of manufacturing facilities, marketing and business development. Prior to joining Kian Joo, he was the Chief Operating Officer cum Executive Director of Can-One. He joined Can-One Group since 1977 to 2013. In February 2018, he was re-appointed as Executive Director of Can-One.

GONG WOOI TEIK

Independent Non-Executive Director, Malaysian, Male, Aged 70

Gong Wooi Teik was appointed to the Board of the Company on 3 July 2013. He is the Chairman of the Audit and Risk Management Committee and a member of the Remuneration Committee.

He is a Fellow Member of the Institute of Chartered Accountants in England & Wales, a Member of the Malaysian Institute of Accountants and Fellow Member of the Chartered Tax Institute of Malaysia.

After qualifying as a Chartered Accountant in England in 1976, he returned to Malaysia in early 1977 and worked for 2 of the big 4 international accounting firms before starting his own accounting firm in 1980. He is currently the Managing Partner of GEP Associates, a member firm of AGN International Ltd. which is a worldwide Association of Accounting and Consulting Firms.

He also holds directorship in Dancomech Holdings Berhad which is listed on Bursa Securities.

TEE KENG HOON

Senior Independent Non-Executive Director, Malaysian, Male, Aged 71

Tee Keng Hoon was appointed to the Board of the Company on 3 July 2013. He was re-designated to Senior Independent Director of the Company on 22 November 2017. He is also the Chairman of the Nomination Committee and a member of the Audit and Risk Management Committee.

He holds a Bachelor of Law (Honours) degree from the University of Singapore. He is the founder member and senior partner of Messrs Tay, Tee & Nasir and has been practising law for about 45 years.

PROFILE OF DIRECTORS

TUAN NGAH @ SYED AHMAD BIN TUAN BARU

Independent Non-Executive Director, Malaysian, Male, Aged 69

Tuan Ngah was appointed to the Board of the Company on 19 May 2015. He is the Chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee.

He holds a Bachelor of Science degree in Chemistry from University of Malaya, Masters in Science-Analytical Chemistry from Loughborough University, United Kingdom ("UK") and Masters in Business Administration from Manchester Business School, UK.

Tuan Ngah's experience is extensive and diverse covering broadly, strategy, operations, marketing, finance and risk management. Previously, he was the CEO of Malaysia Steel Association. Prior to this, he was the CEO in charge of the Sugar Division of Tradewinds (M) Bhd. and also the Managing Director of Central Sugars Refinery Sdn. Bhd. and Gula Padang Terap Sdn. Bhd. from 2006 to 2014. He also served as Chief Operating Officer of Perwaja Steel Sdn. Bhd. from 1996 to 2006.

TAN KIM SENG

Independent Non-Executive Director, Malaysian, Male, Aged 68

Tan Kim Seng was appointed to the Board of the Company on 15 June 1991 as Executive Director and was re-designated as Non-Independent Non-Executive Director of the Company on 19 April 2016. On 28 December 2018, he was re-designated as Independent Non-Executive Director of the Company.

He has over 38 years of experience in the carton manufacturing industry. He started his career with the Company in 1977 as a Sales Executive and was promoted to General Manager of the Company in 1983, a position he held until his retirement in April 2016.

KEITH CHRISTOPHER YEOH MIN KIT

Non-Independent Non-Executive Director, Malaysian, Male, Aged 35

Keith Christopher Yeoh Min Kit was appointed to the Board of the Company on 19 April 2016. He is a member of the Nomination Committee and Sustainability Committee.

He holds a Bachelor of Laws (Honours) from Oxford Brookes University, Oxford, England. He was called to the Honourable Society of Middle Temple, UK in 2009. He joined Messrs Shook Lin & Bok in 2010 and upon completion of pupillage in 2011, he was called to the Malaysian Bar as an Advocate and Solicitor of the High Court of Malaya in 2011. Thereafter, he commenced his legal practice in Messrs Mah-Kamariyah & Philip Koh in the Litigation and Alternative Dispute Resolution Department where he assisted in areas ranging from corporate and commercial dispute, injunctions to arbitration proceedings, and in a number of corporate exercises.

He also holds directorship in Aluminium Company of Malaysia Berhad, a wholly-owned subsidiary company of Alcom Group Berhad.

He is the son of Yeoh Jin Hoe, the Group Managing Director and major shareholder of the Company.

Additional information:

1. *Tee Keng Hoon, Tuan Ngah @ Syed Ahmad Bin Tuan Baru and Tan Kim Seng have no directorship in public companies and other listed issuers.*
2. *Save for Yeoh Jin Hoe and Keith Christopher Yeoh Min Kit, none of the Directors has any family relationship with any Director and/or major shareholder of the Company.*
3. *None of the Directors has any conflict of interest with the Company.*
4. *None of the Directors has been convicted of any offence within the past 5 years or was publicly sanctioned or imposed with penalty by the relevant regulatory bodies during the financial year ended 31 December 2020 ("FYE 2020").*
5. *Details of the Directors' attendance at Board meetings are set out in page 42 of this Annual Report.*

OOI TEIK HUAT

Group Chief Financial Officer, Malaysian, Male, Aged 51

Ooi Teik Huat is a member of the Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants. He worked in an international accounting firm for more than 8 years before joining a subsidiary of Can-One Group as Finance Manager in 1995. He was appointed as Executive Director of Can-One Group in 2005 and left the position to assume the role of Group Chief Financial Officer of Box-Pak Group on 31 July 2012.

BERNADETTE CHIN CHEEN CHOO

Director - Group Executive Management Office, Malaysian, Female, Aged 55

Bernadette is a qualified accountant and is a Fellow of the Association of Chartered Certified Accountants. She gained her exposure working in international accounting firms for more than 20 years before joining a commercial firm in 2007. She joined the Group in 2015 as Head of Internal Audit and was transferred to the Executive Office as Executive Assistant in 2016 and promoted to her current role on 21 September 2017.

TAN BEE KENG

Group Company Secretary, Malaysian, Female, Aged 61

Tan Bee Keng is an associate of The Malaysian Institute of Chartered Secretaries and Administrators. She has extensive experience in company secretarial and corporate work. She was appointed the Company Secretary of the Company on 31 July 2012.

She also serves as Company Secretary for several other public companies listed on Bursa Securities, which are principally involved in the manufacture and distribution of tin cans, aluminium cans and fast moving consumer goods, manufacture and trading of aluminium sheet foil products, property development and construction. Previously, she was the Manager-Group Secretarial of a management company serving a group of listed companies.

CHAN HUAN CHEONG

General Director - Vietnam, Malaysian, Male, Aged 78

Chan Huan Cheong graduated from Han Chiang High School and started his career in 1963, when he started to work in the corrugated carton industry. He gained his technical knowledge in Japan and Europe through his various engagements with the carton manufacturers. He joined the Group's operations in Vietnam in 2004 and was promoted to his current position on 28 May 2014.

PROFILE OF KEY SENIOR MANAGEMENT

CHONG PHENG SEONG

General Manager - Malaysia, Malaysian, Male, Aged 46

Chong Pheng Seong started his career after leaving high school. He joined the carton industry in 2000 and has experience working in Vietnam for 13 years. He joined the Group on 1 March 2016 in the capacity of General Manager.

CHEW HOCK SAN

General Manager - Myanmar, Malaysian, Male, Aged 55

Chew Hock San holds a Bachelor of Science with Education (Hons) majoring in Chemistry from UPM. He worked in various capacity since he joined the Group as Operations Manager in 2001. He was promoted to his current role on 1 May 2018.

Additional Information:

- *None of the Key Senior Management staff holds directorship in public companies and listed companies.*
- *None of the Key Senior Management staff has family relationship with any Director and/or major shareholder of the Company.*
- *None of the Key Senior Management staff has any conflict of interest with the Company.*
- *None of the Key Senior Management staff has been convicted for offences within the past 5 years or was publicly sanctioned or imposed with penalty by the relevant regulatory bodies during the FYE 2020.*

ABOUT THIS REPORT

Box-Pak (Malaysia) Bhd. ("BPM" or "the Company") and its subsidiaries ("BPM Group" or "the Group") presents its Sustainability Report for the financial year ended 31 December 2020 ("FYE 2020") published in accordance with Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("MMLR").

The Sustainability Report which has been reviewed and approved by the Board of Directors, is published with the view of promoting transparent disclosure to all our stakeholders by communicating key matters that reflect significant economic, social and environment impact to our business.

The Group's Sustainability Report for FYE 2020 includes the scope, approach, governance structure, stakeholder engagement, identification of key material sustainability matters and the current initiatives and efforts related to these matters. It looks beyond financial performance and corporate governance practices and examines our non-financial performance.

The information and data of the Group are derived from our internal reporting systems and operation records of FYE 2020 and financial year ended 31 December 2019 ("FYE 2019"). Comparatives are made between the financial years to reflect the level of sustainability efforts.

SCOPE OF REPORT

Reporting Period	1 January 2020 to 31 December 2020
Scope	This Statement covers the Group's active Malaysian and Vietnam operating units of the BPM Group. The Group's operation in Myanmar is not included for 2020's reporting. Our Vietnam operating units are included in year 2020 as these manufacturing plants form a significant portion of the Group's operations and hence, the inclusion will provide further transparency into the sustainability efforts and impact to our operations. Myanmar's operations is in the initial operational stage and is not significant at this moment.

SUSTAINABILITY APPROACH

The Group conducts its business activities in a responsible and ethical manner by embedding sustainability practices in our business activities to ensure the long-term growth and profitability of the Group.

ECONOMIC SUSTAINABILITY	ENVIRONMENTAL SUSTAINABILITY	SOCIAL SUSTAINABILITY
To continuously improve business profitability for our shareholders, create beneficial value to all stakeholders, furnish customers with high quality products, and develop mutually beneficial business relationships with our suppliers.	To reduce our carbon footprint by ensuring sustainable water consumption, efficient energy usage, minimise greenhouse emissions, reduce waste generation and increase recycling practices.	To provide a safe and conductive working environment for our employees to contribute and grow their careers. To ensure all our employees are treated with respect.

The Group pursues its sustainability approach according to these sustainability principles:

- Embed sustainability practices in every part of the value chain of our business activities.
- Consider all stakeholders' interest during the planning and implementation of sustainability approaches and strategies.
- Periodically review our sustainability approach and practices to ensure the journey aligns with our business objectives.

GOVERNANCE STRUCTURE

The Group established a governance structure to manage its sustainability efforts. Having a formal governance structure help strengthened and solidified the Group's decision to embed sustainability in everything we do.

The Group's Sustainability Governance Structure is presented herein below:

SUSTAINABILITY GOVERNANCE

Board of Directors

Sustainability Committee

Sustainability Reporting Executive Committee

Sustainability Reporting Officer

STAKEHOLDERS' ENGAGEMENT

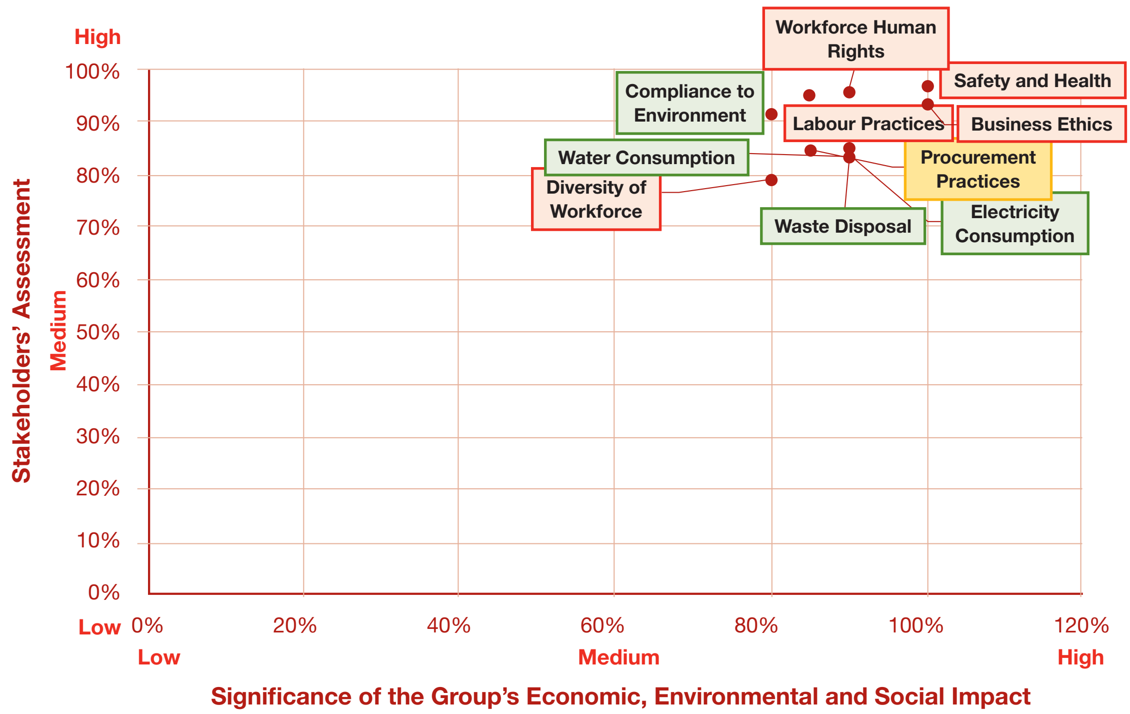
Stakeholders are defined as parties that have a vested interest in the Company and can either affect or be affected by the Company's business activities. We conduct periodic engagement with our various stakeholders because we recognise that their perspectives may be important in helping the Group prioritise its actions for continuous sustainability improvements.

Working with stakeholders improves our ability to address priorities. Engaging with stakeholders formally and informally help the Group to ensure continue business sustainability as well. We listen and learn from stakeholders and furnish them with information where appropriate, so they understand our actions and direction with greater clarity.

The following table summarises the Group's key stakeholders and how the Group engages them:

STAKEHOLDER	METHOD OF ENGAGEMENT	STAKEHOLDER CONCERNS	OUR RESPONSE
Shareholders and Investors	• Annual General Meeting	• Higher financial returns • Value of investment	• Dividends • Good financial performance • Timely financial reporting • Protect value of assets
Employees	• Employee Survey • Town Hall Meetings	• Safety at workplace • Career development • Benefits • Equal opportunity	• Career development • Rights and Respect • Safe environment
Customers	• Customer Satisfaction Survey • Customer feedbacks • Face-to-face meetings	• Pricing • Delivery • Quality • Sustainability	• Reasonable pricing and reliability • Quality and sustainable processes
Suppliers	• Suppliers survey • Supplier meetings • Supplier audits	• Cost efficiencies • Compliance to sustainability matters • Quality product	• Reliability and Quality • Retention • Collaboration opportunities
Government	• Compliance with government legislative framework	• Regulatory disclosure • Accountability • Access to premise and records	• Certifications • Compliance to regulations • Transparency
Community	• Meeting with local communities	• Provision of jobs and internship to graduates • Local employment • Environmental impacts	• Internship • Job placement • Environmental responsibilities

MATERIALITY ASSESSMENT CONDUCTED IN YEAR 2017



The Materiality Assessment is a stakeholder engagement exercise designed to gauge the Group's most noteworthy economic, environmental and social impact that are of importance to its stakeholders. This process helped us identify and prioritise key matters according to its impact on business activities and its importance to our stakeholders' perspectives.

The above chart reflects the material matters that was assessed in year 2017 and was used in our reporting from 2018 till 2020. The Group decided to conduct another exercise in 2020 to re-assess what constitute material matters in the opinion of our major stakeholders.

MATERIALITY ASSESSMENT EXERCISE - YEAR 2020

We engaged a broad cross section of our customers, suppliers, employees, community as well as government stakeholders in this exercise to ensure we have a wide range of diverse feedback on sustainability matters that are important to us. This was conducted via a survey. The material matter assessment was completed by end of Quarter 4 of FYE 2020.

MATERIALITY ASSESSMENT PROCESS

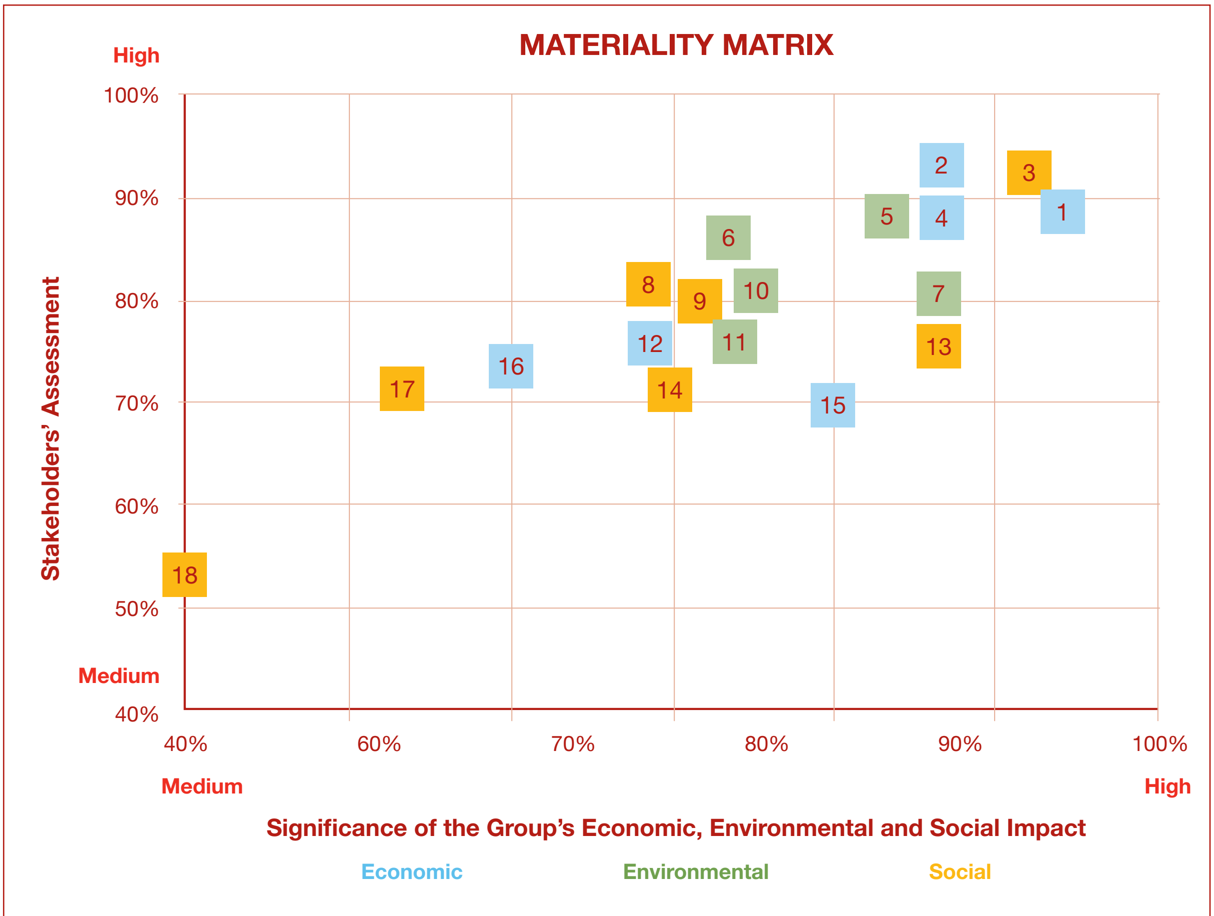
IDENTIFY POTENTIAL ISSUES	• Identified and compiled a list of significant areas of the Group's operations. • Materiality assessment process was conducted to gather the feedback from stakeholders through electronic surveys as well as physical survey.
PRIORITISE ISSUES	• Develop the materiality matrix based on the scores of the survey which help to isolate, rank and prioritise our sustainability key matters.
SENIOR MANAGEMENT VALIDATION	• The sustainability material matrix was reviewed by the Senior Management, deliberated and agreed upon.

MATERIALITY ASSESSMENT EXERCISE - YEAR 2020 (continued)

MATERIALITY ASSESSMENT PROCESS (continued)

The materiality matrix below represents the outcome of the Group's materiality assessment exercise. Sustainability key matters have been rated on a scale of low, medium and high. To prioritise each key matter, we used a scale of 0% to 40% as low priority and 75% to 100% as high priority. There were 18 sustainability matters shown in the materiality matrix according to the ranking provided by our stakeholders. The material matters are selected to emphasise all 3 Sustainability Pillars namely Economic, Environmental and Social Impact.

We have selected 9 key material matters based on the rankings explained above to focus our efforts and to set targets for the year 2021 and beyond.



MATERIALITY ASSESSMENT EXERCISE - YEAR 2020 (continued)

MATERIALITY ASSESSMENT PROCESS (continued)

Order of Significance Ranked by Our Stakeholders	Top 9 Sustainability Materiality Matters	Order of Significance Ranked by Our Stakeholders	Other Sustainability Materiality Matters
1	Product Safety	10	Electricity Consumption
2	Business Ethics	11	Water Consumption
3	Safety at Workplace	12	Smart Manufacturing
4	Ethical Sourcing	13	Leadership
5	Waste Management	14	Employee Training Development
6	Air Quality	15	Product Life Cycle
7	Energy & Carbon Emission	16	Succession Plan
8	Employee Engagement	17	Foreign Workers
9	Diversity & Fair Treatment	18	Freedom of Association

SUSTAINABILITY TARGETS

As a result of the most recent survey exercise, the Board of Directors has approved the following sustainability targets for each of the key material matters:

Sustainability Pillar	Key Material Matters	Sustainability Targets
Economic	• Product Safety • Business Ethics • Ethical Sourcing	• Zero product recall from packaging material defects • Zero bribery and corruption cases reported • Procure from suppliers who are ethically compliant
Environmental	• Waste Management • Air Quality • Energy & Carbon Emission	• Minimise waste generation. Scheduled waste management compliant with regulatory framework • Air emission consistently meet Department of Environment ("DOE") guidelines • Adoption of solar energy as renewable source for greenfield sites. For Vietnam plant, substitution of coal energy to gas or fuel oil • Energy efficiency will be given high consideration for future machinery and equipment investment
Social	• Safety at Workplace • Diversity & Fair Treatment • Employee Engagement	• Zero employees and contractor fatality • Increase female representation by 10% by 2025 • Increase staff retention rate by 3% by 2025 • Improve staff satisfaction rate by 5% by 2025

These targets will be set against the FYE 2020 baseline and will be monitored and reported each year on our progress and achievement.

ECONOMIC SUSTAINABILITY

ANTI-CORRUPTION POLICY ADOPTION

The Group believes that good corporate governance is essential to build a truly sustainable business and are wholly committed to implementing best practices in this area. Over the years, our consistent adherence to ethical business practices have earned the trust of our customers, suppliers, business partners, employees and shareholders.

In respect of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 (“MACCA 2018”) in early 2019, we have established most of the procedures required by MACCA 2018. The process of educating the entire existing Malaysian workforce was stalled by the pandemic lockdown imposed by the government. This is still ongoing. Due to the nature of our workforce, a combination of shopfloor training and online training are used.

We have also communicated the policy to our Vietnam and Myanmar operating units to ensure all units are in line within the Group.

A risk assessment exercise was conducted in Quarter 4 of FYE 2020.

ETHICAL SOURCING

Our customers hold us accountable through their purchasing choices, not only for the quality of our products, but also for ethical and responsible production. As such, responsible sourcing is an integral part of our business. Our Group Procurement Policy and Suppliers’ Code of Conduct have always formed the backbone of our efforts. We seek commitment from our vendors to adhere to our Suppliers’ Code of Conduct in the area of human rights, labour practices, social impact and environmental practices.

We have put in place a process to ensure all our suppliers received, read and signed a copy of the Group’s Suppliers’ Code of Conduct document that will hold them accountable during the course of doing business with us and meet the compliance requirements that are part of the Supplier Ethical Data Exchange (“SEDEX”) process.

We have reached 100% acceptance rate from all our Malaysian suppliers and vendors. We have not reached 100% acceptance from the suppliers and vendors in our Vietnam operations. We will continue to monitor the progress to achieve full acceptance rate.

The Suppliers Audit questionnaire have been revised this year to include all pertinent areas of social compliance. Increasingly, our customer audits and customer sustainability reporting require our businesses to ensure that our supply chain comply with internationally recognised principles for social compliance in the area of labour practices, business ethics and sustainable practices in procurement and operations.

ECONOMIC SUSTAINABILITY (continued)

SMART MANUFACTURING

BPM Group will leverage on the implementation of Industry 4.0 technologies in its holding company, Kian Joo Can Factory Berhad.

BP MPak Sdn. Bhd. ("BPMPAK") in Senai, Johor has implemented Radio-Frequency Identification ("RFID") for its finished goods warehouse and loading operations. Currently, BPMPAK is undergoing a factory expansion process. Therefore, the RFID implementation will be revised to take into consideration the expanded factory operations. When implemented properly, this technology will eliminate waiting time during loading operations thus increasing the throughput of deliveries per day. This will make the operations far more efficient without having to create larger and larger warehouse space.

During the year, BPMPAK has experienced shorter timeframe required to conduct its Finished Goods stock count. What used to be done in 1 full day, is now completed within 2 hours. Thereby releasing the operational employees to focus on increasing production volume instead.

BPMPAK will focus its efforts to develop an electronic preventive maintenance solution to reduce ad-hoc machine downtime. This will be implemented in 2021.

BPM will be migrating to a new Enterprise Resource Planning ("ERP") system. The new ERP system called Microsoft Dynamics 365 Business Central, will replace the current ERP. The new ERP will provide more features and functionality to assist BPM to operate with greater efficiency with the introduction of real time monitoring and decision-making capability. It is also designed to integrate with Industry 4.0 technologies such as IOT (Internet of Things), AI/ML (Artificial Intelligence/Machine Learning), Autonomous Robots, Cloud computing, Augmented Reality and Big Data/Data Analytics. The implementation of the new ERP system is estimated to go live in Quarter 2 of the financial year ending 2021.

Additionally, we are exposing the engineers in BPM Group to Industry 4.0 training programs as part of upskilling our engineers to meet the challenges ahead.

ENVIRONMENTAL SUSTAINABILITY

The Group has an existing Environmental Policy in place and we make the environmental policy available to all employees as a guidance to our actions and business practices towards environment as a whole. We adhere strictly to all government legislations and requirements that are relevant to the environmental impact of our activities and operations.

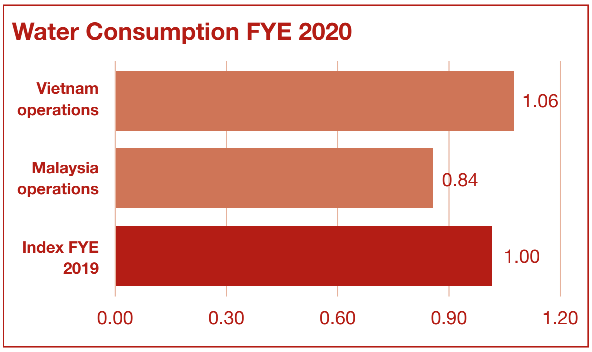
As we continue to improve our environmental track record, we focus on the following areas:

WATER CONSUMPTION | ELECTRICITY CONSUMPTION | ENERGY AND CARBON EMISSION | WASTE MANAGEMENT

WATER CONSUMPTION

Water is the most essential and precious resource on earth. It is vital for sustaining communities, our ecosystem and to promote economic development. It is also at the heart of sustainability in our value chain.

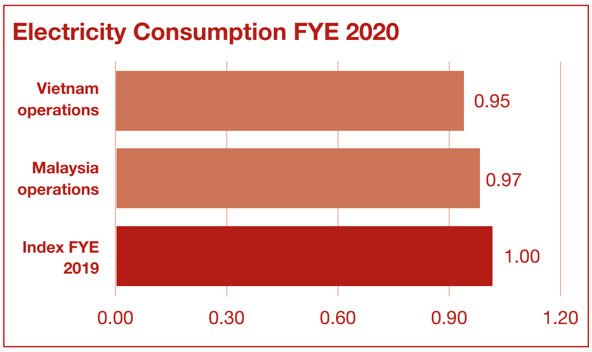
Our factories need large quantities of water to operate; for the cooling of machineries, the manufacturing processes, the cleaning of our facilities and equipment, and to provide a sanitised work environment for our employees. We recognise and understand the importance of responsible water usage in our business operations to ensure the continuous availability of this valuable resource.



ELECTRICITY CONSUMPTION

Electricity is another resource that the Group uses extensively in its business operations. Our aim is to manage our energy needs in a responsible manner, optimise our energy usage and continually seek opportunities to improve efficiency in our manufacturing process. The Group encourages the adoption of energy-saving practices in the workplace to optimise the use of electricity.

The Group mainly uses electricity to convert paper from its raw material form into corrugated cartons which includes corrugation, printing, slotting and gluing processes. We are looking at ways to be more efficient in our energy consumption.



ENVIRONMENTAL SUSTAINABILITY (continued)

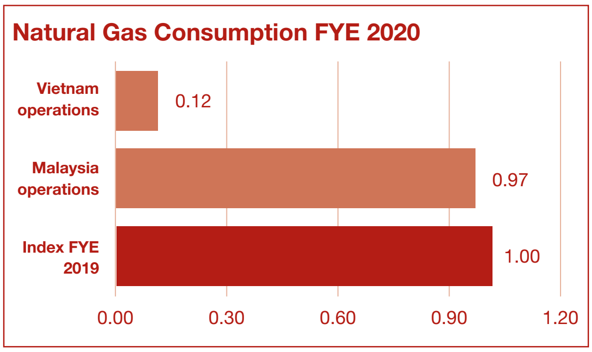
ENERGY AND CARBON EMISSION

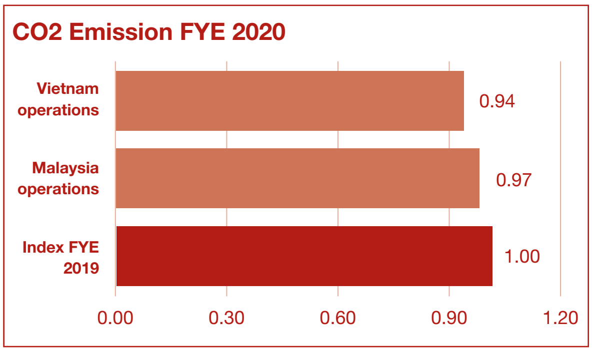
In an era of rising global temperatures caused by increased carbon emissions, we recognised our duty and responsibility to minimise our carbon footprint across our value chain. From manufacturing to the packaging process, we are constantly finding ways to reduce and optimise our carbon footprint further.

Our plant in Vietnam is currently consuming coal instead of natural gas for its boiler system as compared to the Malaysian operations. Coal is not part of the clean energy cycle. We will have to evaluate how to migrate our energy requirement in Vietnam from coal to natural gas in the future.

Our CO2 emission from the consumption of electricity is derived using the emission factor published by the Malaysian Green Technology Corporation for the Peninsular Grid 2014, while the CO2 emission from the use of natural gas is derived from the emission factor published by the IPCC Guidelines for National Greenhouse Gas Inventories.

We are not able to provide the CO2 emission from our coal usage. This will be addressed in the future.

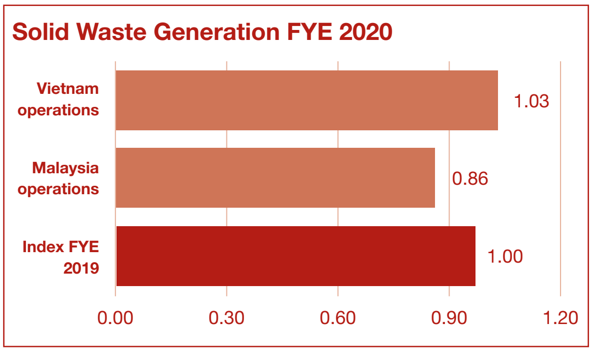


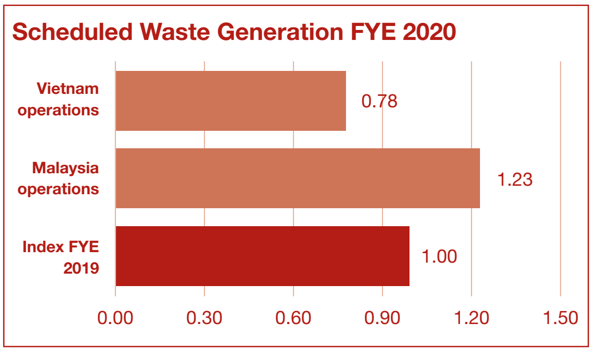


WASTE MANAGEMENT

To grow sustainably, the Group ensures that our products are not only safe but are also friendly to the environment. Our waste prevention extends beyond reducing packaging material to optimising packaging efficiency, and recovering packages for reuse. We are constantly seeking innovative approaches to manage our waste generation. Reducing waste is one of our top priorities which we strive to reduce, reuse and recycle wherever possible along our value chain.

The Group places emphasis on managing and monitoring manufacturing solid waste generated from our manufacturing operations. Paper comprises most of the waste generated by the Group as it is the core material in our business. We dispose of our solid waste to government approved solid waste management companies in Malaysia and in Vietnam.





The Group generated 5 types of scheduled wastes for the Malaysia operations and 14 types of scheduled wastes for the Vietnam operations. Our wastes are disposed to licensed collectors to ensure our wastes undergo proper disposal and appropriate recycling processes. As part of our compliance with the DOE, all our disposal of scheduled wastes is recorded and submitted to the DOE through the Electronic Scheduled Waste Information System ("ESWIS") in Malaysia as well as through the government mandated authority in Vietnam.

As our continuous effort to be environmental friendly, the Group also uses FSC-certified papers to produce corrugated cartons. FSC-certified paper usage represent 10% of the overall paper consumption in the Group.

SOCIAL SUSTAINABILITY

We have learned from our years of experience that our employees' well-being is one of the keys to improving productivity and resilience. We aim to be an employer of choice and to provide all employees with equal opportunity including rewarding and satisfying careers, whilst we continue our drive towards healthy growth.

For time to time, we will review our employees' benefits to ensure that appropriate measures are taken to meet their needs. We have today, provided hostels, prayer rooms, transportations, workplace canteens, water dispensers, lockers and parking spaces for our employees in all our plants.

To improve our social wellbeing, we focus on the following areas:

EMPLOYEES' PROFILE

DIVERSITY AND FAIR TREATMENT

EMPLOYEES' ENGAGEMENT

TRAINING AND DEVELOPMENT

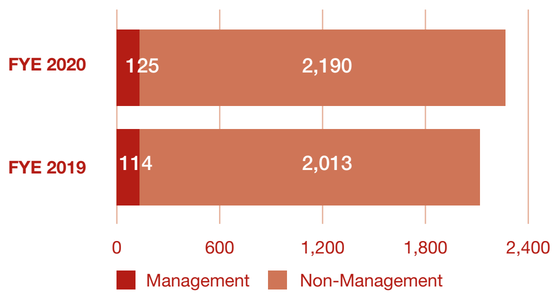
SAFETY AT WORKPLACE

EMPLOYEES' PROFILE

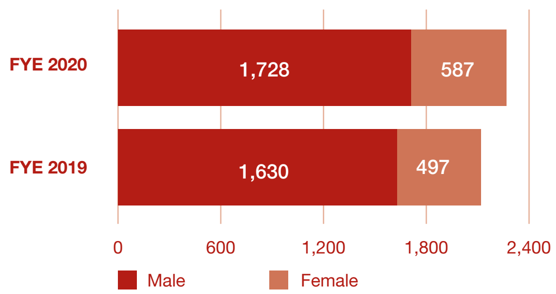
The Group's workforce is diverse in race, ethnicity, gender and age and also encompasses broad varieties of perspectives, background and experience.

We believe in working together through common values and mutual respect between our employees, leading to superior performance and constant innovation.

Employees by Type

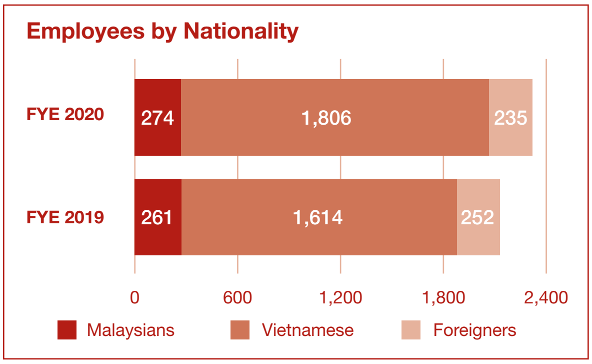


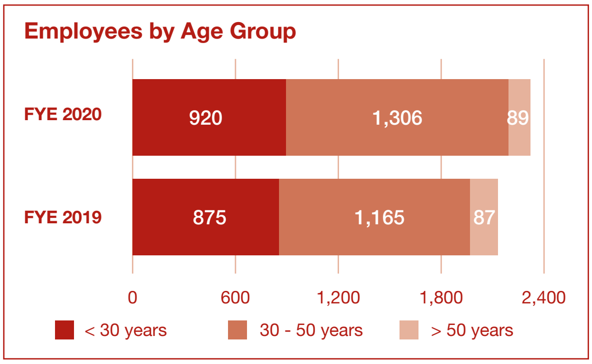
Employees by Gender



SOCIAL SUSTAINABILITY (continued)

EMPLOYEES' PROFILE (continued)





DIVERSITY AND FAIR TREATMENT

With 4 operational plants and total of 2,315 employees in both Malaysia and Vietnam, our organisation comprises a diverse ecosystem with employees of varying ethnicity. We recognise the benefits of diversity and welcome its positive impact in our organisations, work culture and business performance. As an equal opportunity employer, the Group seeks to provide equal opportunities to all Malaysians regardless of age, gender, ethnicity, religion, and disability.

Total of **2,315** employees employed in both Malaysia and Vietnam operations

62% **MILLENIAL EMPLOYEES**

53% **LOCAL EMPLOYEES IN MALAYSIA**

4% **LONG SERVING EMPLOYEES**

99% **LOCAL EMPLOYEES IN VIETNAM**

As at FYE 2020, our workforce comprised a healthy mix of young and older generations. In fact, 62% of our employees are Millennials or Generation Y ranging from the age of 24 to 39. This young, technology savvy and socially interactive workforce is driving our ground operations in multiple sectors. Being new to the working environment, this segment of the workforce provides new ideas and perspectives to the Group as an organisation. Meanwhile, 38% of our middle-aged and older generation helps us to stay grounded with responsible decision making and strategies.

Undeniably, the challenge in the Group is the retention of the millennial workforce. Town hall meetings are held to understand the needs of this group. The Group is also working to introduce an employee portal so that everything an employee needs can be accessed through a single touchpoint.

At present, a significant majority of our foreign workers originate from Nepal, Vietnam, Myanmar and Bangladesh and we adhere to the legal minimum wage to our employees, as defined by local law. We also prescribe to the International Labour Organisation ("ILO") principles of treating our foreign workers justly and fairly. Where incidences are highlighted through numerous external audits, the necessary corrective actions are taken to address the issues raised.

SOCIAL SUSTAINABILITY (continued)

EMPLOYEES' ENGAGEMENT

The Group organises various employee events ranging from festival celebrations to recreational activities to foster team work, cohesiveness and engagement within our workforce. However, due to the Covid-19 pandemic such activities have been temporary put on hold.

FESTIVAL CELEBRATION

Traditions are important to the Group as we are families in the workplace. We continue to celebrate most of our Malaysian festivals celebration with our people which includes Chinese New Year ("CNY"), Seventh Moon Festival, Hari Raya, Deepavali and Christmas. These celebrations were organised in the factories.

EMPLOYEES' CELEBRATION

Employees' celebration ranges from birthday parties to retirement ceremonies. The Group conducts monthly birthday celebrations. It is a platform to foster unity.

CNY APPRECIATION ANNUAL DINNER

CNY celebration will not be complete without a get-together reunion meal. In BPM, it is a tradition for the Group to hold a CNY Appreciation Annual dinner for its management staff.

ANNUAL GATHERING

Our Vietnam subsidiaries organised annual gathering for their employees as a form of appreciation for their hard work and contributions to the organisation.

FOOTBALL TOURNAMENT

Our Vietnam subsidiary organised football tournament to build greater camaraderie among employees.

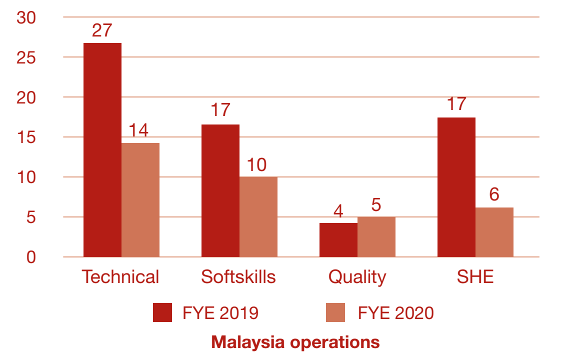
SOCIAL SUSTAINABILITY (continued)

EMPLOYEES' TRAINING AND DEVELOPMENT

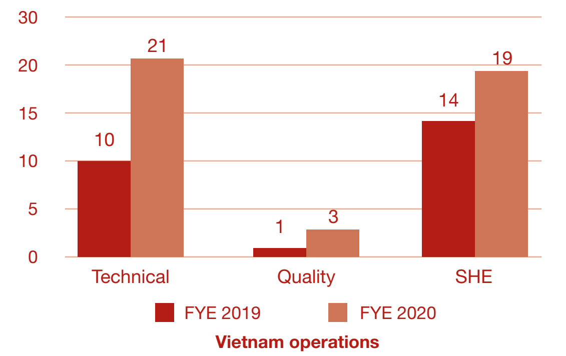
Talent development is important to the Group. We support lifelong learning and conduct regular performance review which help our employees and our businesses to develop consistently and remain fit for future growth. Thus, numerous training and development programs were conducted, which target our operational employees and management teams.

The Group sent our employees to attend numerous workshops and trainings conducted by in-house and external training on technical, soft skills, quality, safety, health and environment to continually stay abreast of new development, improve their knowledge and enhance their skills.

Total Training FYE 2020



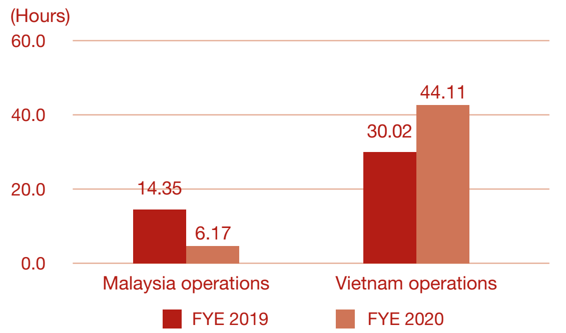
Total Training FYE 2020



Total Spent on Training and Development	
Total FYE 2019	RM 144,035
Total FYE 2020	RM 55,373

Our training programs are constantly revised and improved based on changing business needs of our business. In FYE 2020, the Group spent RM55,373 in employee training programs.

Average Training Hours FYE 2020



The high number of training hours per employee in Vietnam's operating units is due to technical trainings held for supervisors and operators which requires more training hours depending on their skills and abilities. Most of these trainings are done in-house and their performance are monitored by the respective heads of department.

Training hours have reduced in FYE 2020 in Malaysia due to the Covid-19 pandemic which resulted in classroom training restrictions. This has severely curtailed the availability of training for our employees. Where trainings can be conducted via online methods, this has resumed. As a manufacturer, physical interaction during trainings are usually far more effective.

SOCIAL SUSTAINABILITY (continued)

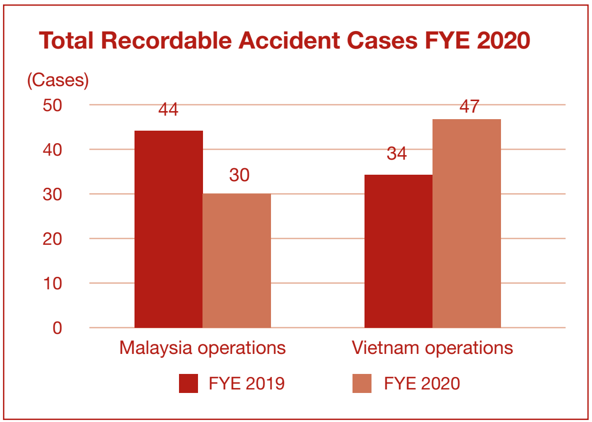
SAFETY AT WORKPLACE

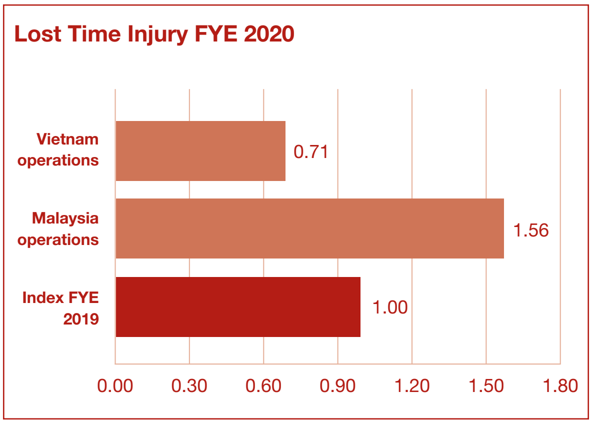
We continue to pursue our commitment in protecting the health, safety and welfare of our people. We strive to provide a safe workplace across our diverse operations.

Occupational Health and Safety

With the aim to minimise workplace accidents in all our factories, we closely monitor all accidents and near miss incidents for corrective action and improvement. Any report that raises significant concern is subject to additional investigation, and where appropriate the situation is rectified or procedures improved to ensure that the situation does not recur.

In addition, facilities maintenance and audits are also carried out regularly to minimise the occurance of accidents due to the breakdown of machinery or other equipment.





FORKLIFT SAFETY TRAINING

This training was conducted to continuously raise awareness of forklift safety operation, handling and maintenance to prevent any incident and accident from happening.

HAZMAT RESPONSE

Hazardous materials ("HAZMAT") response training is held for employees to be able to handle release and spillage or hazardous materials and identify chemical hazards and to take safety actions when incident occurred in the workplace.

RESPONSE TO COVID-19 PANDEMIC

Awareness sessions on Covid-19 pandemic prevention are provided to all the employees. Guidelines and preventive measures had been taken such as daily temperature screening, regular sanitising and disinfection of surface area, face mask issuance, practice physical distancing, including strict screening for visitors, suppliers and contractors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of the Company ("Board") of Box-Pak (Malaysia) Bhd. ("Box-Pak" or "the Company") is fully committed to the principles and recommendations of the Malaysian Code on Corporate Governance ("MCCG"). This ensures that the best practices of corporate governance including accountability and transparency are adhered to within the Company to achieve long-term financial performance and growth as the Board is mindful of its accountability to the shareholders and various stakeholders of the Company.

The Board is pleased to report to the shareholders, the Company's application of the 3 key principles of the MCCG during the financial year ended 31 December 2020 ("FYE 2020"):

(a) Board leadership and effectiveness;
(b) Effective audit and risk management; and
(c) Integrity in corporate reporting and meaningful relationship with stakeholders.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Roles and Responsibilities of the Board

The Board's main roles are to create value for shareholders and provide leadership to Box-Pak and its subsidiary companies ("the Group"). It is primarily responsible for the Group's overall strategic plans and directions, overseeing the conduct of the businesses, risk management, succession planning of Senior Management, implementing investor relations programmes and ensuring the system of internal controls and management information system are adequate and effective.

The Board provides overall strategic guidance, effective oversight on the governance and management of the business affairs of the Group. Responsibilities of the Board include:

(i) Ensuring that the Group's goals are clearly established, the necessary resources are in place for the Group to meet its objectives and that a strategic plan, which promotes long-term value creation and includes strategies on economic, environmental, safety and health, social and governance consideration underpinning sustainability, are in place to achieve them;

(ii) Establishing policies for strengthening the performance of the Group including ensuring that Management is proactively seeking to build the business through innovation, initiative, technology, new products and the development of its business capital;

(iii) Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed. This includes ensuring the solvency of the Group and the ability of the Group to meet its contractual obligations and to safeguard its assets;

(iv) Appointing the Managing Director/Executive Director ("ED"), including setting the relevant terms and objectives and where necessary, terminating his/her employment with the Group;

(v) Ensuring that the Group has appropriate business risk management framework and corporate governance framework, including adequate control environment be it the internal control systems and management information systems, systems for compliance with applicable laws, regulations, rules, directives and guidelines and controls in areas of significant financial and business risks;

(vi) Appointing board committees to address specific issues, considering recommendations of the various board committees and discussing problems and reservations arising from these committees' deliberations and reports;

(vii) Ensuring that the statutory financial statements of the Company and Group are fairly stated and otherwise conform with the relevant regulations including acceptable accounting policies that result in balanced and understandable financial statements;

(viii) Ensuring that there is in place an appropriate succession plan for members of the Board and Senior Management;

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Roles and Responsibilities of the Board (continued)

(ix) Ensuring that the Group adheres to high standards of ethics and corporate behaviour in accordance with the Group's code of corporate conduct including transparency in the conduct of business. Directors are required to comply with the Directors' Code of Best Practice;

(x) Reviewing the Board Charter periodically and making it available publicly on the Company's website including the Terms of Reference ("TOR") which deals with the respective committee e.g. Audit and Risk Management Committee, Remuneration Committee, Nomination Committee and Sustainability Committee's TOR in respect of its authority and duties that are disclosed in the Company's website;

(xi) Ensuring that there is in place an appropriate corporate disclosure policy and procedure which leverage on information technology for effective dissemination of information, to ensure comprehensive, accurate and timely disclosures; and

(xii) Ensuring that there is in place an appropriate investor relations and communications policy which encourages shareholders' participation at general meetings and promotes effective communication and proactive engagements with shareholders.

In discharging its duties, the Board is assisted by the Board Committees namely, the Executive Committee, Audit and Risk Management Committee, Remuneration Committee, Nomination Committee and Sustainability Committee. Each Committee operates within its respective defined TOR which have been approved by the Board. The TOR of the respective Board Committees are periodically reviewed and assessed to ensure that the TOR remain relevant and adequate in governing the functions and responsibilities of the Committee concerned and reflect the latest developments in the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the MCCG.

A. Executive Committee ("EXCO")

The EXCO which comprises the Group Managing Director ("MD"), President cum Chief Executive Officer ("CEO") and the Group Chief Financial Officer, assumes some of the responsibilities and functions of the Board, oversees the running of the Group and the implementation of the Board's decisions and policies relating to operational, sales and marketing strategies, financial, risk management, internal controls, environmental, human resources, compliance, credit control and legal issues.

B. Audit and Risk Management Committee ("ARMC")

The Audit Committee was established on 17 May 1996 and was re-designated on 23 August 2017 to the ARMC. For details of its composition and activities during the FYE 2020, please refer to the ARMC Report on pages 46 and 47 of this Annual Report.

C. Remuneration Committee ("RC")

The RC was established on 16 November 2001 and currently comprises the following members, a majority of whom are Non-EDs:

Tuan Ngah @ Syed Ahmad Bin Tuan Baru *(Chairman/Independent Non-ED)*
Gong Wooi Teik *(Member/Independent Non-ED)*
Yeoh Jin Hoe *(Member/Group MD)*

The RC's primary responsibility is to structure and review the remuneration policies for key executives of the Group, with a view to ensure that compensation and other benefits encourage performance that enhances the Group's long-term profitability and value. The remuneration packages for Key Senior Management staff are subject to the approval of the Board, and in the case of Directors' fees and benefits, the approval of the shareholders at the Annual General Meeting ("AGM") of the Company.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Roles and Responsibilities of the Board (continued)

C. Remuneration Committee ("RC") (continued)

The TOR of the RC are available for reference at www.boxpak.com.my.

In carrying out its duties and responsibilities, the RC has full, free and unrestricted access to the Company's records, properties and personnel.

During the FYE 2020, the RC convened 3 meetings and full attendance of the members was recorded at all the said meetings.

The Company pays its Directors annual fees which are approved each year by the shareholders. The Directors are paid meeting allowances for the meetings they attended per day and are also reimbursed reasonable expenses incurred by them in the course of carrying out their duties on behalf of the Company. Where applicable, the Board also takes into consideration any relevant information provided by independent consultants or from survey data. The Directors' Remuneration Policy is available on the Company's website at www.boxpak.com.my.

The details of the aggregate remuneration of the Directors of the Company (comprising remuneration received and/or receivable from the Company and its subsidiaries) during the FYE 2020 were categorised as follows:

Group/Company	Fees RM	Salaries RM	Bonuses RM	Statutory contributions[1] RM	Benefits[2] RM	Total RM
Executive Directors:						
Yeoh Jin Hoe	66,000	540,000	180,000	86,400	43,500	915,900
Chee Khay Leong	60,000	540,000	180,000	86,400	43,500	909,900
	126,000	**1,080,000**	**360,000**	**172,800**	**87,000**	**1,825,800**
Non-Executive Directors:						
Datuk Dr. Roslan Bin A. Ghaffar	78,000	–	–	–	43,500	121,500
Gong Wooi Teik	90,000	–	–	–	43,500	133,500
Tee Keng Hoon	90,000	–	–	–	43,500	133,500
Tuan Ngah @ Syed Ahmad Bin Tuan Baru	90,000	–	–	–	43,500	133,500
Tan Kim Seng	60,000	–	–	–	43,500	103,500
Keith Christopher Yeoh Min Kit	66,000	–	–	–	43,500	109,500
	474,000	**–**	**–**	**–**	**261,000**	**735,000**
Total	**600,000**	**1,080,000**	**360,000**	**172,800**	**348,000**	**2,560,800**

Notes:
[1] *Statutory contributions comprised EIS, EPF and SOCSO.*
[2] *Benefits comprised meeting allowance and other allowances.*

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Roles and Responsibilities of the Board (continued)

C. Remuneration Committee ("RC") (continued)

The details of the aggregate remuneration of the top 5 Senior Management personnel of the Company (comprising remuneration received from the Company and its subsidiaries) during the FYE 2020 were categorised as follows:

Category	Company RM'000	Subsidiaries RM'000	Total RM'000
Salaries and bonuses[1]	396	1,354	2,272
Benefits[2]	15	–	8
Benefits-in-kind[3]	4	36	40
Total	**411**	**1,390**	**2,320**

Notes:
[1] *Salaries and bonuses comprised basic salary, bonus, EIS, EPF and SOCSO.*
[2] *Benefits comprised meeting allowance and other allowances.*
[3] *Benefits-in-kind comprised provision of company motor vehicle, petrol allowance, insurance and phone bill.*

The number of top 5 Senior Management personnel whose total remuneration fell within the following bands were:

Remuneration Range	Number of Senior Management staff
Between RM100,001 – RM150,000	1
Between RM150,001 – RM200,000	1
Between RM250,001 – RM300,000	1
Between RM550,001 – RM600,000	1
Between RM700,001 – RM750,000	1

The Board has chosen to disclose the remuneration of the top 5 Senior Management personnel in bands instead of named basis as the Board considered the information of the remuneration of these personnel to be sensitive and proprietary. The transparency and accountability aspects of corporate governance applicable to the remuneration of these personnel are deemed appropriately served by the above disclosures.

D. Nomination Committee ("NC")

The NC was set up on 26 February 2003 to formalise procedures for appointments to the Board and the Board Committees. All decisions on appointments are made by the Board after considering the recommendations of the NC.

The NC currently comprises the following members:

Tee Keng Hoon *(Chairman/Senior Independent Non-ED)*
Datuk Dr. Roslan Bin A. Ghaffar *(Member/Independent Non-ED)*
Keith Christopher Yeoh Min Kit *(Member/Non-Independent Non-ED)*

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Roles and Responsibilities of the Board (continued)

D. Nomination Committee ("NC") (continued)

The NC's role is primarily to:

- identify, select and recommend to the Board, candidates for directorships of the Company;
- recommend to the Board, Directors to fill the seats on Board Committees;
- evaluate the effectiveness of the Board and the Board Committees (including its size and composition), contributions and performance of each individual Director and the independence of the Independent Directors; and
- ensure an appropriate framework and plan for Board and management succession for the Group.

The TOR of the NC are available for reference at *www.boxpak.com.my*.

During the FYE 2020, the NC convened 3 meetings and full attendance of the members was recorded at all the said meetings. Summary of the key activities undertaken by the NC in the discharge of its duties during the FYE 2020 were as follows:

(i) Recommended the Board Diversity Policy and Policy on Nomination and Assessment Process of Board Members to the Board for approval and adoption;

(ii) Recommended the revised Board Charter of the Company to the Board for approval;

(iii) Assessed and reviewed the independence of the Independent Directors and their tenure of service as Independent Directors on the Company;

(iv) Evaluated each Individual Director to assess the Director's calibre and ability to understand the requirements, risk and management of the Group's business; his contribution and performance; his character, integrity and professional conduct in dealing with conflict of interest situations; his ability to critically challenge and ask the right questions; his commitment and due diligence, his confidence to stand up for a point of view; his interaction at meetings and his training records for the FYE 2020;

(v) Evaluated the Board and Board Committees to assess their mix, composition, size, roles, responsibilities as well as their activities, communications and effectiveness for the FYE 2020; and

(vi) Endorsed the re-election of Directors, Datuk Dr. Roslan Bin A. Ghaffar, Yeoh Jin Hoe and Tuan Ngah @ Syed Ahmad Bin Tuan Baru who are due to retire at the close of the Forty-Seventh AGM of the Company to be held in June 2021 pursuant to Clause 82 of the Constitution of the Company.

The NC, after having conducted the abovementioned evaluation and assessment, concluded that:

(i) all the 5 existing Independent Directors of the Company continued to demonstrate conduct and behavior that were essential indicators of their independence, and that each of them continued to fulfill the definition and criteria of independence as set out in the MMLR of Bursa Securities.

(ii) each Director has the requisite competence and calibre to serve on the Board and Board Committee(s) and had continued to demonstrate his commitment to the Company in terms of time, participation and dialogue during the FYE 2020.

(iii) the Board and Board Committees' composition were adequate in number and there is a right mix of skills and knowledge on the Board as well as the Board Committees. Their respective responsibilities were well defined and set out in the Board Charter of the Company. The existing number of Independent Directors on Board of the Company more than meets the criteria set out in Paragraph 15.02 of the MMLR of Bursa Securities and Practice 4.1 advocated by MCCG. The criteria in the MMLR of Bursa Securities that at least 1 of the members of the ARMC must be a member of the Malaysian Institute of Accountants or a person approved under the MMLR of Bursa Securities is also met.

The Board members unanimously concurred with the above conclusions of the NC.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Roles and Responsibilities of the Board (continued)

E. Sustainability Committee

The Sustainability Committee was established on 23 August 2017 and currently comprises the following members:

Yeoh Jin Hoe *(Chairman/Group MD)*
Chee Khay Leong *(Member/President cum CEO)*
Keith Christopher Yeoh Min Kit *(Member/Non-Independent Non-ED)*

The objective of the Sustainability Committee is to:

- establish, monitor, manage and coordinate the sustainable development strategy of the Company;
- develop and increase stakeholder awareness of the need and benefit of sustainable behaviour and initiate change and continuous improvements;
- identify and assess together with the line of management, the significant economic, environmental and social matters to ensure the Company remains as a leading responsible company in the industry; and
- provide suitable steps and appropriate information and controls to identify economic, environmental and social risks to ensure the Company's business is conducted in a responsible manner.

The TOR of the Sustainability Committee are available for reference at *www.boxpak.com.my*.

The Sustainability Committee convened 2 meetings during the FYE 2020 and full attendance of the members was recorded at both meetings.

Roles of the Chairman and Group MD

The Chairman holds a Non-Executive position and is primarily responsible for matters pertaining to the Board and overall conduct of the Board. The Group MD is responsible for the development of the corporate goals and objectives and the setting of strategies to achieve them.

Role of the Company Secretaries

The Company Secretaries are responsible for ensuring that the Board procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation. The Company Secretaries will also advise the Board on any new statutory requirements, guidelines and listing rulings relating to corporate governance as and when it arises.

All Board members have direct access to the advice and services of the Company Secretaries for the purpose of the Board's affairs and the business.

Access to Information and Advice

Prior to the Board meetings, every Director is given an agenda and a comprehensive set of Board papers consisting of reports on the Group's financial performance, status of major projects, future development, the quarterly or annual financial results, the minutes of preceding meetings of the Board and Board Committees, and relevant proposal papers (if any) to allow them sufficient time to review, consider and deliberate knowledgeably on the matters to be tabled.

Senior Management staff as well as advisers and professionals appointed to act for the Company on corporate proposals to be undertaken by the Company are invited to attend the meetings to furnish the Board with their views and explanations on relevant agenda items tabled to the Board and to provide clarification on issues that may be raised by any Director.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Access to Information and Advice (continued)

In between Board meetings, approvals on matters requiring the sanction of the Board are sought by way of circular resolutions enclosing all the relevant information to enable the Board to make informed decisions. All circular resolutions approved by the Board are tabled for notation at the subsequent Board meeting.

The Board also perused the decisions deliberated by the Board Committees through minutes of these Committees. The Chairman of each of the Board Committees is responsible for informing the Board at the Board meetings of any salient matters noted by the Committees and which may require the Board's direction. The EXCO also holds monthly management meetings with the operating heads to deliberate on the performance of the Group, sales, marketing development and strategies, operational, environmental, risk management, internal controls, regulatory and statutory matters pertaining to the Group.

The Board has access to the advice and services of the Company Secretaries and may undertake independent professional advice, where necessary and in appropriate circumstances, in furtherance of its duties.

Board Charter

The Board had on 19 August 2013 adopted a Board Charter which clearly sets out the Board's strategic intent and outline the Board's role, powers, duties, and functions as well as a schedule of matters reserved for collective decision of the Board. The Board Charter serves as a source of reference and primary induction literature, providing insight to prospective Board members and the Senior Management.

The Board Charter is subject to periodic review and updates by the Board whenever deemed necessary. The Board Charter was reviewed and updated on 25 November 2020 in line with the needs of the Group and the new regulations that impacted the discharge of the Board's responsibilities. This is to ensure its relevance for good corporate governance practices within the Group.

Code of Conduct and Ethics

The Board continues to adhere to the Code of Best Practice for Directors which sets out the standard of conduct expected of Directors with the aim to cultivate a good ethical conduct that in turn promotes the values of transparency, integrity, accountability and social responsibility.

Board Composition and Independence

The Board currently has 8 members, comprising 6 Non-EDs, a Group MD and a President cum CEO. Out of the 6 Non-EDs, 5 of them are Independent Directors.

The Independent Non-EDs do not participate in the day-to-day management as well as the daily business of the Company. In staying clear of any potential conflict of interest situation, the Independent Non-EDs remain in a position to fulfill their responsibility to provide a check and balance to the Board. They provide independent and objective views, advice and judgment which take into account the interests of the Group as well as shareholders and investors.

Tee Keng Hoon, the Chairman of the NC, is the Senior Independent Director to whom concerns of shareholders, management, employees, and others may be conveyed.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Tenure of Independent Directors

The Company has implemented a cumulative 9 year-term limit for Independent Directors. The Board Charter has adopted Practice 4.2 of the MCCG to seek shareholders' approval annually in the event the Board desires to retain, as an independent director, a person who has served in that capacity for cumulatively more than 9 years but no more than 12 years. After 9 years, such independent director may continue to serve on the Board subject to his re-designation as a non-independent director.

Appointment and Re-election to the Board

Candidates for appointment to the Board as Independent Directors are selected after taking into consideration the mix of skills, experience and strength and diversity that would be relevant for the effective discharge of the Board's responsibilities. Potential candidates are first evaluated by the NC, and if recommended by the NC, subsequently by the Board based on their respective profiles as well as their character, integrity, professionalism, independence and their ability to commit sufficient time and energy to the Company's matters. Prior to consideration by the Board, the candidate is also required to declare his/her state of health, financial condition and to furnish details of any subsisting legal proceedings in which he/she is a party.

A Policy on the Nomination and Assessment Process of Board members which was proposed by the NC, was approved by the Board for adoption on 26 February 2020.

Clause 82 of the Company's Constitution provides that an election of Directors shall take place each year and at the AGM, 1/3 of the Directors for the time being, or if their number is not 3 or a multiple of 3, then the number nearest to 1/3 shall retire from office and be eligible for re-election PROVIDED ALWAYS that all Directors shall retire from office at least once in every 3 years but shall be eligible for re-election.

Clause 86 of the Company's Constitution provides that any Director so appointed during a year, shall hold office only until the next following AGM and shall be eligible for re-election but shall not be taken into account in determining the retirement of Directors by rotation at such meeting.

The following Directors are due to retire at the forthcoming Forty-Seventh AGM of the Company to be held on 23 June 2021 pursuant to Clause 82 of the Company's Constitution, and have offered themselves for re-election at the said AGM:

(i) Datuk Dr. Roslan Bin A. Ghaffar;
(ii) Yeoh Jin Hoe; and
(iii) Tuan Ngah @ Syed Ahmad Bin Tuan Baru.

The NC had endorsed the abovementioned Directors for re-election. The Board, with Datuk Dr. Roslan Bin A. Ghaffar, Yeoh Jin Hoe and Tuan Ngah @ Syed Ahmad Bin Tuan Baru abstaining from voting, had endorsed the aforesaid Directors for re-election at the said AGM.

Gender Diversity Policy

The Board had on 26 February 2020 approved the Board Diversity Policy for adoption. The said Policy stipulates, among other things, that the NC will consider the benefit of all aspects of diversity in order to maintain an appropriate range and balance of skills, experience and background on the Board. In identifying suitable candidates for appointment to the Board, the NC will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.

The Company therefore aims to appoint and/or maintain at least 1 woman participation on the Board and will work towards having appropriate age and ethnic diversity in the Board.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Annual Assessment

The NC annually reviews the size and composition of the Board and Board Committees in order to ensure the Board has the requisite competencies and capacity to effectively oversee the overall business and carry out its responsibilities. The NC uses the Board and Board Committee Evaluation Form comprising questionnaires for the assessment. The effectiveness of the Board is assessed in the areas of the Board's responsibilities and composition, administration and conduct of meetings, communication and interaction with management and stakeholders and board engagement.

The annual evaluation of the individual Directors/Board Committee members are performed by the NC via the Directors' Evaluation Form comprising questionnaires pertaining to the Director's knowledge and skills, participation, contribution and performance, calibre and personality.

To assess the independence of the Independent Directors, each of the Independent Directors annually provides the NC with their Self-Assessment Independence Checklist.

Meetings and Time Commitment

4 Board meetings were held during the FYE 2020 and full attendance of the Board members was recorded at all the 4 Board meetings.

The Board was satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company during the FYE 2020. All the Directors do not hold directorships more than that prescribed under the MMLR of Bursa Securities.

The Directors also made time to attend the following webinars/conferences/dialogues during FYE 2020 to equip themselves further with the knowledge to discharge their duties more effectively and to keep abreast of developments on a continuous basis in compliance with Paragraph 15.08 of the MMLR of Bursa Securities:

Director	Webinars/Conferences/Dialogues	Date
Datuk Dr. Roslan Bin A. Ghaffar	Webinar Series: Allowed Financial Assistance to Directors and Other Parties	30 September 2020
	KPMG's CEO webinar - Captains' Forum: Transformation Towards Recovery Session 3: Technology and Data	19 October 2020
Yeoh Jin Hoe	KPMG's CEO webinar - Captains' Forum: Transformation Towards Recovery Session 3: Technology and Data	19 October 2020
	TÜV Rheinland & Tricor's Webinar: Transforming Business Performance through Digitalization	21 October 2020
	Audit Committee Institute Virtual Roundtable 2020 Environmental, Social and Corporate Governance ("ESG") perspective: Managing Recovery and Resilience	12 November 2020
	Engagement Session on the IFRS Foundations Consultation Paper on Sustainability Reporting	13 November 2020

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Meetings and Time Commitment (continued)

Director	Webinars/Conferences/Dialogues	Date
Chee Khay Leong	TÜV Rheinland & Tricor's Webinar: Transforming Business Performance through Digitalization	21 October 2020
	Audit Committee Institute Virtual Roundtable 2020 ESG perspective: Managing Recovery and Resilience	12 November 2020
	Engagement Session on the IFRS Foundations Consultation Paper on Sustainability Reporting	13 November 2020
	Fraud Risk Management Workshop - Session 7	25 November 2020
	BDO Regional Tax Webinar Series on Effect of Covid-19 on Investments	9 December 2020
Gong Wooi Teik	Tax Audit & Investigation	7 July 2020
	Modified Audit Report	9 October 2020
	How to Apply Various Impairment Models to Different Classes of Assets	2 November 2020
	Seminar Percukaian Kebangsaan 2020	12 November 2020
Tee Keng Hoon	Violations of the Companies Act 2016: Oversights by Directors and Secretaries	2 September 2020
Keith Christopher Yeoh Min Kit	TÜV Rheinland & Tricor's Webinar: Transforming Business Performance through Digitalization	21 October 2020
	Audit Committee Institute Virtual Roundtable 2020 ESG perspective: Managing Recovery and Resilience	12 November 2020
	Engagement Session on the IFRS Foundations Consultation Paper on Sustainability Reporting	13 November 2020
	Fraud Risk Management Workshop - Session 8	1 December 2020
	BDO Regional Tax Webinar Series on Effect of Covid-19 on Investments	9 December 2020
Tan Kim Seng	Violations of the Companies Act 2016: Oversights by Directors and Secretaries	2 September 2020
	Audit Committee Institute Virtual Roundtable 2020 ESG perspective: Managing Recovery and Resilience	12 November 2020
Tuan Ngah @ Syed Ahmad Bin Tuan Baru	TÜV Rheinland & Tricor's Webinar: Transforming Business Performance through Digitalization	21 October 2020
	Audit Committee Institute Virtual Roundtable 2020 ESG perspective: Managing Recovery and Resilience	12 November 2020
	BDO Regional Tax Webinar Series on Effect of Covid-19 on Investments	9 December 2020

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Suitability and Independence of External Auditors

BDO PLT, the External Auditors' report to the ARMC in respect of their audit on each year's statutory financial statements and on matters that require the ARMC's attention.

At least twice a year, the ARMC will have a separate session with the External Auditors without the presence of the Group MD, President cum CEO and the Management.

The External Auditors are required to declare their independence annually to the ARMC as specified by the By-Laws issued by the Malaysian Institute of Accountants. The External Auditors provided the declaration in their annual audit plan presented to the ARMC of the Company.

Sound Risk Management Framework

The Board recognises the importance of a sound risk management framework and internal control system in order to safeguard the Group's assets and therefore, shareholders' investments in the Group.

The Board affirms its overall responsibility for the Group's system of internal controls. This includes reviewing the adequacy and integrity of financial, operational and compliance controls and risk management procedures within an acceptable risk profile. Since certain risks and threats are externally driven, unforeseen and beyond the Group's control, the system can only provide reasonable assurance against misstatement or loss.

The Board has put in place an ongoing process for identifying, evaluating and managing significant risks faced by the Group.

Internal Audit Function

The internal audit function are set out in the ARMC Report on page 46 of this Annual Report.

The key features of the Risk Management Framework are set out in the Directors' Statement on Risk Management and Internal Controls on pages 49 to 52 of this Annual Report.

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

Compliance with Applicable Financial Reporting Standards

The Board takes responsibility for presenting a balanced and understandable assessment of the Group's operations and prospects each time it releases its quarterly and annual financial statements to shareholders. The ARMC reviews the information to be disclosed to ensure its accuracy and adequacy.

A statement by Directors of their responsibilities in preparing the financial statements is set out on page 53 of this Annual Report.

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

Investors Relations and Shareholders Communication

The Company recognises the importance of effective and timely communication with shareholders and investors to keep them informed of the Group's latest financial performance and material business/corporate matters affecting the Company. Such information is available to shareholders and investors through the Annual Reports, the various disclosures and announcements made to Bursa Securities and the Company's website at *www.boxpak.com.my*.

The AGM provides the principal platform for dialogue and interactions with the shareholders. Notice of the AGM and related papers thereto are sent to the shareholders at least 28 days before the meeting to facilitate easy review by the shareholders. In respect of items on special business, the notice of meeting will be accompanied by a full explanation of the effects of the proposed resolution.

Question and Answer session will be allowed during the proceedings of the AGM wherein the Directors, Company Secretaries and the External Auditors will be available to answer to the queries raised by the shareholders. A full explanation for each resolution proposed at the AGM will usually be provided by the Chairman before the resolution is put to the vote.

Separate issues are tabled in separate resolutions at the AGM, voting is carried systematically and motions carried through are properly recorded. In accordance with Paragraph 8.29A(1) of the MMLR of Bursa Securities, poll voting will continue to be carried out at the Forty-Seventh AGM of the Company to be held in June 2021.

Leverage on Information Technology for Effective Dissemination of Information

The Company's website at *www.boxpak.com.my* facilitates effective dissemination of latest and up-to-date information pertaining to the Company to the investors and general public.

This Annual Report, Circular to Shareholders, Notice of AGM and other AGM related documents will be made available on the Company's website at *www.boxpak.com.my* or shareholders may request for the printed copy of the same from the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. ("TIIH"). A notification in respect of the availability of the aforesaid documents will be sent via email to shareholders with email address and via ordinary mail to the other shareholders.

Shareholders also have the option to submit to the Company's Share Registrar, TIIH, their proxy forms either in hard copy or by electronic form via TIIH Online pursuant to Clause 76 of the Constitution of the Company.

COMPLIANCE WITH MCCG

The Board considers that the Company has complied with the provisions and applied the key principles of the MCCG throughout the FYE 2020 except for the practice below where the explanation for departure is disclosed in the Corporate Governance Report:

Practice 7.2: The Board discloses on a named basis the top 5 Senior Management's remuneration component including salary, bonus, benefits-in-kind and other emoluments in bands of RM50,000.

The Board has reviewed, deliberated and approved this Corporate Governance Overview Statement by way of a resolution of the Board dated 6 April 2021. The Board is satisfied that this Corporate Governance Overview Statement provides the information necessary to enable shareholders to evaluate how the MCCG has been applied and obligations are fulfilled under the MCCG and MMLR of Bursa Securities throughout the FYE 2020 by the Company, save for the exception as disclosed above.

The Corporate Governance Overview Statement is to be read in conjunction with the Corporate Governance Report for the FYE 2020 which is made available at the Company's website at *www.boxpak.com.my*.

MEMBERSHIP AND MEETINGS

The Audit and Risk Management Committee ("ARMC") comprises 3 members, all of whom are Independent Non-Executive Directors:

Gong Wooi Teik *(Chairman/Independent Non-Executive Director)*
Tee Keng Hoon *(Member/Senior Independent Non-Executive Director)*
Tuan Ngah @ Syed Ahmad Bin Tuan Baru *(Member/Independent Non-Executive Director)*

During the financial year ended 31 December 2020 ("FYE 2020"), the ARMC convened 4 meetings and full attendances of the members were recorded at all the 4 meetings.

The details of the term of reference of the ARMC are available on the website *www.boxpak.com.my*.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION AND THE ARMC DURING THE FYE 2020

Internal Audit Function

The Group has an Internal Audit Department with the principal responsibility to undertake regular and systematic reviews of the systems of internal controls to provide reasonable assurance that such systems continue to operate effectively and efficiently.

The following activities were carried out by Internal Audit Department in the FYE 2020:

- Conducted periodic checks to determine the extent of compliance with established policies, procedures and statutory requirements.
- Carried out ad-hoc investigations and special reviews requested by Management.
- Recommended improvements to the existing systems of controls by ways of issuing audit reports to the appropriate level of Management for corrective and improvement actions to be taken.
- Reviewed the related party transactions and conflict of interest situations that may arise within the Group including any transaction, procedure or course of conduct that raises questions of Management's integrity.
- Prepared the Internal Audit Budget and Headcount for the year 2021.
- Prepared the Group Internal Audit Plan for approval of the ARMC. The Group Internal Audit Plan sets out the scope of work for Internal Audit Department for the year 2021.
- Reviewed the Group's compliance with Covid-19 Standard Operating Procedures ("SOP") issued by Ministry of International Trade and Industry, Malaysia ("MITI").
- Reviewed action plan established to manage anti-bribery and corruption risk.
- Prepared the ARMC Report and Statement of Risk Management and Internal Control for year 2020.

The total costs incurred by the Internal Audit Department for the FYE 2020 were RM288,797.

All internal audit activities were conducted by the in-house audit team.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION AND THE ARMC DURING THE FYE 2020 (continued)

Summary of Activities of the ARMC

During the FYE 2020, the main activities undertaken by the ARMC were as follows:

- Reviewed and recommended the ARMC Report and Statement on Risk Management and Internal Control for the Annual Report 2019 to the Board of Directors ("Board") for its consideration and approval.
- Reviewed and recommended the audited Financial Statements of the Group and of the Company ("FS") for the FYE 2019 to the Board for its consideration and approval. The review was to ensure that the audited FS for FYE 2019 were drawn up accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 2016.
- Reviewed the recurrent related party transactions of a revenue or trading nature entered into by the Company and the Group, and the draft circular to seek shareholders' mandate in respect thereof.
- Reviewed with the External Auditors, their scope of work and audit planning in respect of the audit of the financial statements for FYE 2020.
- Reviewed the results of the external audit, the audit report and the Management letter, including Management's response.
- Held private sessions with the External Auditors without the presence of Management in February 2020 and November 2020.
- Reviewed the announcements of the unaudited quarterly financial results of the Group prior to the Board's approval with particular focus on:
  - compliance with accounting standards and regulatory requirements; and
  - the Group's accounting policies and procedures.
- Reviewed the Group's compliance with the MMLR of Bursa Securities, financial reporting standards and other relevant legal and regulatory requirements.
- Reviewed with the Internal Auditors, their scope of work and audit plan for the year 2021.
- Reviewed the risk management reports and quarterly internal audit reports presented by the Internal Auditors on their findings, recommendations and discussion with Senior Management to ensure that appropriate and timely measures have been taken to improve the internal control systems.
- Reviewed and approved the Internal Audit Budget and Headcount for the year 2021.
- Reviewed and recommended the 2021 Group Budget to the Board for its consideration and approval.
- Discussed the findings and key takeaways of the thematic review of the Internal Audit function of the Company by Bursa Securities vide its letter dated 21 October 2020 addressed to the Chairman of the ARMC.

This Report is made in accordance with a resolution of the Board dated 6 April 2021.

OTHER COMPLIANCE INFORMATION

AUDIT AND NON-AUDIT FEES PAID/PAYABLE

During the financial year ended 31 December 2020, the amount of audit and non-audit fees paid/payable by Box-Pak (Malaysia) Bhd. ("the Company") and its subsidiaries (collectively, "the Group") to the External Auditors, BDO PLT and its affiliates for services rendered to the Group and the Company were as follows:

Type of fees	Group RM	Company RM
Audit fees	243,850	90,000
Non-audit fees	5,000	5,000

MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiaries involving Directors' or major shareholders' interests that were still subsisting at the end of the financial year or since then.

For information on recurrent related party transactions of a revenue or trading nature, please refer to Note 31 to the financial statements.

The Board of Directors ("Board") of Box-Pak is responsible for maintaining a sound system of internal control in the Company and its subsidiaries ("Group") and is pleased to provide the following Statement on Risk Management and Internal Control ("Statement"), which outlines the nature and scope of risk management and internal control systems of the Group during the financial year ended 31 December 2020 ("FYE 2020"). This Statement is issued pursuant to Paragraph 15.26(b) of the Main Market Listing Requirement ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD RESPONSIBILITIES

The Board recognises the importance of good corporate governance. The Board is responsible for the Group's internal control and risk management systems to safeguard shareholders' investment and the Group's assets as well as reviewing the adequacy and effectiveness of the said systems. This responsibility is delegated to the Audit and Risk Management Committee ("ARMC") which is empowered by its terms of reference to seek assurance on the adequacy and integrity of the internal control system through independent reviews carried out by the internal audit function and through engagement with Management. Management is responsible for assisting the Board in implementing and monitoring the procedures and processes which identify, assess and monitor business risks and internal controls, and to take responsive corrective action as and when needed.

The Board has received assurance from the Group Managing Director, President cum Group Chief Executive Officer ("CEO"), and Group Chief Financial Officer ("CFO") that the Group's risk management and internal control systems have operated adequately and effectively for FYE 2020 in all material aspects. The assurance has been given based on the internal controls established and maintained by the Group, work performed and reports provided by the internal audit function, management letters provided by external auditors, reviews performed by Management and various Board Committees as well as reliance on confirmations by Management.

The system of internal control is designed to manage rather than to eliminate all risks that may impede the achievement of the Group's business objectives. Therefore, the internal control system can only provide reasonable assurance and not absolute assurance against material misstatements or loss.

The Board has reviewed the effectiveness, adequacy and integrity of the system of risk management and internal controls in operation during the financial year through the monitoring process set out below. The Board is of the opinion that the internal controls and risk management systems were adequate for FYE 2020 to address the risks which the Group considers relevant and material to its operations.

RISK MANAGEMENT

In line with Malaysian Code of Corporate Governance 2017's new disclosure requirement, and in enhancing the Group's risk management and internal control framework, the Board established an ARMC. The ARMC wholly comprises Independent Directors.

Key aspects of the risk management framework are:

(a) The Group has also set-up a Risk Management Working Group ("RMWG") to assist the ARMC in establishing an enterprise risk management ("ERM") framework;
(b) The RMWG comprises the President cum CEO, the Group CFO (as Chairperson), Non-Independent Non-Executive Director, Director-Group Executive Management Office and the General Manager of the respective Business Divisions;
(c) The RMWG will conduct an annual review of the ERM framework and its processes;
(d) Any significant risk(s) that requires the Board's attention will be highlighted via the RMWG Report;
(e) Key risks highlighted in RMWG Report will be used by internal audit in developing internal audit plan; and
(f) Internal audit will carry out a yearly review of the effectiveness of ERM framework and report to the ARMC.

The Group, being ISO9001:2015 certified, has adopted a risk-based approach to identifying and managing operational risks at plant level. This further complemented the Group's ERM assessment that was carried out.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is performed by the Group Internal Audit Department. The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the Group's governance, risk management and internal controls.

The internal audit activity would govern itself by adhering to the Institute of Internal Auditors' International Professional Practices Framework ("IPPF"). In addition, the Group Internal Audit Department will maintain a quality assurance and improvement program that cover all aspects of the internal audit activity (including ongoing internal assessments and external assessments) in order to meet the IPPF standard requirements.

A Quality Assurance Review was carried out on the Group's Internal Audit function by a qualified independent consulting company in 2019. All recommendations made by the independent consultant have been taken into consideration by the Group's Internal Audit Department to upgrade themselves to conform to IPPF and to meet the expectations of Management as well as the ARMC.

For FYE 2020, internal audit reviews were carried out in accordance with the Group Internal Audit plan approved by the ARMC. Significant audit findings together with Management's responses and proposed corrective action plans were presented to ARMC. The internal audit also followed up and reported to the ARMC on whether the corrective action plans to address the control weaknesses have been satisfactorily implemented by Management.

During FYE 2020, internal audit also reviewed the Group's compliance with Covid-19 SOP issued by MITI. The internal audit also reviewed action plans established to manage anti-bribery and corruption risk.

There were no material losses incurred during the financial year under review as a result of weaknesses in internal control. The Group has complied with the relevant legislation and regulations. Management continues to be vigilant and take the necessary measures to strengthen the internal control environment from time to time.

Based on internal audit reviews carried out, none of the weaknesses noted have resulted in any materials losses, contingencies or uncertainties that would require separate disclosure in this Annual Report.

There were a total of 8 auditors in the Internal Audit Department as at FYE 2020 (FYE 2019: 6). Recruitment will be done on a need basis, depending on the quantum and scope of work required and planned.

None of the internal auditors has family relationship with any Director and/or major shareholder of the Company.

The total costs incurred in maintaining the internal audit function for FYE 2020 were RM288,797.

INTERNAL CONTROL

The key elements of the Group's internal control system are described below:

(a) Organisation Structure and Authorisation Procedures

The Group maintains a formal organisation structure. Delegation of authority including authorisation limits at various level of management and those requiring Board's approval are documented and designed to ensure accountability and responsibility.

(b) Documented Policies and Procedures

Clearly defined policies and procedures are in place, where applicable, and are regularly updated to reflect changing risks or to address operational deficiencies. There is an Anti-Corruption Policy in the Group. Annual declaration by managerial and key employees to uphold the principles of integrity, zero tolerance for bribery and corruption and avoidance of personal conflict of interest for the Group's business dealings was also carried out and documented.

INTERNAL CONTROL (continued)

The key elements of the Group's internal control system are described below (continued):

(c) Planning, Monitoring and Reporting

The Group has an annual planning and budgeting process where financial budget and capital expenditure proposal are approved by the Board.

Actual performances against budget are monitored closely by the Management; and updates on the Group's performances are provided to the Board periodically.

(d) Human Resource and Code of Conduct Policies

There are documented policies and guidelines within the Group covering hiring and termination of employee, training program and performance appraisal to enhance the level of employees' competency in carrying out their duties and responsibilities. The Group has in place a Code of Conduct which is applied to the Group's management employees. The Code of Conduct defines rules of conduct and is structured as follows:

- compliance with laws and regulations;
- prevention of conflicts of interest;
- safeguarding of the Group's intellectual property and assets; and
- financial disclosure and importance of internal control implementation.

(e) Insurance

Sufficient insurance coverage and physical safeguards on major assets are in place to ensure the Group's assets are adequately covered against any mishap that could result in material loss. A yearly policy renewal exercise is undertaken by Management to review the coverage based on the current Fixed Assets Register and the respective net book values and "replacement values", i.e. the prevailing market price for the same or similar item, where applicable.

(f) ISO Audit

As per requirement of the various ISO certifications, the scheduled audits are conducted internally as well as by various external certification bodies. Issues arising from these audits are forwarded to the Group Managing Director and President cum CEO for review.

(g) Internal Audit

The annual risk-based Group Internal Audit Plan is reviewed and approved by the ARMC before the beginning of each year. The objectives of the said Internal Audit Plan is to ensure, through regular internal audit reviews, that the Group's policies and procedures are being complied with in order to provide assurance on the adequacy and effectiveness of the Group's system of internal controls. Follow-up reviews on previous audit reports are carried out to ensure that appropriate actions are taken to address highlighted internal control weaknesses.

(h) ARMC

The ARMC wholly comprises Independent Non-Executive members of the Board and provides direction and oversight over the internal audit function to enhance its independence from Management. The ARMC meets quarterly to review external audit findings, internal audit findings, discuss internal control issues and ensures that weaknesses in controls highlighted are appropriately addressed by Management.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of MMLR of Bursa Securities, the External Auditors have reviewed this Statement on Risk Management and Internal Control, and reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control intended to be included in the Annual Report for FYE 2020 has not been prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is the Statement on Risk Management and Internal Control factually inaccurate.

Their limited assurance review was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and AAPG 3 *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants which does not require the External Auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

CONCLUSION

The Board is of the view that the risk management and internal control systems are satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosures in this Annual Report.

This Statement is made in accordance with a resolution of the Board on 6 April 2021.

RESPONSIBILITY STATEMENT BY THE BOARD OF DIRECTORS

Directors are legally responsible to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year.

In preparing those financial statements, the Directors ensured that:

- they complied with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and Companies Act 2016 ("the Act");
- appropriate accounting policies are used and applied consistently;
- the going concern basis used in the preparation of the financial statements are appropriate; and
- where judgements and estimates are made, they are reasonable and prudent.

The Directors are responsible to ensure that proper accounting records are kept and disclosed with reasonable accuracy the financial position of the Group and of the Company and to ensure that the financial statements comply with MFRS, IFRS, the Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors have a general responsibility for taking such steps as are reasonably opened to them to manage risks associated to the business of the Group, safeguard the Group's assets to prevent and detect fraud and other irregularities. In this aspect, the Directors have received reasonable assurance from the Group Managing Director, President cum Chief Executive Officer and the Group Chief Financial Officer that proper internal controls are in place throughout the financial year ended 31 December 2020 for these purposes.

This Statement is made in accordance with a resolution of the Board dated 6 April 2021.

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of Box-Pak (Malaysia) Bhd. ("the Company") group of companies ("the Group") and of the Company for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Company are manufacture and distribution of paper boxes, cartons, general paper and board printing and investment holding. The principal activities and details of the subsidiaries are disclosed in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year, attributable to owners of the parent	11,948,300	2,112,614

DIVIDEND

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

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year except as disclosed in Note 17 to the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

ISSUE OF WARRANTS 2017/2022

The Company had previously in financial year 2017 issued 15,005,861 free detachable warrants ("Warrants") pursuant to the Rights Issue with Warrants on the basis of 1 Warrant for every 4 Rights Shares subscribed. The Warrants were constituted by a Deed Poll executed on 3 February 2017.

The Warrants were listed on Bursa Malaysia Securities Berhad on 21 March 2017 and the salient features of the Warrants are disclosed in Note 17(c) to the financial statements.

The number of Warrants unexercised at the end of the reporting period comprises 15,005,861 Warrants. The Warrants will expire on 13 March 2022.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year.

DIRECTORS OF BOX-PAK (MALAYSIA) BHD.

The Directors who have held office during the financial year and up to the date of this report are as follows:

Datuk Dr. Roslan Bin A. Ghaffar
Yeoh Jin Hoe
Chee Khay Leong
Tan Kim Seng
Keith Christopher Yeoh Min Kit
Gong Wooi Teik
Tee Keng Hoon
Tuan Ngah @ Syed Ahmad Bin Tuan Baru

DIRECTORS OF SUBSIDIARIES OF BOX-PAK (MALAYSIA) BHD.

Pursuant to Section 253(2) of the Companies Act 2016, the Directors of the subsidiaries of Box-Pak (Malaysia) Bhd. during the financial year and up to the date of this report are:

Yeoh Jin Hoe
Marc Francis Yeoh Min Chang
Chee Khay Leong
Ooi Teik Huat
Nur Aisyah Wong @ Wong Wai Yin (Huang Huiyan)
Chew Hock San

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares and warrants of the Company and of its related corporations during the financial year ended 31 December 2020 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	[----------------- Number of ordinary shares		-----------------]
	At 1.1.2020	**Additions**	**Disposals**	**At 31.12.2020**
Shares in the Company				
<u>Direct interest:</u>				
Tan Kim Seng	24,000	–	–	24,000
<u>Indirect interests:</u>				
Yeoh Jin Hoe	66,016,121#	–	–	66,016,121#
Tan Kim Seng	405,000£	–	–	405,000£

DIRECTORS' INTERESTS (continued)

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares and warrants of the Company and of its related corporations during the financial year ended 31 December 2020 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows (continued):

	Number of Warrants 2017/2022			
	At 1.1.2020	**Granted**	**Exercised**	**At 31.12.2020**
Warrants in the Company				
Direct interest:				
Tan Kim Seng	3,000	–	–	3,000
Indirect interests:				
Yeoh Jin Hoe	8,276,530#	–	–	8,276,530#
Tan Kim Seng	25,000£	–	–	25,000£

	Number of ordinary shares			
	At 1.1.2020	**Additions**	**Disposals**	**At 31.12.2020**
Interests in the ultimate holding company, Can-One Berhad ("Can-One")				
Direct interests:				
Yeoh Jin Hoe	7,505,700	–	–	7,505,700
Chee Khay Leong	2,054,100	–	–	2,054,100
Tan Kim Seng	2,500,000	200,000	–	2,700,000
Indirect interest:				
Yeoh Jin Hoe	45,157,281*	435,700	–	45,592,981*

\# *Deemed interest through Kian Joo Can Factory Berhad, the wholly-owned subsidiary company of Can-One International Sdn. Bhd. which in turn is wholly-owned by Can-One.*

£ *Deemed interest through his spouse.*

* *Deemed interest through his holding of more than 20% voting shares in Eller Axis Sdn. Bhd., which in turn holds more than 20% voting shares in Can-One, the holding company of Can-One International Sdn. Bhd..*

Yeoh Jin Hoe, by virtue of his interests in the ultimate holding company and the Company, is also deemed to be interested in the ordinary shares of all the subsidiaries of the ultimate holding company and the Company to the extent the ultimate holding company or the Company has an interest.

Save for the aforesaid Directors above, none of the other Directors holding office at the end of the financial year held any interest in the ordinary shares and warrants of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) 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, except as disclosed in Note 31 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, except for the warrants issued as disclosed in Note 17(c) to the financial statements.

DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed in Note 31(c) to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company maintains a corporate liability insurance, which provides appropriate insurance cover for the Directors and officers of the Group throughout the financial year. The amount of insurance premium paid by the Company for the financial year 2020 was RM11,604.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there are no known bad debts to be written off and that adequate provision had been made for doubtful debts; and

   (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

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

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

(i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;

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

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

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of 12 months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in the report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Significant event during the financial year is disclosed in Note 37 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Significant event subsequent to the end of the reporting period is disclosed in Note 38 to the financial statements.

HOLDING COMPANIES

The Directors regard Can-One Berhad, Can-One International Sdn. Bhd. and Kian Joo Can Factory Berhad, all of which are incorporated in Malaysia, as the ultimate, penultimate and immediate holding companies respectively. Can-One Berhad is listed on the Main Market of Bursa Malaysia Securities Berhad.

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

Details of the auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 December 2020 are disclosed in Note 27 to the financial statements.

Signed on behalf of the Board of Directors ("Board") in accordance with a resolution of the Board.

Yeoh Jin Hoe
Director

Chee Khay Leong
Director

Kuala Lumpur
6 April 2021

STATEMENT BY DIRECTORS

We, Yeoh Jin Hoe and Chee Khay Leong, being 2 of the Directors of Box-Pak (Malaysia) Bhd., state that, in the opinion of the Directors, the accompanying financial statements set out on pages 67 to 136 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board

Yeoh Jin Hoe
Director

Chee Khay Leong
Director

Kuala Lumpur
6 April 2021

STATUTORY DECLARATION

I, Ooi Teik Huat (CA 21851), being the officer primarily responsible for the financial management of Box-Pak (Malaysia) Bhd., do solemnly and sincerely declare that the financial statements set out on pages 67 to 136 are, to the best of my knowledge and belief, 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 abovenamed at)
Kuala Lumpur this)
6 April 2021)

Ooi Teik Huat

Before me:

Abdul Shukor Md Noor
(No. W725)
Commissioner for Oaths
Kuala Lumpur

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Box-Pak (Malaysia) Bhd., which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 67 to 136.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial 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.

1. Impairment assessment on the carrying amounts of property, plant and equipment and right-of-use assets

As stated in Note 5(d) and Note 6.2(e) to the financial statements, the Company and certain subsidiaries have impairment indicators and they collectively held RM147.4 million in carrying amount of property, plant and equipment and RM29.7 million in carrying amount of right-of-use assets as at 31 December 2020. As such, the management has performed impairment assessments on these Cash Generating Units ("CGUs").

We determined this to be a key audit matter because it requires management to exercise significant judgements and estimates about the future results and key assumptions applied to the probability weighted expected cash flow projections of the CGUs in determining their recoverable amounts. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rates, which are, among others, dependent on forecasted economic conditions affected by the 2019 Novel Coronavirus infection ("COVID-19") pandemic. In addition, the impairment assessment performed by management, where the value-in-use model is used, is complex.

Key Audit Matters (continued)

1. Impairment assessment on the carrying amounts of property, plant and equipment and right-of-use assets (continued)

Audit response

Our audit procedures, with the involvement of component auditors, included the following:

(a) compared cash flow projections against recent performance and assessed and evaluated the key assumptions used in the probability weighted expected cash flow projections by comparing to actual historical operating profit margins and growth rates;

(b) compared prior period budgets to actual outcomes to assess reliability of management's forecasting process;

(c) assessed appropriateness of pre-tax discount rates used for each CGU by comparing to the weighted average cost of capital of the Group and adjusted for specific risks relating to the CGUs incorporating the impact of the COVID-19 pandemic; and

(d) performed sensitivity analysis to stress test the key assumptions in the impairment model.

2. Recoverability of trade receivables

As at 31 December 2020, gross trade receivables of the Group and the Company were RM144.7 million and RM9.6 million respectively, as disclosed in Note 12 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgements in determining the probability of default by trade receivables and appropriate forward-looking information, incorporating the impact of the COVID-19 pandemic.

Audit response

Our audit procedures, with the involvement of component auditors, included the following:

(a) recomputed the probability of default using historical data and forward-looking information adjustment, incorporating the impact of the COVID-19 pandemic, applied by the Group and the Company;

(b) recomputed the correlation coefficient between the macroeconomic indicators, used by the Group and the Company, and historical losses to determine the appropriateness of the forward-looking information used by the Group and the Company;

(c) inquired management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses; and

(d) evaluated the basis used by management for determining cash flows recoverable in credit impaired scenarios.

Key Audit Matters (continued)

3. Impairment assessment on investments in subsidiaries

As stated in Note 8(c) to the financial statements, certain subsidiaries have impairment indicators and the carrying amount of investments in these subsidiaries amounted to RM115.2 million as at 31 December 2020. As such, management has performed impairment assessments on these CGUs.

We determined this to be a key audit matter because it requires management to exercise significant judgements and estimates about the future results and key assumptions applied to the probability weighted expected cash flow projections of the CGUs in determining their recoverable amounts. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rates, which are, among others, dependent on forecasted economic conditions affected by the COVID-19 pandemic. In addition, the impairment assessment performed by management, where the value-in-use model is used, is complex.

Audit response

Our audit procedures included the following:

(a) compared cash flow projections against recent performance and assessed and evaluated the key assumptions used in the probability weighted expected cash flow projections by comparing to actual historical operating profit margins and growth rates;

(b) compared prior period budgets to actual outcomes to assess reliability of management's forecasting process;

(c) assessed appropriateness of pre-tax discount rates used for each CGU by comparing to the weighted average cost of capital of the Group and adjusted for specific risks relating to the CGUs incorporating the impact of the COVID-19 pandemic; and

(d) performed sensitivity analysis to stress test the key assumptions in the impairment model.

4. Impairment of amounts due from subsidiaries

As at 31 December 2020, gross amounts due from subsidiaries of the Company amounted to RM25.8 million, as disclosed in Note 13 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgements in determining the probability of default by subsidiaries, appropriate forward-looking information and significant increase in credit risk, incorporating the impact of the COVID-19 pandemic.

Audit response

Our audit procedures included the following:

(a) assessed probability of default applied by the Company against external market source of data, incorporating the impact of the COVID-19 pandemic;

(b) assessed the appropriateness of the indicators of significant increase in credit risk applied by the management and the resultant basis for classification of exposure into respective stages; and

(c) assessed actual loss events subsequent to the end of reporting period, if any, for its relationship with the indicators of significant increase in credit risk applied by management.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BOX-PAK (MALAYSIA) BHD.
(INCORPORATED IN MALAYSIA)

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the 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 the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

(b) 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 and the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BOX-PAK (MALAYSIA) BHD.
(INCORPORATED IN MALAYSIA)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

Other Matters

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

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Koo Swee Lin
03281/08/2022 J
Chartered Accountant

Kuala Lumpur
6 April 2021

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	**285,829,006**	307,683,786	**25,259,424**	26,159,107
Right-of-use assets	6	**62,290,479**	63,189,419	**17,922,860**	18,110,568
Intangible assets	7	**621,869**	1,004,679	**276,474**	1
Investments in subsidiaries	8	**–**	–	**133,985,586**	133,985,586
Deferred tax assets	9	**205,000**	228,522	**205,000**	205,000
Other assets	10	**783,755**	922,309	**–**	–
		349,730,109	373,028,715	**177,649,344**	178,460,262
Current assets					
Inventories	11	**71,107,686**	73,236,270	**9,406,161**	13,369,216
Trade and other receivables	12	**157,175,736**	155,746,741	**7,677,045**	14,315,605
Other assets	10	**1,860,942**	518,680	**914,338**	305,562
Amounts due from subsidiaries	13	**–**	–	**24,318,923**	26,994,756
Current tax assets		**10,480**	241,728	**6,250**	238,328
Short term funds	14	**13,884,061**	4,239,010	**7,938,972**	2,235,410
Cash and bank balances	15	**30,380,161**	22,896,175	**5,115,719**	3,795,780
		274,419,066	256,878,604	**55,377,408**	61,254,657
TOTAL ASSETS		**624,149,175**	629,907,319	**233,026,752**	239,714,919

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020 (continued)

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	16	**167,362,903**	167,362,903	**167,362,903**	167,362,903
Other reserves	17	**12,078,695**	16,176,334	**6,056,366**	6,056,366
Retained earnings		**64,832,092**	52,674,020	**24,972,532**	22,650,146
TOTAL EQUITY		**244,273,690**	236,213,257	**198,391,801**	196,069,415
LIABILITIES					
Non-current liabilities					
Retirement benefit obligations	18	**1,132,253**	1,245,651	**1,132,253**	1,245,651
Deferred tax liabilities	9	**844,919**	875,408	**–**	–
Loans and borrowings	19	**61,177,361**	84,178,539	**–**	–
Lease liabilities	6	**2,538,512**	2,655,025	**343,606**	286,323
Other payables	20	**21,357,328**	22,515,980	**–**	–
Derivative financial liabilities	21	**1,675,840**	1,458,901	**–**	–
		88,726,213	112,929,504	**1,475,859**	1,531,974
Current liabilities					
Provisions	22	**8,644**	4,332	**8,644**	4,332
Retirement benefit obligations	18	**–**	134,100	**–**	134,100
Current tax liabilities		**1,371,849**	1,366,811	**–**	–
Loans and borrowings	19	**142,243,457**	153,570,793	**21,648,828**	32,096,221
Lease liabilities	6	**4,468,917**	3,149,368	**340,734**	265,365
Trade and other payables	20	**141,715,731**	121,890,752	**11,160,886**	9,613,512
Derivative financial liabilities	21	**1,340,674**	648,402	**–**	–
		291,149,272	280,764,558	**33,159,092**	42,113,530
TOTAL LIABILITIES		**379,875,485**	393,694,062	**34,634,951**	43,645,504
TOTAL EQUITY AND LIABILITIES		**624,149,175**	629,907,319	**233,026,752**	239,714,919

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

STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		Group		Company	
	Note	**2020 RM**	**2019 RM**	**2020 RM**	**2019 RM**
Revenue	23	**650,860,198**	647,468,809	**83,152,930**	90,290,165
Cost of sales		**(577,474,583)**	(593,115,907)	**(71,907,662)**	(80,745,672)
Gross profit		**73,385,615**	54,352,902	**11,245,268**	9,544,493
Interest income	24	**46,554**	270,282	**719,903**	1,191,192
Other operating income	25	**1,846,427**	3,288,654	**1,291,304**	3,574,132
Administrative expenses		**(36,161,994)**	(39,808,662)	**(9,735,426)**	(14,572,020)
Selling and marketing expenses		**(11,982,953)**	(11,177,048)	**(74,158)**	(107,522)
Finance costs	26	**(11,428,879)**	(15,210,251)	**(1,328,246)**	(2,468,372)
Profit/(Loss) before tax	27	**15,704,770**	(8,284,123)	**2,118,645**	(2,838,097)
Tax expense	29	**(3,756,470)**	(2,223,404)	**(6,031)**	(4,284)
Profit/(Loss) for the financial year		**11,948,300**	(10,507,527)	**2,112,614**	(2,842,381)
Profit/(Loss) for the financial year attributable to owners of the parent		**11,948,300**	(10,507,527)	**2,112,614**	(2,842,381)

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Profit/(Loss) for the financial year		**11,948,300**	(10,507,527)	**2,112,614**	(2,842,381)
Other comprehensive (loss)/income					
Items that may be reclassified to profit or loss in subsequent periods:					
Foreign currency translations		**(3,188,428)**	(1,770,541)	**–**	–
Fair value loss on cash flow hedge		**(909,211)**	(1,531,335)	**–**	–
Item that may not be reclassified to profit or loss in subsequent periods:					
Re-measurement of net retirement benefit obligations	18	**209,772**	–	**209,772**	–
Total other comprehensive (loss)/income for the financial year, net of tax		**(3,887,867)**	(3,301,876)	**209,772**	–
Total comprehensive income/(loss) for the financial year		**8,060,433**	(13,809,403)	**2,322,386**	(2,842,381)
Total comprehensive income/(loss) attributable to owners of the parent:		**8,060,433**	(13,809,403)	**2,322,386**	(2,842,381)
Profit/(Loss) per ordinary share attributable to owners of the parent (sen):					
Basic	30	**9.95**	(8.75)		
Diluted	30	**9.95**	(8.75)		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	[---- Non-distributable				----]	Distributable	
Group	**Share capital RM**	**Foreign currency translation reserve RM**	**Cash flow hedge reserve RM**	**Warrants reserve RM**	**Total other reserves RM**	**Retained earnings RM**	**Total equity RM**
Balance as at 1 January 2020	**167,362,903**	**12,227,271**	**(2,107,303)**	**6,056,366**	**16,176,334**	**52,674,020**	**236,213,257**
Profit for the financial year	**–**	**–**	**–**	**–**	**–**	**11,948,300**	**11,948,300**
Other comprehensive (loss)/income, net of tax	**–**	**(3,188,428)**	**(909,211)**	**–**	**(4,097,639)**	**209,772**	**(3,887,867)**
Total comprehensive (loss)/income for the financial year	**–**	**(3,188,428)**	**(909,211)**	**–**	**(4,097,639)**	**12,158,072**	**8,060,433**
Balance as at 31 December 2020	**167,362,903**	**9,038,843**	**(3,016,514)**	**6,056,366**	**12,078,695**	**64,832,092**	**244,273,690**
Balance as at 1 January 2019	167,362,903	13,997,812	(575,968)	6,056,366	19,478,210	63,181,547	250,022,660
Loss for the financial year	–	–	–	–	–	(10,507,527)	(10,507,527)
Other comprehensive loss, net of tax	–	(1,770,541)	(1,531,335)	–	(3,301,876)	–	(3,301,876)
Total comprehensive loss for the financial year	–	(1,770,541)	(1,531,335)	–	(3,301,876)	(10,507,527)	(13,809,403)
Balance as at 31 December 2019	167,362,903	12,227,271	(2,107,303)	6,056,366	16,176,334	52,674,020	236,213,257

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Company	*[------ Non-distributable* Share capital RM	*------]* Warrants reserve RM	*Distributable* Retained earnings RM	Total equity RM
Balance as at 1 January 2020	**167,362,903**	**6,056,366**	**22,650,146**	**196,069,415**
Profit for the financial year	**–**	**–**	**2,112,614**	**2,112,614**
Other comprehensive income, net of tax	**–**	**–**	**209,772**	**209,772**
Total comprehensive income for the financial year	**–**	**–**	**2,322,386**	**2,322,386**
Balance as at 31 December 2020	**167,362,903**	**6,056,366**	**24,972,532**	**198,391,801**
Balance as at 1 January 2019	167,362,903	6,056,366	25,492,527	198,911,796
Loss for the financial year	–	–	(2,842,381)	(2,842,381)
Other comprehensive loss, net of tax	–	–	–	–
Total comprehensive loss for the financial year	–	–	(2,842,381)	(2,842,381)
Balance as at 31 December 2019	167,362,903	6,056,366	22,650,146	196,069,415

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

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		**649,888,264**	673,440,871	**90,817,428**	108,606,915
Payments to suppliers		**(588,271,989)**	(602,728,370)	**(73,026,286)**	(94,089,973)
Cash generated from operations		**61,616,275**	70,712,501	**17,791,142**	14,516,942
Interest paid		**(11,068,601)**	(14,953,833)	**(1,304,100)**	(2,451,621)
Tax paid		**(3,737,313)**	(1,177,224)	**(7,281)**	(5,000)
Tax refunded		**233,328**	2,157,628	**233,328**	2,153,628
Net cash from operating activities		**47,043,689**	56,739,072	**16,713,089**	14,213,949
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisitions of:					
- Property, plant and equipment	(a)	**(14,790,626)**	(21,400,496)	**(1,764,691)**	(2,649,099)
- Intangible assets	7	**(313,608)**	(990,169)	**(289,215)**	–
Income distribution from short term funds	25	**200,961**	98,472	**152,612**	61,251
Inter-company receipts/(repayments)		**21,316,652**	(889,661)	**2,258,806**	22,851,438
Interest received	24	**46,554**	270,282	**719,903**	1,191,192
Net change in short term funds		**(9,645,051)**	(3,236,816)	**(5,703,562)**	(1,233,216)
Proceeds from disposal of property, plant and equipment		**121,140**	107,523	**57,400**	61,900
Net cash (used in)/from investing activities		**(3,063,978)**	(26,040,865)	**(4,568,747)**	20,283,466

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Net repayments of trade facilities and revolving credit		**(10,450,549)**	(32,433,156)	**(10,447,393)**	(24,993,012)
Payments of lease liabilities	6	**(4,140,666)**	(2,941,815)	**(377,010)**	(238,250)
Repayments of term loans		**(21,369,407)**	(18,889,503)	**–**	(7,495,337)
Net cash used in financing activities		**(35,960,622)**	(54,264,474)	**(10,824,403)**	(32,726,599)
Net increase/(decrease) in cash and cash equivalents		**8,019,089**	(23,566,267)	**1,319,939**	1,770,816
Effect of exchange rate changes on cash and cash equivalents		**(71,775)**	128,971	**–**	–
Cash and cash equivalents at 1 January		**22,432,847**	45,870,143	**3,795,780**	2,024,964
Cash and cash equivalents at 31 December	15(a)	**30,380,161**	22,432,847	**5,115,719**	3,795,780

Note (a)

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Additions of property, plant and equipment	5	**(14,929,180)**	(22,032,310)	**(1,764,691)**	(3,368,799)
Net movement in prepayments for acquisition of property, plant and equipment		**138,554**	631,814	**–**	719,700
		(14,790,626)	(21,400,496)	**(1,764,691)**	(2,649,099)

Reconciliation of liabilities arising from financing activities

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Loans and borrowings*					
At 1 January		**237,286,004**	289,862,514	**32,096,221**	64,584,570
Cash flows		**(31,819,956)**	(51,322,659)	**(10,447,393)**	(32,488,349)
Non-cash flows					
Effect of foreign exchange		**(2,045,230)**	(1,253,851)	**–**	–
At 31 December	19	**203,420,818**	237,286,004	**21,648,828**	32,096,221
Lease liabilities					
At 1 January		**5,804,393**	4,945,275	**551,688**	264,343
Cash flows		**(4,140,666)**	(2,941,815)	**(377,010)**	(238,250)
Non-cash flows					
Additions of lease liabilities		**5,853,178**	3,544,380	**585,043**	508,844
Termination of lease contracts		**(563,255)**	–	**(99,527)**	–
Unwinding of interest		**360,278**	256,418	**24,146**	16,751
Lease concessions		**(313,519)**	–	**–**	–
Effect of foreign exchange		**7,020**	135	**–**	–
At 31 December	6.2	**7,007,429**	5,804,393	**684,340**	551,688

* *Loans and borrowings exclude bank overdraft.*

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

1. CORPORATE INFORMATION

Box-Pak (Malaysia) Bhd. (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company is located at Lot 4, Jalan Perusahaan Dua, 68100 Batu Caves, Selangor Darul Ehsan, Malaysia.

The Directors regard Can-One Berhad (“Can-One”), Can-One International Sdn. Bhd. and Kian Joo Can Factory Berhad, all of which are incorporated in Malaysia, as the ultimate, penultimate and immediate holding companies respectively. Can-One Berhad is listed on the Main Market of Bursa Malaysia Securities Berhad. Related companies in these financial statements refer to member companies within Can-One group of companies.

The consolidated financial statements for the financial year ended 31 December 2020 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution of the Board on 6 April 2021.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are manufacture and distribution of paper boxes, cartons, general paper and board printing and investment holding. The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements. There have been no significant changes in the nature of the principal activities of the Company and its subsidiaries during the financial year.

3. BASIS OF PREPARATION

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

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and amendments to MFRSs adopted during the financial year are set out in Note 35.1 to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements and on a going concern basis.

As of 31 December 2020, the current liabilities of the Group exceeded its current assets by RM16,730,206. The Group has positive cash flows from its business activities during the financial year and as at the end of the financial year, the Group has sufficient credit facilities in place to meet its operational requirements.

3. BASIS OF PREPARATION (continued)

In addition, the Group has carried out cash flows review for the next 12 months to ensure that the business operations have sufficient funds available to meet its obligations as and when they fall due.

The Directors are confident that the Group will continue to operate profitably and generate sufficient cash flows from operations in the foreseeable future and there was no material uncertainty as at the end of the reporting period on the going concern assumption in the preparation of financial statements.

The immediate holding company, Kian Joo Can Factory Berhad has indicated that it would provide continuous financial support to the Group so as to enable the Group to meet its obligations as and when they fall due and to operate as a going concern in the foreseeable future.

4. OPERATING SEGMENTS

(a) Business segments

The primary activities of the Group are in a single industry segment of manufacturing and distribution of paper boxes, cartons, general paper and board printing. Other reporting segment includes investment holding, which is not of a sufficient size to be reported separately.

Management monitors the operating results of the Group as a whole for the purpose of making decisions about resource allocation and performance assessment. Accordingly, the Group has only 1 reportable segment.

(b) Major customer

The Group does not have significant reliance on a single major customer, with whom the Group transacted 10% or more of its revenue during the financial year.

(c) The Group evaluates performance on the basis of profit or loss from operations before tax.

(d) Geographical information

The geographical information of the Group is based on the location of the assets of the Group. In presenting on the basis of geographical areas, segment revenue is based on the geographical location from which the sale transactions originated.

4. OPERATING SEGMENTS (continued)

(d) Geographical information (continued)

	Malaysia		Vietnam		Myanmar		Others		Adjustments and eliminations		Per consolidated financial statements	
	2020 RM	2019 RM	2020 RM	2019 RM	2020 RM	2019 RM	2020 RM	2019 RM	2020 RM	2019 RM	2020 RM	2019 RM
Revenue												
External customers	**176,782,414**	175,356,625	**458,604,953**	464,893,996	**15,472,831**	7,218,188	**-**	-	**-**	-	**650,860,198**	647,468,809
Inter-segment	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Total revenue	**176,782,414**	175,356,625	**458,604,953**	464,893,996	**15,472,831**	7,218,188	**-**	-	**-**	-	**650,860,198**	647,468,809
Results												
Depreciation and amortisation	**(8,804,394)**	(7,859,417)	**(19,187,974)**	(16,642,967)	**(5,365,821)**	(5,664,269)	**-**	-	**-**	-	**(33,358,189)**	(30,166,653)
Gain on fair value adjustments on derivative instruments	**-**	2,680,320	**-**	-	**-**	-	**-**	-	**-**	-	**-**	2,680,320
Impairment losses on:												
- trade receivables	**(2,494)**	(2,419,765)	**-**	(181,899)	**(7,953)**	-	**-**	-	**-**	-	**(10,447)**	(2,601,664)
- amounts due from subsidiaries	**(7,753)**	(30,879)	**-**	-	**-**	-	**-**	-	**7,753**	30,879	**-**	-
Interest income	**728,845**	1,241,113	**2,060,416**	941,033	**421**	116,360	**4,213,150**	4,421,223	**(6,956,278)**	(6,449,447)	**46,554**	270,282
Inventories written down	**(46,676)**	(94,849)	**(17,118)**	(13,392)	**(84,819)**	-	**-**	-	**-**	-	**(148,613)**	(108,241)
Reversal of impairment losses on trade receivables	**132,590**	41,352	**326,831**	-	**-**	-	**-**	-	**-**	-	**459,421**	41,352
Reversal of inventories written down	**137,196**	19,582	**-**	-	**-**	-	**-**	-	**-**	-	**137,196**	19,582
Segment profit/(loss)	**6,225,644**	(2,513,666)	**22,467,768**	9,529,339	**(14,191,287)**	(16,480,538)	**1,202,645**	1,180,742	**-**	-	**15,704,770**	(8,284,123)
Taxation	**(33,904)**	59,610	**(3,317,764)**	(1,858,089)	**-**	(424,925)	**(404,802)**	-	**-**	-	**(3,756,470)**	(2,223,404)

4. OPERATING SEGMENTS (continued)

(d) Geographical information (continued)

	Malaysia		Vietnam		Myanmar		Others		Adjustments and eliminations		Per consolidated financial statements	
	2020 RM	2019 RM	2020 RM	2019 RM	2020 RM	2019 RM	2020 RM	2019 RM	2020 RM	2019 RM	2020 RM	2019 RM
Assets:												
*Additions to non-current assets	**8,012,822**	8,492,578	**12,187,481**	6,772,435	**895,663**	11,301,846	**-**	-	**-**	-	**21,095,966**	26,566,859
Segment assets	**318,540,888**	321,034,015	**418,057,230**	411,744,441	**138,721,227**	145,875,429	**162,121,683**	165,255,694	**(413,496,853)**	(414,230,782)	**623,944,175**	629,678,797
Deferred tax assets											**205,000**	228,522
Total assets											**624,149,175**	629,907,319
Segment liabilities	**109,228,073**	118,244,244	**251,941,853**	262,232,769	**122,199,775**	115,147,118	**78,759,930**	81,027,517	**(183,099,065)**	(183,832,994)	**379,030,566**	392,818,654
Deferred tax liabilities											**844,919**	875,408
Total liabilities											**379,875,485**	393,694,062

*Additions to non-current assets consist of:

	2020 RM	2019 RM
Property, plant and equipment	**14,929,180**	22,032,310
Right-of-use assets	**5,853,178**	3,544,380
Intangible assets	**313,608**	990,169
	21,095,966	26,566,859

5. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold buildings RM	Plant, machinery and equipment RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Spare parts RM	Capital work-in-progress RM	Total RM
At 31 December 2020							
At cost							
At 1 January 2020	175,966,865	265,279,115	38,965,612	1,649,652	2,425,113	–	484,286,357
Additions	62,000	5,703,465	6,879,469	–	2,244,076	40,170	14,929,180
Disposals	–	(229,851)	–	(259,173)	–	–	(489,024)
Written off	–	–	(1,400)	–	–	–	(1,400)
Net usage for the year (Note b)	–	–	–	–	(1,846,661)	–	(1,846,661)
Reclassification	–	40,170	–	–	–	(40,170)	–
Other adjustment (Note c)	(3,127,893)	–	–	–	–	–	(3,127,893)
Exchange differences	(2,618,177)	(3,135,199)	(600,711)	(14,285)	(14,153)	–	(6,382,525)
At 31 December 2020	170,282,795	267,657,700	45,242,970	1,376,194	2,808,375	–	487,368,034
Accumulated depreciation							
At 1 January 2020	27,418,446	116,940,139	30,908,114	1,335,872	–	–	176,602,571
Depreciation charge for the financial year	4,124,364	15,472,114	7,519,402	114,726	–	–	27,230,606
Disposals	–	(66,804)	–	(259,173)	–	–	(325,977)
Written off	–	–	(933)	–	–	–	(933)
Exchange differences	(239,909)	(1,239,389)	(478,085)	(9,856)	–	–	(1,967,239)
At 31 December 2020	31,302,901	131,106,060	37,948,498	1,181,569	–	–	201,539,028
Net carrying amount							
At 31 December 2020	138,979,894	136,551,640	7,294,472	194,625	2,808,375	–	285,829,006

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Leasehold buildings RM	Plant, machinery and equipment RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Spare parts RM	Capital work-in-progress RM	Total RM
At 31 December 2019							
At cost							
At 1 January 2019	167,820,924	262,344,317	33,347,122	1,942,450	439,499	1,913,003	467,807,315
Additions	7,688,458	4,941,755	5,955,509	–	3,438,184	8,404	22,032,310
Disposals	–	(45,623)	–	(283,274)	–	–	(328,897)
Written off	–	–	(1,650)	–	–	–	(1,650)
Net usage for the year (Note b)	–	–	–	–	(1,452,570)	–	(1,452,570)
Reclassifications	1,913,003	8,404	–	–	–	(1,921,407)	–
Exchange differences	(1,455,520)	(1,969,738)	(335,369)	(9,524)	–	–	(3,770,151)
At 31 December 2019	175,966,865	265,279,115	38,965,612	1,649,652	2,425,113	–	484,286,357
Accumulated depreciation							
At 1 January 2019	23,204,224	101,572,145	26,895,089	1,436,077	–	–	153,107,535
Depreciation charge for the financial year	4,331,205	16,065,952	4,286,476	188,530	–	–	24,872,163
Disposals	–	(13,687)	–	(283,274)	–	–	(296,961)
Written off	–	–	(1,650)	–	–	–	(1,650)
Exchange differences	(116,983)	(684,271)	(271,801)	(5,461)	–	–	(1,078,516)
At 31 December 2019	27,418,446	116,940,139	30,908,114	1,335,872	–	–	176,602,571
Net carrying amount							
At 31 December 2019	148,548,419	148,338,976	8,057,498	313,780	2,425,113	–	307,683,786

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Leasehold buildings RM	Plant, machinery and equipment RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Spare parts RM	Total RM
At 31 December 2020						
At cost						
At 1 January 2020	21,659,944	48,710,943	2,764,312	666,839	540,038	74,342,076
Additions	62,000	426,778	324,897	–	951,016	1,764,691
Disposals	–	–	–	(207,868)	–	(207,868)
Written off	–	–	(1,400)	–	–	(1,400)
Net usage for the year (Note b)	–	–	–	–	(698,045)	(698,045)
At 31 December 2020	21,721,944	49,137,721	3,087,809	458,971	793,009	75,199,454
Accumulated depreciation						
At 1 January 2020	9,836,311	35,400,930	2,289,490	656,238	–	48,182,969
Depreciation charge for the financial year	490,739	1,333,585	130,937	10,601	–	1,965,862
Disposals	–	–	–	(207,868)	–	(207,868)
Written off	–	–	(933)	-	–	(933)
At 31 December 2020	10,327,050	36,734,515	2,419,494	458,971	–	49,940,030
Net carrying amount						
At 31 December 2020	11,394,894	12,403,206	668,315	–	793,009	25,259,424

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Leasehold buildings RM	Plant, machinery and equipment RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Spare parts RM	Total RM
At 31 December 2019						
At cost						
At 1 January 2019	21,618,714	46,601,882	2,691,858	950,113	198,297	72,060,864
Additions	41,230	2,109,061	74,104	–	1,144,404	3,368,799
Disposals	–	–	–	(283,274)	–	(283,274)
Written off	–	–	(1,650)	–	–	(1,650)
Net usage for the year (Note b)	–	–	–	–	(802,663)	(802,663)
At 31 December 2019	21,659,944	48,710,943	2,764,312	666,839	540,038	74,342,076
Accumulated depreciation						
At 1 January 2019	9,346,053	34,105,389	2,183,157	877,246	–	46,511,845
Depreciation charge for the financial year	490,258	1,295,541	107,983	62,266	–	1,956,048
Disposals	–	–	–	(283,274)	–	(283,274)
Written off	–	–	(1,650)	–	–	(1,650)
At 31 December 2019	9,836,311	35,400,930	2,289,490	656,238	–	48,182,969
Net carrying amount						
At 31 December 2019	11,823,633	13,310,013	474,822	10,601	540,038	26,159,107

5. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) All items of property, plant and equipment are initially recorded at cost. After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight-line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the industry within which the Group operates.

Leasehold buildings	2% - 3%
Plant, machinery and equipment	$6^{2}/_{3}$% - 10%
Furniture, fittings and office equipment	10% - 50%
Motor vehicles	10% - 20%

Capital work-in-progress is stated at cost and is not depreciated as these assets are not available for use.

(b) Spare parts, which are held for use in the production of supply of goods are expected to be used during more than one period, and thus are classified as property, plant and equipment. The cost of spare parts utilised are charged out to profit or loss. During the financial year, spare parts consumed out of the Group's and the Company's property, plant and equipment amounted to RM1,846,661 (2019: RM1,452,570) and RM698,045 (2019: RM802,663) respectively. These are classified as upkeep of machinery under cost of sales in the statements of profit or loss and other comprehensive income.

(c) Other adjustment represents reversal of the over capitalisation of construction cost of factory building in a subsidiary, Boxpak (Myanmar) Company Limited, upon finalisation of the costs in the current financial year.

(d) Impairment assessment

The Group and the Company assessed whether there were any indicators of impairment during the financial year. In doing this, management considered the current environment and performance of the CGUs. Management considered the continued losses/low profits generated in certain operating subsidiaries in the current financial year as impairment indicators. These companies collectively held RM147,421,576 in carrying amount of property, plant and equipment as at 31 December 2020.

A CGU's recoverable amount is determined as being the higher of the CGU's fair value less costs of disposal and its value-in-use. Where the value-in-use model was used, management has made estimates about the future results and key assumptions applied to cash flow projections of the CGUs. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rate, which are, among others, dependent on forecasted economic conditions affected by the COVID-19 pandemic. Key assumptions used in the value-in-use calculations were probability weighted based on the following scenarios:

	Base case	**Best case**	**Worst case**
Probability weightage (%)	60.0%	10.0%	30.0%
Average revenue growth rates (%)	32.0%	37.0%	30.0%
Average gross profit margin (%)	5.0%	10.0%	2.0%
Pre-tax discount rates (%)	8.5% - 9.5%	8.5% - 9.5%	8.5% - 9.5%

Management has determined that the recoverable amounts are in excess of the carrying amounts of the property, plant and equipment and no impairment has been recorded in the current financial year.

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

6.1 Right-of-use assets

Group At 31 December 2020	Land RM	Buildings RM	Equipment RM	Motor vehicles RM	Total RM
At cost					
At 1 January 2020	**68,482,864**	**6,307,319**	**1,669,242**	**365,157**	**76,824,582**
Additions	**–**	**3,777,460**	**1,749,879**	**325,839**	**5,853,178**
Termination of lease contracts	**–**	**(744,366)**	**(171,581)**	**–**	**(915,947)**
Exchange differences	**(844,305)**	**(1,815)**	**(3,904)**	**(6,189)**	**(856,213)**
At 31 December 2020	**67,638,559**	**9,338,598**	**3,243,636**	**684,807**	**80,905,600**
Accumulated depreciation					
At 1 January 2020	**10,916,047**	**2,381,368**	**246,431**	**91,317**	**13,635,163**
Depreciation charge for the financial year	**1,307,234**	**3,184,539**	**774,151**	**180,488**	**5,446,412**
Termination of lease contracts	**–**	**(317,537)**	**(46,421)**	**–**	**(363,958)**
Exchange differences	**(94,774)**	**(2,372)**	**(217)**	**(5,133)**	**(102,496)**
At 31 December 2020	**12,128,507**	**5,245,998**	**973,944**	**266,672**	**18,615,121**
Net carrying amount					
At 31 December 2020	**55,510,052**	**4,092,600**	**2,269,692**	**418,135**	**62,290,479**
At 31 December 2019					
At cost					
At 1 January 2019	68,991,785	4,469,662	208,371	119,305	73,789,123
Additions	–	1,837,657	1,460,871	245,852	3,544,380
Exchange differences	(508,921)	–	–	–	(508,921)
At 31 December 2019	68,482,864	6,307,319	1,669,242	365,157	76,824,582
Accumulated depreciation					
At 1 January 2019	9,129,535	–	–	–	9,129,535
Depreciation charge for the financial year	1,828,203	2,381,741	246,540	92,778	4,549,262
Exchange differences	(41,691)	(373)	(109)	(1,461)	(43,634)
At 31 December 2019	10,916,047	2,381,368	246,431	91,317	13,635,163
Net carrying amount					
At 31 December 2019	57,566,817	3,925,951	1,422,811	273,840	63,189,419

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

6.1 Right-of-use assets (continued)

Company

At 31 December 2020	Land RM	Buildings RM	Equipment RM	Total RM
At cost				
At 1 January 2020	23,272,550	376,845	389,847	24,039,242
Additions	–	228,564	356,479	585,043
Termination of lease contracts	–	–	(122,097)	(122,097)
At 31 December 2020	23,272,550	605,409	624,229	24,502,188
Accumulated depreciation				
At 1 January 2020	5,704,802	122,781	101,091	5,928,674
Depreciation charge for the financial year	317,275	169,441	187,679	674,395
Termination of lease contracts	–	–	(23,741)	(23,741)
At 31 December 2020	6,022,077	292,222	265,029	6,579,328
Net carrying amount				
At 31 December 2020	17,250,473	313,187	359,200	17,922,860
At 31 December 2019				
At cost				
At 1 January 2019	23,272,550	100,690	157,158	23,530,398
Additions	–	276,155	232,689	508,844
At 31 December 2019	23,272,550	376,845	389,847	24,039,242
Accumulated depreciation				
At 1 January 2019	5,387,527	–	–	5,387,527
Depreciation charge for the financial year	317,275	122,781	101,091	541,147
At 31 December 2019	5,704,802	122,781	101,091	5,928,674
Net carrying amount				
At 31 December 2019	17,567,748	254,064	288,756	18,110,568

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

6.1 Right-of-use assets (continued)

(a) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

Long term leasehold land	Up to 55 years
Buildings	2 to 5 years
Equipment	2 to 6 years
Motor vehicles	2 years

(b) The leasehold lands of the Group and of the Company have remaining tenure of 26 to 54 (2019: 27 to 55) years and 54 (2019: 55) years respectively.

(c) The Group and the Company have certain leases of forklifts and hostels with lease term of 12 months or less. The Group and the Company apply the "short-term lease" exemption for these leases.

(d) The following are the amounts recognised in profit or loss:

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Included in cost of sales:				
- Expense relating to short-term leases	**184,135**	308,376	**68,719**	152,423
- Depreciation charge of right-of-use assets	**4,221,380**	2,920,895	**674,395**	541,147
Included in administrative expense:				
- Expense relating to short-term leases	**747,490**	785,511	**–**	–
- Depreciation charge of right-of-use assets	**1,225,032**	1,628,367	**–**	–
Included in finance costs:				
- Interest expense on lease liabilities	**360,278**	256,418	**24,146**	16,751
Included in other operating income:				
- arising from COVID-19-related rent concessions	**(313,519)**	–	**–**	–
	6,424,796	5,899,567	**767,260**	710,321

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

6.2 Lease liabilities

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Represented by:				
Lease liabilities owing to non-financial institutions				
Current liabilities	**4,468,917**	3,149,368	**340,734**	265,365
Non-current liabilities	**2,538,512**	2,655,025	**343,606**	286,323
	7,007,429	5,804,393	**684,340**	551,688

(a) The Group and the Company lease a number of buildings, equipment and motor vehicles that run between 2 years to 6 years, with an option to renew the lease after that date.

(b) The movements of lease liabilities during the financial year are as follows:

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
At 1 January	**5,804,393**	4,945,275	**551,688**	264,343
Additions	**5,853,178**	3,544,380	**585,043**	508,844
Termination of lease contracts	**(563,255)**	–	**(99,527)**	–
Lease payments	**(4,140,666)**	(2,941,815)	**(377,010)**	(238,250)
Lease concessions	**(313,519)**	–	**–**	–
Interest expense	**360,278**	256,418	**24,146**	16,751
Exchange differences	**7,020**	135	**–**	–
At 31 December	**7,007,429**	5,804,393	**684,340**	551,688

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

6.2 Lease liabilities (continued)

(c) The following table sets out the carrying amounts, the weighted average incremental borrowing rates and the remaining maturities of the lease liabilities of the Group and of the Company:

	Weighted average incremental borrowing rate per annum %	Within 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM	Total RM
Group						
31 December 2020						
Lease liabilities						
- Fixed rates	**2.82 - 6.70**	**4,468,917**	**1,590,681**	**947,831**	**–**	**7,007,429**
31 December 2019						
Lease liabilities						
- Fixed rates	4.05 - 6.70	3,149,368	1,706,836	840,819	107,370	5,804,393
Company						
31 December 2020						
Lease liabilities						
- Fixed rates	**2.82 - 4.70**	**340,734**	**247,650**	**95,956**	**–**	**684,340**
31 December 2019						
Lease liabilities						
- Fixed rates	4.14 - 4.70	265,365	169,884	116,439	–	551,688

Sensitivity analysis for fixed rate instruments as at the end of the reporting period was not presented as fixed rate instruments are not affected by changes in interest rates.

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

6.2 Lease liabilities (continued)

(d) The table below summarises the maturity profile of the lease liabilities of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

	On demand or within 1 year RM	1 to 5 years RM	Over 5 years RM	Total RM
Group				
31 December 2020				
Lease liabilities	**4,647,607**	**2,627,314**	**–**	**7,274,921**
31 December 2019				
Lease liabilities	3,338,728	2,671,153	108,640	6,118,521
Company				
31 December 2020				
Lease liabilities	**357,760**	**351,660**	**–**	**709,420**
31 December 2019				
Lease liabilities	282,760	296,670	–	579,430

(e) Impairment assessment

The Group and the Company assessed whether there were any indicators of impairment during the financial year. In doing this, management considered the current environment and performance of the CGUs. Management considered the continued losses/low profits generated in certain operating subsidiaries in the current financial year as impairment indicators. These companies collectively held RM29,653,660 in carrying amount of right-of-use assets as at 31 December 2020.

A CGU's recoverable amount is determined as being the higher of the CGU's fair value less costs of disposal and its value-in-use. Where the value-in-use model was used, management has made estimates about the future results and key assumptions applied to cash flow projections of the CGUs. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rate, which are, among others, dependent on forecasted economic conditions affected by the COVID-19 pandemic. Key assumptions used in the value-in-use calculations were probability weighted based on the scenarios as stated in Note 5(d) to the financial statements. Management has determined that the recoverable amounts are in excess of the carrying amounts of the right-of-use assets and no impairment has been recorded in the current financial year.

7. INTANGIBLE ASSETS

Group	Goodwill RM	Computer software RM	Total RM
At 31 December 2020			
At cost			
At 1 January 2020	**2,374,713**	**3,740,653**	**6,115,366**
Additions	**–**	**313,608**	**313,608**
Exchange differences	**–**	**(36,411)**	**(36,411)**
At 31 December 2020	**2,374,713**	**4,017,850**	**6,392,563**
Accumulated amortisation and impairment loss			
At 1 January 2020	**2,374,713**	**2,735,974**	**5,110,687**
Amortisation charge for the financial year	**–**	**681,171**	**681,171**
Exchange differences	**–**	**(21,164)**	**(21,164)**
At 31 December 2020	**2,374,713**	**3,395,981**	**5,770,694**
Net carrying amount			
At 31 December 2020	**–**	**621,869**	**621,869**
At 31 December 2019			
At cost			
At 1 January 2019	2,374,713	2,764,718	5,139,431
Additions	–	990,169	990,169
Exchange differences	–	(14,234)	(14,234)
At 31 December 2019	2,374,713	3,740,653	6,115,366
Accumulated amortisation and impairment loss			
At 1 January 2019	2,374,713	1,996,995	4,371,708
Amortisation charge for the financial year	–	745,228	745,228
Exchange differences	–	(6,249)	(6,249)
At 31 December 2019	2,374,713	2,735,974	5,110,687
Net carrying amount			
At 31 December 2019	–	1,004,679	1,004,679

7. INTANGIBLE ASSETS (continued)

	Computer software	
	2020	**2019**
Company	**RM**	**RM**
At cost		
At 1 January	**763,855**	763,855
Additions	**289,215**	–
At 31 December	**1,053,070**	763,855
Accumulated amortisation		
At 1 January	**763,854**	744,882
Amortisation charge for the financial year	**12,742**	18,972
At 31 December	**776,596**	763,854
Net carrying amount		
At 31 December	**276,474**	1

Computer software is deemed as intangible assets with finite useful lives that are initially measured at cost. After initial recognition, computer software is stated at cost less any accumulated amortisation and any impairment losses.

Amortisation is calculated to write off the cost of the assets to their residual values on a straight-line basis over their estimated useful lives of 2 years.

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020	**2019**
	RM	**RM**
At cost:		
- unquoted shares outside Malaysia	**109,985,586**	109,985,586
- unquoted shares in Malaysia	**25,000,000**	25,000,000
Less: Accumulated impairment losses	**(1,000,000)**	(1,000,000)
	133,985,586	133,985,586

(a) Investments in subsidiaries are stated in the separate financial statements at cost less impairment losses.

8. INVESTMENTS IN SUBSIDIARIES (continued)

(b) The details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity[1] 2020 %	2019 %	Principal activities
Box-Pak (Johore) Sdn. Bhd.	Malaysia	**100**	100	Dormant
BP MPak Sdn. Bhd.	Malaysia	**100**	100	Corrugated fibre board carton manufacturer
Box-Pak (Vietnam) Co., Ltd. ("BPV")[2]	Vietnam	**100**	100	Corrugated fibre board carton manufacturer
PT. KJ Box-Pak[3]	Indonesia	**99**	99	Dormant
BP Pak (Singapore) Pte. Ltd. ("BPS")[3]	Singapore	**100**	100	Investment holding
Subsidiary of BPS				
Boxpak (Myanmar) Company Limited[2]	Myanmar	**100**	100	Corrugated fibre board carton manufacturer
Subsidiary of BPV				
Box-Pak (Hanoi) Co., Ltd.[2]	Vietnam	**100**	100	Corrugated fibre board carton manufacturer

(1) *Equals to the proportion of voting rights held*
(2) *Subsidiaries audited by BDO Member Firms*
(3) *Audited by a firm other than BDO*

8. INVESTMENTS IN SUBSIDIARIES (continued)

(c) Impairment assessment

The Company assessed whether there were any indicators of impairment during the financial year. In doing this, management considered the current environment and performance of the CGUs. Management considered the continued losses or shortfall in shareholders' funds in certain operating subsidiaries in the current financial year as impairment indicators. The carrying amounts of investments in these direct and indirect subsidiaries amounted to RM115,218,802 as at 31 December 2020.

Management has made estimates about the future results and key assumptions applied to cash flow forecasts of the CGUs in determining their recoverable amounts using the value-in-use model. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rate, which are, among others, dependent on forecasted economic conditions affected by the COVID-19 pandemic. Key assumptions used in the value-in-use calculations were probability weighted based on the following scenarios:

	Base case	**Best case**	**Worst case**
Probability weightage (%)	60.0%	10.0%	30.0%
Average revenue growth rates (%)	24.0%	28.0%	22.0%
Average gross profit margin (%)	7.0%	10.0%	4.0%
Pre-tax discount rates (%)	8.0% - 9.5%	8.0% - 9.5%	8.0% - 9.5%

Management has determined that the recoverable amounts are in excess of the carrying amounts of the investments in subsidiaries and no impairment has been recorded in the current financial year.

The impairment losses recorded by management in the previous financial years relate to a dormant subsidiary.

9. DEFERRED TAX (ASSETS)/LIABILITIES

(a) The deferred tax (assets)/liabilities are made up of the following:

	Group		**Company**	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
At 1 January	**646,886**	737,198	**(205,000)**	(205,000)
Recognised in profit or loss (Note 29)	**(6,967)**	(90,312)	**–**	–
At 31 December	**639,919**	646,886	**(205,000)**	(205,000)
Presented after appropriate offsetting:				
Deferred tax assets, net*	**(205,000)**	(228,522)	**(205,000)**	(205,000)
Deferred tax liabilities, net*	**844,919**	875,408	**–**	–
	639,919	646,886	**(205,000)**	(205,000)

* *The amounts of set-off between deferred tax assets and deferred tax liabilities of the Group and of the Company were RM7,870,482 (2019: RM8,056,540) and RM7,870,482 (2019: RM8,056,540) respectively.*

9. DEFERRED TAX (ASSETS)/LIABILITIES (continued)

(b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group

Group	Capital allowances and depreciation differences RM	Leasehold land and buildings RM	Total RM
At 31 December 2020			
At 1 January 2020	**4,015,541**	**4,892,885**	**8,908,426**
Recognised in profit or loss	**(150,167)**	**(42,858)**	**(193,025)**
At 31 December 2020	**3,865,374**	**4,850,027**	**8,715,401**
At 31 December 2019			
At 1 January 2019	2,455,765	4,994,557	7,450,322
Recognised in profit or loss	1,559,776	(101,672)	1,458,104
At 31 December 2019	4,015,541	4,892,885	8,908,426

Deferred tax assets of the Group

Group	Provisions RM	Unutilised capital allowances RM	Unabsorbed tax losses RM	Unutilised reinvestment allowances RM	Total RM
At 31 December 2020					
At 1 January 2020	**(1,129,086)**	**(3,002,986)**	**(3,696,833)**	**(432,635)**	**(8,261,540)**
Recognised in profit or loss	**(150,856)**	**649,140**	**(312,226)**	**–**	**186,058**
At 31 December 2020	**(1,279,942)**	**(2,353,846)**	**(4,009,059)**	**(432,635)**	**(8,075,482)**
At 31 December 2019					
At 1 January 2019	(308,496)	(1,656,140)	(4,315,853)	(432,635)	(6,713,124)
Recognised in profit or loss	(820,590)	(1,346,846)	619,020	–	(1,548,416)
At 31 December 2019	(1,129,086)	(3,002,986)	(3,696,833)	(432,635)	(8,261,540)

9. DEFERRED TAX (ASSETS)/LIABILITIES (continued)

(b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows (continued):

Deferred tax liabilities of the Company

Company	Capital allowances and depreciation differences RM	Leasehold land and buildings RM	Total RM
At 31 December 2020			
At 1 January 2020	**4,015,541**	**4,040,999**	**8,056,540**
Recognised in profit or loss	**(150,167)**	**(35,891)**	**(186,058)**
At 31 December 2020	**3,865,374**	**4,005,108**	**7,870,482**
At 31 December 2019			
At 1 January 2019	2,455,765	4,052,359	6,508,124
Recognised in profit or loss	1,559,776	(11,360)	1,548,416
At 31 December 2019	4,015,541	4,040,999	8,056,540

Deferred tax assets of the Company

Company	Provisions RM	Unutilised capital allowances RM	Unabsorbed tax losses RM	Unutilised reinvestment allowances RM	Total RM
At 31 December 2020					
At 1 January 2020	**(1,129,086)**	**(3,002,986)**	**(3,696,833)**	**(432,635)**	**(8,261,540)**
Recognised in profit or loss	**(150,856)**	**649,140**	**(312,226)**	**–**	**186,058**
At 31 December 2020	**(1,279,942)**	**(2,353,846)**	**(4,009,059)**	**(432,635)**	**(8,075,482)**
At 31 December 2019					
At 1 January 2019	(308,496)	(1,656,140)	(4,315,853)	(432,635)	(6,713,124)
Recognised in profit or loss	(820,590)	(1,346,846)	619,020	–	(1,548,416)
At 31 December 2019	(1,129,086)	(3,002,986)	(3,696,833)	(432,635)	(8,261,540)

9. DEFERRED TAX (ASSETS)/LIABILITIES (continued)

(c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group	
	2020 RM	**2019 RM**
Unabsorbed tax losses:		
- Malaysian entities		
- Expires by 31 December 2025	**1,714,115**	8,585,644
- Foreign entities	**31,303,681**	31,843,400
Unutilised capital allowances	**24,730,997**	19,775,380
Unutilised reinvestment allowances		
- Expires by 31 December 2036	**15,736,328**	15,736,328
Others	**(16,565,247)**	(14,264,400)
	56,919,874	61,676,352

Deferred tax assets of certain subsidiaries have not been recognised in respect of the above items as it is not probable that future taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised.

For the Malaysian entities, the unabsorbed tax losses up to the year of assessment 2018 shall be deductible until the year of assessment 2025 (within a period of 7 consecutive years of assessment).

For the Malaysian entities, the unutilised reinvestment allowances will expire after 7 consecutive years of assessment from the end of the qualifying period of 15 consecutive years of assessment commencing from the year of assessment of the first claim.

10. OTHER ASSETS

		Group		Company	
	Note	**2020 RM**	**2019 RM**	**2020 RM**	**2019 RM**
Current					
Prepayments	(a)	**1,860,942**	518,680	**914,338**	305,562
Non-current					
Prepayments	(b)	**783,755**	922,309	**–**	–

(a) These prepayments include advance payments to suppliers for purchase of raw materials.

(b) These are prepayments for acquisition of building, plant and machinery.

11. INVENTORIES

	Group		Company	
	2020 RM	2019 RM	**2020 RM**	2019 RM
At cost				
Raw materials	**59,713,935**	61,320,428	**7,996,603**	11,612,568
Work-in-progress	**3,642,044**	4,486,683	**750,926**	791,089
Finished goods	**7,661,526**	7,414,089	**568,451**	965,559
	71,017,505	73,221,200	**9,315,980**	13,369,216
At net realisable value				
Raw materials	**–**	15,070	**–**	–
Finished goods	**90,181**	–	**90,181**	–
	71,107,686	73,236,270	**9,406,161**	13,369,216

(a) Cost of raw materials, work-in-progress and finished goods are determined on first in, first out basis.

(b) During the financial year, inventories of the Group and of the Company recognised as cost of sales amounted to RM577,474,583 (2019: RM593,115,907) and RM71,907,662 (2019: RM80,745,672) respectively.

(c) The Group and the Company recorded a charge to profit or loss pertaining to inventories written down to net realisable value of RM148,613 (2019: RM108,241) and RM46,676 (2019: RM11,794) respectively.

(d) A reversal of write-down of inventories of the Group and of the Company amounting RM137,196 (2019: RM19,582) and RM11,794 (2019: RM19,582) respectively.

12. TRADE AND OTHER RECEIVABLES

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Current					
Trade receivables					
Third parties		**143,780,655**	146,950,233	**9,062,619**	16,208,986
Amount due from immediate holding company		**25,888**	–	**25,888**	–
Amounts due from related companies		**867,936**	622,463	**491,666**	181,356
		144,674,479	147,572,696	**9,580,173**	16,390,342
Less: Impairment losses	(e)	**(2,573,629)**	(3,028,238)	**(2,315,281)**	(2,407,386)
Trade receivables, net	(b)	**142,100,850**	144,544,458	**7,264,892**	13,982,956
Other receivables					
Other receivables		**13,839,658**	10,284,995	**253,098**	169,594
Refundable deposits		**1,192,383**	876,896	**159,055**	163,055
Amount due from immediate holding company	(d)	**42,845**	40,392	**–**	–
		15,074,886	11,202,283	**412,153**	332,649
Total trade and other receivables		**157,175,736**	155,746,741	**7,677,045**	14,315,605
Financial instruments classification:					
Total trade and other receivables		**157,175,736**	155,746,741	**7,677,045**	14,315,605
Cash and bank balances	15	**30,380,161**	22,896,175	**5,115,719**	3,795,780
Amounts due from subsidiaries	13	**–**	–	**24,318,923**	26,994,756
Total financial assets at amortised cost		**187,555,897**	178,642,916	**37,111,687**	45,106,141

12. TRADE AND OTHER RECEIVABLES (continued)

(a) Total trade and other receivables are classified as financial assets measured at amortised cost.

(b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group ranges from 14 to 93 (2019: 30 to 90) days and the Company ranges from 30 to 90 (2019: 30 to 90) days from the date of invoice. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

(c) During the financial year, the Group and the Company have entered into a non-recourse receivables financing arrangement with a financial institution where rights for collection and significantly all risk and rewards over the receivables under the financing arrangement have been transferred to the financial institution. Consequently, RM17,419,278 (2019: RM8,867,688) and RM13,840,134 (2019: RM7,149,953) respectively have been de-recognised from the trade receivables balances of the Group and of the Company as at 31 December 2020.

(d) Non-trade amount due from immediate holding company is unsecured, interest-free and repayable within the next 12 months in cash and cash equivalents.

(e) Impairment for trade receivables are recognised based on the simplified approach using the lifetime expected credit losses.

The Group and the Company consider credit loss experience, coverage under credit insurance policy and observable data such as current changes and future forecasts in economic conditions by market segment of the Group as identified in Note 4 to the financial statements to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

During this process, the probability of non-payment by the trade receivables is adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the statements of profit or loss. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

A receivable is considered as default when such customer did not perform their obligation to make payment within the period granted or allowed.

The Group has identified the gross domestic product ("GDP"), unemployment rate, inflation rate, consumer price index and producer price index as the key macroeconomic factors.

It requires management to exercise significant judgements in determining the probability of default by trade receivables and appropriate forward-looking information, incorporating the impact of the COVID-19 pandemic.

12. TRADE AND OTHER RECEIVABLES (continued)

(e) (continued)

The reconciliation of movements in allowance for impairment accounts is as follows:

Group	Lifetime expected credit loss allowance RM	Credit impaired RM	Total allowance RM
At 1 January 2020	**221,384**	**2,806,854**	**3,028,238**
Charge for the financial year	**7,953**	**2,494**	**10,447**
Reversal of impairment loss	**(114,541)**	**(344,880)**	**(459,421)**
Exchange differences	**–**	**(5,635)**	**(5,635)**
At 31 December 2020	**114,796**	**2,458,833**	**2,573,629**
At 1 January 2019	168,336	302,129	470,465
Charge for the financial year	94,400	2,507,264	2,601,664
Reversal of impairment loss	(41,352)	–	(41,352)
Exchange differences	–	(2,539)	(2,539)
At 31 December 2019	221,384	2,806,854	3,028,238
Company			
At 1 January 2020	**81,059**	**2,326,327**	**2,407,386**
Reversal of impairment loss	**(74,111)**	**(17,994)**	**(92,105)**
At 31 December 2020	**6,948**	**2,308,333**	**2,315,281**
At 1 January 2019	60,852	62,447	123,299
Charge for the financial year	20,207	2,263,880	2,284,087
At 31 December 2019	81,059	2,326,327	2,407,386

Credit impaired refers to individually determined debtors who are in significant financial difficulties and have defaulted on payments to be impaired as at the end of the reporting period.

12. TRADE AND OTHER RECEIVABLES (continued)

(f) As at the end of each reporting period, the credit risks exposures and concentration relating to trade receivables of the Group and of the Company are summarised in the table below:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Maximum exposure	**142,100,850**	144,544,458	**7,264,892**	13,982,956
Collateral obtained	**(4,963,246)**	(6,300,000)	**(2,615,350)**	(3,164,000)
Net exposure to credit risk	**137,137,604**	138,244,458	**4,649,542**	10,818,956

The above collaterals are credit insurance obtained by the Group and the Company.

(g) The ageing analysis of trade receivables of the Group and of the Company are as follows:

Group **2020**	Gross carrying amount RM	Total allowance RM	Balance as at 31.12.2020 RM
Current	**112,370,955**	**(32,318)**	**112,338,637**
Past due			
1 to 30 days	**18,666,955**	**(3,412)**	**18,663,543**
31 to 60 days	**4,785,201**	**(866)**	**4,784,335**
61 to 90 days	**4,051,593**	**(645)**	**4,050,948**
91 to 120 days	**442,325**	**(437)**	**441,888**
More than 121 days	**4,357,450**	**(2,535,951)**	**1,821,499**
	32,303,524	**(2,541,311)**	**29,762,213**
	144,674,479	**(2,573,629)**	**142,100,850**

2019	Gross carrying amount RM	Total allowance RM	Balance as at 31.12.2019 RM
Current	99,431,245	(126,560)	99,304,685
Past due			
1 to 30 days	29,302,172	(42,685)	29,259,487
31 to 60 days	8,483,171	(21,654)	8,461,517
61 to 90 days	3,262,131	(9,804)	3,252,327
91 to 120 days	1,001,044	(2,053)	998,991
More than 121 days	6,092,933	(2,825,482)	3,267,451
	48,141,451	(2,901,678)	45,239,773
	147,572,696	(3,028,238)	144,544,458

12. TRADE AND OTHER RECEIVABLES (continued)

(g) The ageing analysis of trade receivables of the Group and of the Company are as follows (continued):

Company **2020**	**Gross carrying amount RM**	**Total allowance RM**	**Balance as at 31.12.2020 RM**
Current	**6,125,832**	**(4,914)**	**6,120,918**
Past due			
1 to 30 days	**797,708**	**(1,028)**	**796,680**
31 to 60 days	**262,624**	**(165)**	**262,459**
61 to 90 days	**79,592**	**(50)**	**79,542**
91 to 120 days	**828**	**–**	**828**
More than 121 days	**2,313,589**	**(2,309,124)**	**4,465**
	3,454,341	**(2,310,367)**	**1,143,974**
	9,580,173	**(2,315,281)**	**7,264,892**

2019	**Gross carrying amount RM**	**Total allowance RM**	**Balance as at 31.12.2019 RM**
Current	10,291,806	(54,233)	10,237,573
Past due			
1 to 30 days	2,660,043	(11,583)	2,648,460
31 to 60 days	444,140	(3,210)	440,930
61 to 90 days	196,125	(825)	195,300
91 to 120 days	63,496	(237)	63,259
More than 121 days	2,734,732	(2,337,298)	397,434
	6,098,536	(2,353,153)	3,745,383
	16,390,342	(2,407,386)	13,982,956

(h) Impairment for other receivables is recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. At the end of the reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition.

12. TRADE AND OTHER RECEIVABLES (continued)

(h) (continued)

A receivable is considered as default when such debtor did not perform their obligation to make payment within the period granted or allowed. Credit impaired refers to individually determined debtors who are in significant financial difficulties and have defaulted on payments to be impaired as at the end of the reporting period. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The credit risk on other receivables has increased significantly since initial recognition in the Group and the Company when contractual payments are more than 30 days past due.

The probability of non-payment by other receivables is adjusted by forward-looking information as stated in Note 12(e) and multiplied by the amount of the expected loss arising from default to determine the twelve month or lifetime expected credit loss for the other receivables.

No expected credit loss is recognised arising from other receivables as it is negligible.

(i) Credit risk concentration profile

The Group and the Company do not have any significant exposure to any individual customer or counterparty nor do they have any major concentration of credit risk related to any financial instruments except for 2 (2019: 1) trade debtors constituting approximately 15% (2019: 5%) of the total receivables of the Group.

(j) The foreign currencies exposure profile of trade and other receivables are as follows:

	Group	
	2020 RM	**2019 RM**
United States Dollar ("USD")	**13,427,572**	17,580,851
Singapore Dollar ("SGD")	**313,736**	288,242
	13,741,308	17,869,093

(k) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group	
	2020 RM	**2019 RM**
Effects of 3% changes to RM against foreign currencies		
Profit/(Loss) after tax		
- USD	**306,149**	400,843
- SGD	**7,153**	6,572

13. AMOUNTS DUE FROM SUBSIDIARIES

	Company 2020 RM	2019 RM
Trade receivables		
Amounts due from subsidiaries	**1,550,574**	1,437,820
Less: Impairment losses	**(1,426,525)**	(1,426,525)
	124,049	11,295
Other receivables		
Amounts due from subsidiaries	**24,272,025**	27,052,859
Less: Impairment losses	**(77,151)**	(69,398)
	24,194,874	26,983,461
	24,318,923	26,994,756

(a) Amounts due from subsidiaries are classified as financial assets measured at amortised cost.

(b) Non-trade amounts due from subsidiaries represent advances and payments made on behalf, which are unsecured, interest-free and repayable within the next 12 months in cash and cash equivalents, except for non-trade amount due from a subsidiary of RM16,740,170 (2019: RM18,154,387) that bears interest at 3.15% to 4.80% (2019: 4.80% to 5.00%).

(c) Foreign currency exposure profile of amounts due from subsidiaries of the Company are as follows:

	Company 2020 RM	2019 RM
USD	**7,454,704**	8,829,074

(d) Sensitivity analysis of RM against foreign currency at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Company 2020 RM	2019 RM
Effects of 3% changes to RM against foreign currency		
Profit/(Loss) after tax		
- USD	**169,967**	201,303

13. AMOUNTS DUE FROM SUBSIDIARIES (continued)

(e) Impairment for receivables from subsidiaries are recognised based on the general approach as disclosed in Note 12(h) to the financial statements.

The probability of non-payment by the subsidiaries is adjusted by forward-looking information as stated in Note 12(e) and multiplied by the amount of the expected loss arising from default to determine the twelve month or lifetime expected credit loss for the subsidiaries.

Amount due from subsidiary is considered as default when the subsidiary did not perform its obligation to make payment within the period granted or allowed.

The credit risk on amounts due from subsidiaries is considered increased significantly since initial recognition in the Company when contractual payments are more than 30 days past due.

It requires management to exercise significant judgement in determining the probability of default by subsidiaries, appropriate forward-looking information and significant increase in credit risk, incorporating the impact of the COVID-19 pandemic.

Movements in the impairment allowance for amounts due from subsidiaries are as follows:

	Lifetime expected credit loss - credit impaired RM
Company	
Trade receivables	
At 1 January 2020/31 December 2020	**1,426,525**
At 1 January 2019/31 December 2019	1,426,525
Other receivables	
At 1 January 2020	**69,398**
Charge for the financial year	**7,753**
At 31 December 2020	**77,151**
At 1 January 2019	38,519
Charge for the financial year	30,879
At 31 December 2019	69,398

(f) Sensitivity analysis for fixed rate instruments as at the end of the reporting period was not presented as fixed rate instruments are not affected by changes in interest rates.

14. SHORT TERM FUNDS

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
At fair value through profit or loss				
Short term funds	**13,884,061**	4,239,010	**7,938,972**	2,235,410

(a) Short term funds are investments in income trust funds in Malaysia. The trust funds are invested in highly liquid assets, which are readily convertible to cash.

(b) The management assessed that the fair value of the short term funds approximate their carrying amounts largely due to the short term maturities of these instruments.

(c) Short term funds of the Group and of the Company are stated at Level 1 fair values.

(d) Short term funds are denominated in RM.

15. CASH AND BANK BALANCES

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Cash and bank balances	**28,380,161**	19,165,171	**3,115,719**	3,795,780
Deposits with licensed banks	**2,000,000**	3,731,004	**2,000,000**	–
	30,380,161	22,896,175	**5,115,719**	3,795,780

(a) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the financial year:

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Cash and bank balances	**28,380,161**	19,165,171	**3,115,719**	3,795,780
Deposits with licensed banks (not more than 3 months)	**2,000,000**	3,731,004	**2,000,000**	–
	30,380,161	22,896,175	**5,115,719**	3,795,780
Less: Bank overdrafts included in borrowing (Note 19)	**–**	(463,328)	**–**	–
Cash and cash equivalents included in the statements of cash flows	**30,380,161**	22,432,847	**5,115,719**	3,795,780

15. CASH AND BANK BALANCES (continued)

(b) The weighted average effective interest rates of deposits of the Group and the Company at the reporting date were as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	%	**%**	**%**	**%**
Weighted average effective interest rate				
- Fixed rates	**1.75**	1.10	**1.75**	–

Sensitivity analysis for fixed rate deposits as at the end of the reporting period was not presented as fixed rate instruments are not affected by changes in interest rates.

(c) The average maturity days of deposits at the reporting date were as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	Days	**Days**	**Days**	**Days**
Licensed banks	**4**	19	**4**	–

(d) The exposure to interest rate risk is insignificant as the cash and bank balances are short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits, which yield better returns than cash at bank.

(e) The foreign currencies exposure profile of cash and bank balances are as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
USD	**4,656,446**	9,432,897	**31,336**	91,847
SGD	**268,372**	73,537	**–**	–
	4,924,818	9,506,434	**31,336**	91,847

(f) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Effects of 3% changes to RM against foreign currencies				
Profit/(Loss) after tax				
- USD	**106,167**	215,070	**714**	2,094
- SGD	**6,119**	1,677	**–**	–

(g) No expected credit losses were recognised arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.

16. SHARE CAPITAL

	Group and Company			
	2020		2019	
	Number of shares	Amount RM	Number of shares	Amount RM
Ordinary shares issued and fully paid	**120,046,980**	**167,362,903**	120,046,980	167,362,903

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry 1 vote per share without restrictions and rank equally with regard to the Company's residual assets.

17. OTHER RESERVES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Foreign currency translations	**9,038,843**	12,227,271	**–**	–
Cash flow hedge reserve	**(3,016,514)**	(2,107,303)	**–**	–
Warrants reserve	**6,056,366**	6,056,366	**6,056,366**	6,056,366
	12,078,695	16,176,334	**6,056,366**	6,056,366

(a) The foreign currency translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group.

(b) The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of the cash flow hedges related to hedged transactions that have not yet occurred.

(c) Warrants reserve

This represents the reserve arising from the Rights Issue with Warrants effected on 20 February 2017.

On 21 March 2017, the Company listed and quoted 15,005,861 Warrants pursuant to the renounceable rights issue. The Warrants were constituted by the Deed Poll dated 3 February 2017.

Salient features of the Warrants are as follows:

i. The exercise price per Warrant had been fixed at RM2.04 each at an entitlement basis of 1 Warrant for every 4 Rights Shares subscribed;
ii. The Warrants can be exercised at any time during the period of 5 years commencing from and including the date of issue of the Warrants and up to and including the expiry date. Any Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose;
iii. The Warrant Holders shall not be entitled to participate in any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment and issuance of the new ordinary shares to be issued arising from the exercise of the Warrants; and
iv. The Warrant Holders are not entitled to any voting rights or participation in any form of distribution and/or offer of securities in the Company until and unless such Warrant Holders exercise their Warrants into new ordinary shares.

The number of Warrants unexercised at the end of the reporting period comprises 15,005,861 Warrants. The Warrants will expire on 13 March 2022.

18. RETIREMENT BENEFIT OBLIGATIONS

The Group operates an unfunded, defined Retirement Benefit Scheme ("the Scheme") for its eligible employees. The Group's obligation under the Scheme is determined based on the latest actuarial valuation by an independent actuary dated 16 November 2020. The Group carries out the valuation every three years. Under the Scheme, eligible employees are entitled to retirement benefits varying between 18 days and 52 days (2019: 18 days and 52 days) per year of final salary upon attainment of the retirement age of 60.

The amounts recognised in the statements of financial position are determined as follows:

	Group and Company	
	2020	**2019**
	RM	**RM**
Retirement benefit obligations representing net liability	**1,132,253**	1,379,751
Analysed as:		
Not later than 1 year	**–**	134,100
Later than 1 year but not later than 2 years	**–**	1
Later than 2 years but not later than 5 years	**119,878**	670,237
Later than 5 years	**1,012,375**	575,413
	1,132,253	1,379,751
Analyses as:		
Current liabilities	**–**	134,100
Non-current liabilities	**1,132,253**	1,245,651
	1,132,253	1,379,751

The movements during the financial year in the amounts recognised in the statements of financial position in respect of the retirement benefit obligations are as follows:

	Group and Company	
	2020	**2019**
	RM	**RM**
At 1 January	**1,379,751**	1,265,877
Current service cost	**51,841**	45,716
Interest cost	**52,549**	68,158
Items recognised in profit or loss (Note 28)	**104,390**	113,874
Re-measurement effects recognised in other comprehensive income	**(209,772)**	–
Benefits paid by the Scheme	**(142,116)**	–
At 31 December	**1,132,253**	1,379,751

Certain assumptions are used in the actuarial valuation and due to the long term nature of this Scheme, such estimates are subject to uncertainty.

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

The principal actuarial assumptions used are as follows:

	Group and Company	
	2020	**2019**
	%	**%**
Discount rate	**3.8**	5.4
Price inflation	**3.5**	3.5
Expected rate of salary increases	**5.5**	6.0

The discount rate is determined based on the values of AA rated corporate bond yields with 10 to 15 years of maturity.

Significant actuarial assumption for determination of the retirement benefit obligations is the discount rate. The sensitivity analysis below has been determined based on changes to significant assumption, with all other assumptions held constant.

	Group and Company	
	2020	**2019**
	RM	**RM**
A 1% increase/decrease in discount rate will decrease/increase the retirement benefit obligations by	**93,546**	107,547

The sensitivity analysis presented above may not be representative of the actual change in retirement benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some assumptions may be correlated.

19. LOANS AND BORROWINGS

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Current				
Trade facilities	**107,874,050**	103,524,599	**8,648,828**	4,296,221
Revolving credit	**13,000,000**	27,800,000	**13,000,000**	27,800,000
Term loans	**21,369,407**	21,782,866	**–**	–
Bank overdraft	**–**	463,328	**–**	–
	142,243,457	153,570,793	**21,648,828**	32,096,221
Non-current				
Term loans	**61,177,361**	84,178,539	**–**	–
Total				
Trade facilities	**107,874,050**	103,524,599	**8,648,828**	4,296,221
Revolving credit	**13,000,000**	27,800,000	**13,000,000**	27,800,000
Term loans	**82,546,768**	105,961,405	**–**	–
Bank overdraft	**–**	463,328	**–**	–
	203,420,818	237,749,332	**21,648,828**	32,096,221

19. LOANS AND BORROWINGS (continued)

(a) The term loans are repayable as follows:

Loan	Interest rate	Year of drawdown	Repayment term
Type 1	Vietnamese Dong ("VND") base lending rate + 0.4%	June 2016	21 quarterly instalments after 24 months of drawdown
Type 2	London Inter-bank Offered Rate ("LIBOR") + 1.0%	April 2018	13 quarterly instalments after 27 months of date of facility letter

(b) The term loans amounted to RM82,546,768 (2019: RM105,961,405) are secured by corporate guarantees from the immediate holding company.

(c) At the end of the reporting period, the interest rate profiles of the loans and borrowings were as follows:

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
- Fixed rates	**120,874,050**	131,324,599	**21,648,828**	32,096,221
- Floating rates	**82,546,768**	106,424,733	**–**	–
	203,420,818	237,749,332	**21,648,828**	32,096,221

(d) As at reporting date, the weighted average effective interest rates for the loans and borrowings, were as follows:

	Group		Company	
	2020 %	**2019 %**	**2020 %**	**2019 %**
Term loans:				
- Floating rates	**1.76**	3.89	**–**	–
Trade facilities	**4.00**	5.28	**1.89**	3.67
Revolving credit	**3.15**	4.65	**3.15**	4.65
Bank overdraft	**–**	7.64	**–**	–

19. LOANS AND BORROWINGS (continued)

(e) Sensitivity analysis for fixed rate loans and borrowings as at the end of the reporting period was not presented as fixed rate instruments are not affected by changes in interest rates. Sensitivity analysis of interest rate for the floating rate instruments at the end of the reporting period, assuming all other variables remain constant, is as follows:

	Group	
	2020	**2019**
	RM	**RM**
Effects of 50bp changes to profit/(loss) after tax		
Floating rate instruments	**313,678**	404,414

(f) The foreign currency exposure profile of loans and borrowings are as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
USD	**67,185,087**	78,701,019	**3,917,337**	195,594

(g) Sensitivity analysis of RM against foreign currency at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Effects of 3% changes to RM against foreign currency				
Profit/(Loss) after tax				
- USD	**1,531,820**	1,794,383	**89,315**	4,460

19. LOANS AND BORROWINGS (continued)

(h) The table below summarises the maturity profile of the liabilities of the Group and of the Company at the end of each reporting period based on contractual undiscounted repayment obligations.

Group	On demand or within 1 year RM	1 to 5 years RM	Over 5 years RM	Total RM
At 31 December 2020				
Financial liabilities				
Trade and other payables	**141,715,731**	**22,038,149**	**–**	**163,753,880**
Loans and borrowings	**158,587,354**	**62,010,511**	**–**	**220,597,865**
Derivative financial liabilities	**1,340,674**	**1,675,840**	**–**	**3,016,514**
Total undiscounted financial liabilities	**301,643,759**	**85,724,500**	**–**	**387,368,259**
At 31 December 2019				
Financial liabilities				
Trade and other payables	121,890,752	23,574,873	–	145,465,625
Loans and borrowings	158,408,855	92,997,059	–	251,405,914
Derivative financial liabilities	648,402	1,458,901	–	2,107,303
Total undiscounted financial liabilities	280,948,009	118,030,833	–	398,978,842
Company				
At 31 December 2020				
Financial liabilities				
Trade and other payables	**11,160,886**	**–**	**–**	**11,160,886**
Loans and borrowings	**21,648,828**	**–**	**–**	**21,648,828**
Total undiscounted financial liabilities	**32,809,714**	**–**	**–**	**32,809,714**
At 31 December 2019				
Financial liabilities				
Trade and other payables	9,613,512	–	–	9,613,512
Loans and borrowings	32,096,221	–	–	32,096,221
Total undiscounted financial liabilities	41,709,733	–	–	41,709,733

20. TRADE AND OTHER PAYABLES

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Non-current					
Other payables					
Amounts due to related companies	(g)	**21,357,328**	22,515,980	**–**	–
Total other payables (non-current)		**21,357,328**	22,515,980	**–**	–
Current					
Trade payables					
Third parties		**91,912,196**	89,859,520	**4,666,268**	4,545,616
Amount due to immediate holding company		**–**	48,216	**–**	48,216
Amounts due to related companies		**–**	871	**–**	871
	(b)	**91,912,196**	89,908,607	**4,666,268**	4,594,703
Other payables					
Other payables	(c)	**12,867,160**	7,588,241	**2,585,115**	1,410,276
Accruals		**14,267,828**	24,203,114	**3,909,503**	3,078,752
Amount due to immediate holding company	(d)	**168,567**	106,122	**–**	–
Amount due to a subsidiary	(e)	**–**	–	**–**	529,781
Amounts due to related companies	(f)	**22,499,980**	84,668	**–**	–
		49,803,535	31,982,145	**6,494,618**	5,018,809
Total trade and other payables (current)		**141,715,731**	121,890,752	**11,160,886**	9,613,512
Total trade and other payables (non-current and current)		**163,073,059**	144,406,732	**11,160,886**	9,613,512
Financial instruments classification:					
Trade and other payables		**163,073,059**	144,406,732	**11,160,886**	9,613,512
Loans and borrowings	19	**203,420,818**	237,749,332	**21,648,828**	32,096,221
Total financial liabilities carried at amortised cost		**366,493,877**	382,156,064	**32,809,714**	41,709,733

20. TRADE AND OTHER PAYABLES (continued)

(a) Trade and other payables are classified as financial liabilities measured at amortised cost.

(b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company ranges from 30 to 90 (2019: 30 to 90) days.

(c) Other payables are non-interest bearing and are normally settled on an average term of 6 months (2019: average term of 6 months).

(d) Current non-trade amount due to immediate holding company represents advances and payments made on behalf, which are unsecured, interest-free and repayable on demand.

(e) In the previous financial year, non-trade amount due to a subsidiary was unsecured, interest-free and repayable on demand.

(f) Current non-trade amounts due to related companies are unsecured, interest-free and repayable on demand.

(g) Non-current amounts due to related companies, which are unsecured, bear interest at 2.18% to 4.80% (2019: 4.80%) and not repayable within the next 12 months.

(h) The maturity profile of the trade and other payables of the Group and of the Company at the end of each reporting date based on contractual undiscounted repayment obligations is disclosed in Note 19(h) to the financial statements.

(i) The foreign currencies exposure profile of payables are as follows:

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
USD	**19,522,579**	16,275,247	**562,600**	1,989,780
Euro ("EUR")	**–**	27,392	**–**	27,392
Others	**35,800**	12,772	**24,398**	12,770
	19,558,379	16,315,411	**586,998**	2,029,942

20. TRADE AND OTHER PAYABLES (continued)

(j) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Effects of 3% changes to RM against foreign currencies				
Profit/(Loss) after tax				
- USD	**445,115**	371,076	**12,827**	45,367
- EUR	**–**	625	**–**	625

The exposures to the other currencies are not significant, hence the effects of the changes in the exchange rates are not explained above.

(k) Financial instruments that are not carried at fair values and whose carrying amounts are not reasonable approximation of fair values, are as follows:

	2020		2019	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Group	**RM**	**RM**	**RM**	**RM**
Other payables (non-current)				
- at fixed rate	**21,357,328**	**20,603,332**	22,515,980	21,373,772

Fair value of the non-current other payables of the Group are categorised as Level 3 in the fair value hierarchy based on discounted cash flows approach. There is no transfer between levels in the hierarchy during the financial year.

(l) Sensitivity analysis for fixed rate instruments as at the end of the reporting period was not presented as fixed rate instruments are not affected by changes in interest rates.

21. DERIVATIVE FINANCIAL LIABILITIES

	Contract/Notional amount 2020 RM	Contract/Notional amount 2019 RM	Liabilities 2020 RM	Liabilities 2019 RM
Group				
Hedging derivative:				
Interest rate swap contract	**63,267,750**	78,505,425	**3,016,514**	2,107,303
Current			**1,340,674**	648,402
Non-current			**1,675,840**	1,458,901
			3,016,514	2,107,303

(a) Hedge derivative liabilities are classified as financial liabilities at fair value through profit or loss.

(b) In the financial year ended 2018, the Group entered into an interest rate swap contract with a financial institution. Interest rate swap contract has been entered into in order to operationally hedge floating monthly interest payments on borrowings that would mature in March 2023. The fair value of interest rate swap contract is based on bankers' quotes.

(c) In the previous financial year, the Group and the Company had recorded a charge to profit or loss pertaining to fair value gain on derivative instruments of RM2,680,320.

(d) Derivative financial liabilities are measured at fair value through other comprehensive income. The fair value of derivative financial instruments of the Group are categorised as follows:

	Total RM	Level 1 RM	Level 2 RM	Level 3 RM
Group				
At 31 December 2020				
Hedging derivative:				
- Interest rate swap contract	**3,016,514**	**–**	**3,016,514**	**–**
At 31 December 2019				
Hedging derivative:				
- Interest rate swap contract	2,107,303	–	2,107,303	–

The fair value of the derivatives are determined by using mark-to-market values at the end of the reporting date and changes in the fair value are recognised in profit or loss. There is no transfer between levels in the hierarchy during the financial year.

(e) The maturity profile of the derivative financial liabilities of the Group at the end of each reporting date based on contractual undiscounted repayment obligations is disclosed in Note 19(h) to the financial statements.

22. PROVISIONS

The Group is required to dispose solid waste in accordance with environmental requirements in Malaysia. A provision has been made for the estimated cost for the disposal of solid waste based on the service provider's price quotation.

Movements of the provisions are as follows:

	Group and Company	
	2020	**2019**
	RM	**RM**
Provision for solid waste disposal		
At 1 January	**4,332**	3,228
Additional provision during the financial year	**136,106**	187,041
Utilisation of provision during the financial year	**(131,794)**	(185,937)
At 31 December	**8,644**	4,332

23. REVENUE

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Revenue from contracts with customers				
Sales of goods	**650,860,198**	647,468,809	**83,152,930**	90,290,165

(a) Sales of goods

Revenue from sale of goods is recognised at a point in time when the products have been transferred to the customers and coincides with the delivery of products and acceptance by customers.

There is no significant financing component in the revenue arising from sale of goods as the sales are made on the normal credit terms not exceeding 12 months.

(b) Disaggregation of revenue from contracts with customers has been presented in the operating segments, Note 4 to the financial statements, which has been presented based on geographical location from which the sale transactions originated. No revenue was recognised over time.

24. INTEREST INCOME

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Interest income from:				
- loan and advances to:				
- subsidiaries	**–**	–	**702,756**	1,166,378
- a related company	**–**	36,471	**–**	–
- deposits with licensed banks	**37,191**	183,456	**17,147**	24,814
- others	**9,363**	50,355	**–**	–
	46,554	270,282	**719,903**	1,191,192

Interest income is recognised using the effective interest method.

25. OTHER OPERATING INCOME

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Income distribution from short term funds	**200,961**	98,472	**152,612**	61,251
Gain on fair value adjustments on derivative instruments	**–**	2,680,320	**–**	2,680,320
Lease concessions	**313,519**	–	**–**	–
Rental income	**306,210**	273,150	**306,210**	273,150
Reversal of impairment losses on trade receivables	**459,421**	41,352	**92,105**	–
Realised foreign exchange gain	**355,240**	–	**680,143**	478,076
Miscellaneous	**211,076**	195,360	**60,234**	81,335
	1,846,427	3,288,654	**1,291,304**	3,574,132

Rental income is accounted for on a straight-line basis over the lease term.

26. FINANCE COSTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Interest expense on:				
- term loans	**6,622,104**	10,897,553	**–**	–
- trade facilities	**2,115,437**	1,181,303	**209,405**	550,847
- revolving credit	**825,468**	1,852,991	**825,468**	1,852,991
- lease liabilities	**360,278**	256,418	**24,146**	16,751
- amount due to immediate holding company	**–**	96,133	**–**	–
- amounts due to related companies	**1,158,711**	880,800	**–**	18,526
- others	**346,881**	45,053	**269,227**	29,257
	11,428,879	15,210,251	**1,328,246**	2,468,372

27. PROFIT/(LOSS) BEFORE TAX

Other than those disclosed elsewhere in the financial statements, profit/(loss) before tax is arrived at after charging/(crediting):

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Auditors' remuneration:				
- statutory audit	**257,849**	235,781	**90,000**	90,000
- under provision in prior years	**3,305**	1,500	**–**	–
- other services	**5,000**	9,000	**5,000**	7,000
Net foreign exchange (gain)/loss:				
- realised	**(355,240)**	675,021	**(680,143)**	(478,076)
- unrealised	**(105,866)**	2,305,125	**436,189**	3,299,779
Net loss/(gain) on disposal of property, plant and equipment	**41,907**	(75,587)	**(57,400)**	(61,900)
Rental of:				
- land and building	**330,380**	280,547	**15,425**	34,369
- motor vehicles	**535,285**	549,941	**–**	–
- forklift	**65,960**	263,345	**53,294**	118,000
- equipment	**–**	54	**–**	54
Write off of:				
- inventories	**222,421**	230,671	**222,421**	230,671
- property, plant and equipment	**467**	–	**467**	–

28. EMPLOYEE BENEFITS

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Wages and salaries	**70,841,645**	64,756,644	**13,987,836**	13,270,240
Social security contributions	**998,722**	817,375	**136,392**	103,697
Statutory contributions	**5,801,407**	5,073,359	**1,066,822**	1,001,626
Increase in liability for retirement benefit obligations (Note 18)	**104,390**	113,874	**104,390**	113,874
Other benefits	**1,871,211**	1,896,245	**833,399**	645,941
	79,617,375	72,657,497	**16,128,839**	15,135,378

Included in employee benefits expense of the Group and of the Company are Executive Directors' remuneration amounting to RM1,951,716 (2019: RM1,831,771) and RM1,825,800 (2019: RM1,723,200) respectively, as further disclosed in Note 31(c) to the financial statements.

29. TAX EXPENSE

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Current income tax:				
- foreign income tax	**3,752,159**	2,312,148	**–**	–
- under provision in prior years	**11,278**	1,568	**6,031**	4,284
	3,763,437	2,313,716	**6,031**	4,284
Deferred tax (Note 9(a)):				
- relating to origination and reversal of temporary differences	**(6,967)**	(90,312)	**–**	–
	(6,967)	(90,312)	**–**	–
	3,756,470	2,223,404	**6,031**	4,284

(a) Malaysian income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated taxable profit/(loss) for the fiscal year.

(b) Taxation for other jurisdictions is calculated at the rates prevailing in those respective jurisdictions. The Group's foreign subsidiaries are subjected to 15% to 24% (2019: 15% to 25%) corporate tax rate.

29. TAX EXPENSE (continued)

(c) The numerical reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Profit/(Loss) before tax	**15,704,770**	(8,284,123)	**2,118,645**	(2,838,097)
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	**3,769,145**	(1,988,190)	**508,475**	(681,143)
Tax effects in respect of:				
- different tax rates in foreign jurisdiction	**(2,099,423)**	(1,222,048)	**–**	–
- non-allowable expenses	**4,683,880**	7,190,434	**468,750**	1,744,555
- non-taxable income	**(1,870,761)**	(1,790,755)	**(977,225)**	(1,063,412)
- utilisation of previously unrecognised deferred tax assets	**(1,141,555)**	(391,247)	**–**	–
	3,341,286	1,798,194	**–**	–
Withholding tax in foreign jurisdiction	**403,906**	423,642	**–**	–
Under provision of tax expense in prior years	**11,278**	1,568	**6,031**	4,284
	3,756,470	2,223,404	**6,031**	4,284

29. TAX EXPENSE (continued)

(d) Tax on each component of other comprehensive (loss)/income is as follows:

Group	**Before tax**	**Tax effect**	**After tax**
At 31 December 2020	**RM**	**RM**	**RM**
Item that may be reclassified to profit or loss in subsequent periods:			
Foreign currency translations	**(3,188,428)**	**–**	**(3,188,428)**
Fair value loss on cash flow hedge	**(909,211)**	**–**	**(909,211)**
	(4,097,639)	**–**	**(4,097,639)**
Item that may not be reclassified to profit or loss in subsequent periods:			
Re-measurement of net retirement benefit obligations	**209,772**	**–**	**209,772**
At 31 December 2019			
Item that may be reclassified to profit or loss in subsequent periods:			
Foreign currency translations	(1,770,541)	–	(1,770,541)
Fair value loss on cash flow hedge	(1,531,335)	–	(1,531,335)
	(3,301,876)	–	(3,301,876)

Company	**Before tax**	**Tax effect**	**After tax**
At 31 December 2020	**RM**	**RM**	**RM**
Item that may not be reclassified to profit or loss in subsequent periods:			
Re-measurement of net retirement benefit obligations	**209,772**	**–**	**209,772**

30. PROFIT/(LOSS) PER SHARE

(a) Basic

Basic profit/(loss) per ordinary share for the financial year ended is calculated by dividing profit/(loss) for the financial year attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2020	**2019**
Profit/(Loss) net of tax attributable to owners of the parent (RM)	**11,948,300**	(10,507,527)
Weighted average number of ordinary shares in issue	**120,046,980**	120,046,980
Basic profit/(loss) per ordinary share (sen)	**9.95**	(8.75)

(b) Diluted

As at 31 December 2020 and 2019, the diluted profit/(loss) per share was same as the basic profit/(loss) per share because the effect of the assumed conversion of warrants outstanding would be anti-dilutive and the Company has no other dilutive potential ordinary share in issue as at the end of the reporting period.

31. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influences. Related parties could be individuals or other parties.

The Company has controlling related party relationship with its direct and indirect subsidiaries and its holding companies.

The related parties and their relationship with the Company are as follows:

Related parties	**Relationship**
Can-One Berhad	Ultimate holding company
Can-One International Sdn. Bhd.	Penultimate holding company
Kian Joo Can Factory Berhad	Immediate holding company
BP MPak Sdn. Bhd.	Subsidiary
Box-Pak (Vietnam) Co., Ltd.	Subsidiary
Box-Pak (Hanoi) Co., Ltd.	Subsidiary
BP Pak (Singapore) Pte. Ltd.	Subsidiary
Boxpak (Myanmar) Company Limited	Subsidiary
Federal Metal Printing Factory, Sdn. Berhad	Subsidiary of the immediate holding company
Kian Joo Canpack (Shah Alam) Sdn. Bhd.	Subsidiary of the immediate holding company
Kian Joo Canpack Sdn. Bhd.	Subsidiary of the immediate holding company
KJM Aluminium Can Sdn. Bhd.	Subsidiary of the immediate holding company
Bintang Seribu Sdn. Bhd.	Subsidiary of the immediate holding company
KJ Can (Selangor) Sdn. Bhd.	Subsidiary of the immediate holding company
KJ Can (Johore) Sdn. Bhd.	Subsidiary of the immediate holding company
Kian Joo Cans Distribution Sdn. Bhd.	Subsidiary of the immediate holding company
Kian Joo Can (Vietnam) Co., Ltd.	Subsidiary of the immediate holding company
Aik Joo Can Factory Sdn. Berhad	Subsidiary of the ultimate holding company
AJCan Sdn. Bhd.	Subsidiary of the ultimate holding company
Hinoki Beverages Sdn. Bhd.	Subsidiary of the ultimate holding company
TOGO Greenland Sdn. Bhd. (formerly known as TOGO Palm Oils & Fats Sdn. Bhd.)	Subsidiary of the ultimate holding company
F & B Nutrition Sdn. Bhd.	Former subsidiary of the ultimate holding company

31. RELATED PARTY DISCLOSURES (continued)

(b) In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and the Company with related parties took place at terms agreed between the parties during the financial year:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Sale of finished goods to:				
- immediate holding company	**(175,877)**	(319,113)	**(175,877)**	(319,113)
- related companies	**(5,094,724)**	(14,632,612)	**(2,737,623)**	(6,831,880)
- subsidiary	**–**	–	**(1,148,332)**	(174,481)
- subsidiaries of a significant corporate shareholder	**–**	(3,508,837)	**–**	(1,242,115)
Purchase of finished goods from a subsidiary	**–**	–	**2,229,342**	1,663,156
Rental income received from a related company	**(231,660)**	(194,400)	**(231,660)**	(194,400)
Rental paid/payable to a related company	**2,476,011**	1,914,000	**–**	–
Interest income received from:				
- subsidiaries	**–**	–	**(702,756)**	(1,166,378)
- related company	**–**	(36,471)	**–**	–
Interest paid to:				
- immediate holding company	**–**	96,133	**–**	–
- related companies	**1,158,711**	880,800	**–**	18,526

31. RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and the Company.

The details of remuneration receivable by Directors of the Group and of the Company during the financial year are as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Executive Directors' remuneration:				
Salaries	**1,080,000**	1,080,000	**1,080,000**	1,080,000
Fees	**126,000**	126,000	**126,000**	126,000
Bonuses	**360,000**	270,000	**360,000**	270,000
Other short-term employee benefits	**87,000**	87,000	**87,000**	87,000
Statutory contributions	**172,800**	160,200	**172,800**	160,200
	1,825,800	1,723,200	**1,825,800**	1,723,200
Non-executive Directors' remuneration:				
Fees	**474,000**	474,000	**474,000**	474,000
Other short-term employee benefits	**261,000**	261,000	**261,000**	261,000
	735,000	735,000	**735,000**	735,000
	2,560,800	2,458,200	**2,560,800**	2,458,200
Other Directors of the Group:				
Executive:				
Salaries	**125,916**	108,571	**–**	–
Non-executive:				
Fees	**36,655**	36,471	**–**	–
Total Directors' remuneration	**2,723,371**	2,603,242	**2,560,800**	2,458,200

31. RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel (continued)

The number of Directors of the Company whose total remuneration during the financial year fell within the respective bands is analysed as follows:

	Number of Directors	
	2020	**2019**
Executive Directors:		
RM900,001 - RM950,000	**2**	2
Non-executive Directors:		
RM100,001 - RM150,000	**6**	6

32. CONTINGENT LIABILITIES

	Company	
	2020 RM	**2019 RM**
Unsecured:		
Financial guarantees given to banks for credit facilities granted to subsidiaries	**47,178,948**	95,547,377

The Group designates financial guarantees given to banks for credit facilities granted to subsidiaries as financial liabilities at the time the guarantee is issued.

No value has been placed on the financial guarantees provided by the Company as the Directors have assessed the guarantee contracts and concluded that the financial impact of the guarantees is not material.

No expected credit loss is recognised arising from financial guarantees as it is negligible.

The maturity profile of the financial guarantees are deemed to be on demand.

33. CAPITAL COMMITMENTS

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Approved and contracted for:				
- building	**70,980**	64,680	**70,980**	64,680
- plant and machinery	**3,450,171**	1,426,030	**44,319**	158,030
- furniture, fittings and office equipment	**–**	61,953	**–**	–
- spare parts	**–**	20,521	**–**	–
	3,521,151	1,573,184	**115,299**	222,710

34. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The primary objective of the Group's and of the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratios, in order to support the Group's business and maximise shareholders' value.

The Group and the Company manage their capital structure and make adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new ordinary shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2020 and 2019.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group and the Company include within net debt, loans and borrowings, trade and other payables and lease liabilities, less short term funds and cash and bank balances. Capital represents only equity attributable to the owners of the parent.

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Loans and borrowings	19	**203,420,818**	237,749,332	**21,648,828**	32,096,221
Lease liabilities	6	**7,007,429**	5,804,393	**684,340**	551,688
Trade and other payables	20	**163,073,059**	144,406,732	**11,160,886**	9,613,512
Less: Short term funds	14	**(13,884,061)**	(4,239,010)	**(7,938,972)**	(2,235,410)
Less: Cash and bank balances	15	**(30,380,161)**	(22,896,175)	**(5,115,719)**	(3,795,780)
Net debt		**329,237,084**	360,825,272	**20,439,363**	36,230,231
Equity attributable to the owners of the parent, representing total capital		**244,273,690**	236,213,257	**198,391,801**	196,069,415
Capital and net debt		**573,510,774**	597,038,529	**218,831,164**	232,299,646
Gearing ratio		**57%**	60%	**9%**	16%

Pursuant to the requirements of Practice Note No. 17/2005 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity of more than 25% of the issued and paid-up capital and such shareholders' equity is not less than RM40.0 million. The Group has complied with this requirement for the financial year ended 31 December 2020.

34. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Group Chief Financial Officer. The Audit and Risk Management Committee provides an independent oversight to the effectiveness of the risk management process.

It is, and has been throughout for the current and previous financial years, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

The following sections provide details regarding the Group's and the Company's exposure to the above mentioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Cash deposits and trade receivables could give rise to credit risk, which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are reputable institutions and organisations. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The primary exposure of the Group to credit risk arises through its trade receivables. The trading terms of the Group with its customers are mainly on credit, except for new customers, where deposits in advance are normally required. The credit period is generally for a period of 14 days, extending up to 93 days for major customers. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables via a credit control section to minimise credit risk. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

During the financial year, the Group and the Company have obtained credit insurance to minimise the credit risk exposure.

As at the end of the reporting period, trade receivables of the Group and of the Company amounting to RM4,963,246 (2019: RM6,300,000) and RM2,615,350 (2019: RM3,164,000) respectively are secured by the credit insurance.

The credit risk concentration profile has been disclosed in Note 12 to the financial statements.

34. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(ii) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Notes 6 and 19 to the financial statements.

(iii) Interest rate risk

The primary interest rate risk of the Group relates to interest-earning deposits and interest-bearing borrowings from financial institutions. The fixed-rate deposits and borrowings of the Group are exposed to a risk of changes in their fair values due to changes in interest rates. The floating rate deposits and borrowings of the Group are exposed to a risk of change in cash flows due to changes in interest rates. The Group borrows in the desired currencies at both fixed and floating rates of interest.

The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The Group also entered into interest rate swap contract to manage exposures to hedge the floating rate interest payable on certain borrowings.

The notional amount and maturity date of the interest rate swap contract outstanding as at 31 December 2020 and 2019 are as follows:

Group	**Contractual amount in Foreign Currency USD**	**Equivalent amount in Ringgit Malaysia RM**	**Expiry date**
At 31 December 2020			
Hedging derivative			
Interest rate swap contract			
Type 3	**15,750,000**	**63,267,750**	**20 March 2023**

34. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(iii) Interest rate risk (continued)

The notional amount and maturity date of the interest rate swap contract outstanding as at 31 December 2020 and 2019 are as follows (continued):

Group	Contractual amount in Foreign Currency USD	Equivalent amount in Ringgit Malaysia RM	Expiry date
At 31 December 2019			
Hedging derivative			
Interest rate swap contract			
Type 3	19,150,000	78,505,425	20 March 2023

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Notes 6, 13, 15, 19 and 20 to the financial statements respectively.

(iv) Foreign currency risk

The Group and the Company are exposed to foreign currency risk on transactions that are denominated in currencies other than the functional currencies of the operating entities.

The Group maintains a natural hedge, where possible, by borrowing in the currency of the country in which the investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

The sensitivity analysis for foreign currency risk has been disclosed in Notes 12, 13, 15, 19 and 20 to the financial statements respectively.

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

35.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 *Definition of a Business*	1 January 2020
Amendments to MFRS 101 and MFRS 108 *Definition of Material*	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 *Interest Rate Benchmark Reform*	1 January 2020
Amendment to MFRS 16 *Covid-19-Related Rent Concessions*	1 June 2020 (early adopted)
Amendments to MFRS 4 *Insurance Contract - Extension of the Temporary Exemption from Applying MFRS 9*	17 August 2020 (effective immediately)

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company except for the adoption of Amendment to MFRS 16 as described in the following section.

Amendment to MFRS 16 *Covid-19-Related Rent Concessions*

MFRS 16 has been amended to:

(a) Provide lessees with an exemption from the requirement to determine whether a COVID-19-related rent concession is a lease modification; and

(b) Require lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications.

The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

(i) Changes in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(ii) Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

(iii) There is no substantive change to other terms and conditions of the lease.

The Group has early adopted Amendment to MFRS 16 during the financial year ended 31 December 2020 and elected to apply the practical expedient to all rent concessions relating to leases with similar characteristics and in similar circumstances. Consequently, the Group did not recognise changes in these lease payments as lease modifications and instead, recognised these as variable lease payments in profit or loss. The effects of early adoption are disclosed in Note 6.1(d) to the financial statements.

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

35.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2021

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 *Reference to the Conceptual Framework*	1 January 2022
Amendments to MFRS 116 *Property, Plant and Equipment - Proceeds before Intended Use*	1 January 2022
Amendments to MFRS 137 *Onerous Contracts - Cost of Fulfilling a Contract*	1 January 2022
Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*	1 January 2023
MFRS 17 *Insurance Contracts*	1 January 2023
Amendments to MFRS 17 *Insurance Contracts*	1 January 2023
Disclosure of Accounting Policies (Amendments to MFRS 101 *Presentation of Financial Statements)*	1 January 2023
Definition of Accounting Estimates (Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors)*	1 January 2023
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards, since the effects would only be observable for future financial years.

36. FINANCIAL REPORTING UPDATE

IFRIC Agenda Decision - An assessment of the lease term (IFRS 16)

The IFRS Interpretations Committee ("IFRIC") issued a final agenda decision on 26 November 2019 regarding "Lease term and useful life of leasehold improvements (IFRS 16 and IAS 16)".

The submission to the IFRIC raised a question pertaining the determination of the lease term of a cancellable lease or a renewable lease based on the requirements of IFRS 16.B34.

Based on the final agenda decision, the IFRIC concluded that the determination of the enforceable period of a lease and the lease term itself shall include broad economic circumstances beyond purely commercial terms.

The Group has implemented the requirements of this final agenda decision during the financial year ended 31 December 2020. There is no material impact on the financial statements of the Group as at the end of reporting period.

37. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The World Health Organisation declared the COVID-19 a pandemic on 11 March 2020. The Government of Malaysia imposed the Movement Control Order ("MCO") on 18 March 2020 and has subsequently entered into various phases of the MCO until 14 April 2021.

In relation to this, the Group has appropriately taken up the effects from the COVID-19 pandemic in respect of the judgements and assumptions used in the preparation of the financial statements for the financial year ended 31 December 2020, such as expected credit losses of financial assets (trade and other receivables and amounts due from subsidiaries), fair value measurements of financial instruments and impairment assessments of assets (property, plant and equipment, right-of-use assets and investments in subsidiaries).

Based on the assessment and information available at the date of authorisation of the financial statements, the Group has sufficient cash flows and undrawn facilities to meet its liquidity needs in the next 12 months after the end of the reporting period. The Group will continue to monitor its funds and operational needs.

38. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The political upheaval in Myanmar on 1 February 2021 has resulted in the state of emergency declared in Myanmar for a period of 1 year. This has raised some cause for concern as it could disrupt the business environment in Myanmar. Nevertheless, the subsidiary of the Group, Boxpak (Myanmar) Company Limited has been able to continue its operations as usual.

Since ongoing developments remain uncertain and cannot be reasonably predicted at this juncture, the Group will continue to assess the operational and financial impact of the political instability and monitor the development in Myanmar to enable effective and timely response to any changes in order to deliver sustainable and satisfactory results for the Group.

LIST OF PROPERTIES
AS AT 31 DECEMBER 2020

Location	Description	Year of Last Revaluation/ Acquisition	Area (square metres)	Tenure	Expiry Date	Age of Buildings (Years)	Net Book Value (RM'000)
Lot 4 Jalan Perusahaan 2 Batu Caves Selangor Darul Ehsan Malaysia	Land & Building	2009	18,848	Leasehold	05.09.2074	28	23,196
Lot 7 Jalan Perusahaan 2 Batu Caves Selangor Darul Ehsan Malaysia	Land & Building	1993	12,840	Leasehold	05.09.2074	36	5,449
Lot 22 Dai Lo Huu Nghi Vietnam Singapore Industrial Park Thuan An District Binh Duong Province Vietnam	Land & Building	2009	44,230	Leasehold	11.02.2046	17	22,391
Lot 125, Dai Lo Huu Nghi Vietnam Singapore Industrial Park Thuan An District Binh Duong Province Vietnam	Land & Building	2014	15,000	Leasehold	12.07.2048	5	25,230
Plot No. 014B/015 & 016A VSIP, Bac Ninh Phu Chan Commune Tu Son Town Bac Ninh Province Vietnam	Land & Building	2011	35,762	Leasehold	30.11.2057	8	27,756
Lot No. C2 Thilawa Special Economic Zone Zone A Yangon Region The Republic of the Union of Myanmar	Land & Building	2016	74,830	Leasehold	04.06.2064	2	90,468

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2021

Total number of issued shares	:	120,046,980
Class of share	:	Ordinary shares
Voting rights	:	1 vote per ordinary share

SIZE OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of shares held	%
Less than 100 shares	27	2.34	612	*
100 to 1,000 shares	98	8.48	64,399	0.05
1,001 to 10,000 shares	832	71.97	2,957,448	2.46
10,001 to 100,000 shares	142	12.28	3,717,700	3.10
100,001 to 6,002,348 shares	56	4.84	47,290,700	39.40
6,002,349 shares and above	1	0.09	66,016,121	54.99
Total	**1,156**	**100.00**	**120,046,980**	**100.00**

*Note: * Negligible*

SUBSTANTIAL SHAREHOLDERS
(According to the Register of Substantial Shareholders)

		Direct		Indirect		Total	
No.	Name	No. of shares held	%	No. of shares held	%	No. of shares held	%
1.	Kian Joo Can Factory Berhad ("KJCFB")	66,016,121	54.99	–	–	66,016,121	54.99
2.	Can-One International Sdn. Bhd. ("CISB")	–	–	66,016,121 [(a)]	54.99 [(a)]	66,016,121	54.99
3.	Can-One Berhad ("Can-One")	–	–	66,016,121 [(b)]	54.99 [(b)]	66,016,121	54.99
4.	Eller Axis Sdn. Bhd. ("EASB")	–	–	66,016,121 [(c)]	54.99 [(c)]	66,016,121	54.99
5.	Yeoh Jin Hoe	–	–	66,016,121 [(d)]	54.99 [(d)]	66,016,121	54.99

Notes:

(a) *Deemed interest through KJCFB, a wholly-owned subsidiary of CISB.*

(b) *Deemed interest through wholly-owned subsidiary, CISB.*

(c) *Deemed interest through Can-One in which EASB holds more than 20% voting shares.*

(d) *Deemed interest through EASB in which he holds more than 20% voting shares.*

DIRECTORS' SHAREHOLDINGS

(According to the Register of Directors' Shareholdings)

		Direct		Indirect		Total	
No.	**Name**	**No. of shares held**	**%**	**No. of shares held**	**%**	**No. of shares held**	**%**
1.	Datuk Dr. Roslan Bin A. Ghaffar	–	–	–	–	–	–
2.	Yeoh Jin Hoe	–	–	66,016,121 [(a)]	54.99 [(a)]	66,016,121	54.99
3.	Chee Khay Leong	–	–	–	–	–	–
4.	Tan Kim Seng	24,000	0.02	405,000 [(b)]	0.34 [(b)]	429,000	0.36
5.	Gong Wooi Teik	–	–	–	–	–	–
6.	Tee Keng Hoon	–	–	–	–	–	–
7.	Tuan Ngah @ Syed Ahmad Bin Tuan Baru	–	–	–	–	–	–
8.	Keith Christopher Yeoh Min Kit	–	–	–	–	–	–

Notes:

[(a)] *Deemed interest through KJCFB, an indirect wholly-owned subsidiary company of Can-One.*

[(b)] *Deemed interest through his spouse.*

The rest of this page is intentionally left blank

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2021

LIST OF THIRTY (30) LARGEST SHAREHOLDERS
(According to the Record of Depositors)

No.	Name	No. of shares held	%
1.	Kian Joo Can Factory Berhad	66,016,121	54.99
2.	Chua Sim Neo @ Diana Chua	5,999,300	5.00
3.	Pui Cheng Wui	5,998,400	5.00
4.	Y.A.M. Tunku Nadzaruddin Ibni Tuanku Ja'afar @ Tunku Nadzaruddin	4,659,000	3.88
5.	Teo Kwee Hock	4,644,300	3.87
6.	HSBC Nominees (Asing) Sdn. Bhd. *- Exempt An for Credit Suisse (SG BR-TST-Asing)*	4,371,800	3.64
7.	UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Teo Siew Lai*	2,957,300	2.46
8.	Pui Boon Hean	1,868,700	1.56
9.	Kenanga Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Y.A.M. Tunku Naquiyuddin Ibni Tuanku Jaafar*	1,464,300	1.22
10.	Kenanga Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Leong Kok Khoon*	1,190,400	0.99
11.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Mak Tian Meng (MY3136)*	1,067,800	0.89
12.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. *- Y.A.M. Tunku Nadzaruddin Ibni Tuanku Ja'afar @ Tunku Nadzaruddin Raden (Account 1)*	1,057,700	0.88
13.	Kenanga Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Lim Kuan Gin*	1,052,600	0.88
14.	Pui Boon Keng	693,900	0.58
15.	Wong Yoke Fong @ Wong Nyok Fing	593,600	0.50
16.	Lee Chee Beng	511,000	0.43
17.	Ng Boo Kean @ Ng Beh Kian	430,000	0.36
18.	Lim Siew Jong	405,000	0.34
19.	Geo-Mobile Asia Sdn. Bhd.	400,000	0.33
20.	Lim Gaik Bway @ Lim Chiew Ah	333,200	0.28
21.	Teo Ah Seng	330,000	0.27
22.	AMSEC Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Tan Siow Heng*	328,000	0.27
23.	UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Lim Ching Neoh*	327,200	0.27
24.	Wong Yoke Fong @ Wong Nyok Fing	324,100	0.27
25.	Chong Chiew Tshung	300,000	0.25
26.	Mak Mei Ling	280,000	0.23
27.	Public Invest Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Wong Yoke Fong @ Wong Nyok Fing (M)*	277,500	0.23
28.	JF Apex Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Lim Gaik Bway @ Lim Chiew Ah (Margin)*	270,000	0.22
29.	Eu Mui @ Ee Soo Mei	262,000	0.22
30.	Lim Kuan Seng	250,000	0.21
	Total	**108,663,221**	**90.52**

ANALYSIS OF WARRANT HOLDINGS
AS AT 31 MARCH 2021

Type of securities	:	Warrants 2017/2022
Total number of warrants issued	:	15,005,861
Total number of warrants exercised	:	Nil
Exercise price	:	RM2.04
Maturity date	:	13 March 2022

SIZE OF WARRANT HOLDINGS

Size of warrant holdings	No. of warrant holders	%	No. of warrants held	%
Less than 100 warrants	8	3.00	309	*
100 to 1,000 warrants	132	49.44	72,746	0.48
1,001 to 10,000 warrants	69	25.84	224,877	1.50
10,001 to 100,000 warrants	46	17.23	1,590,975	10.60
100,001 to 750,292 warrants	10	3.74	2,694,024	17.96
750,293 warrants and above	2	0.75	10,422,930	69.46
Total	**267**	**100.00**	**15,005,861**	**100.00**

*Note: * Negligible*

DIRECTORS' WARRANT HOLDINGS
(According to the Register of Directors' Warrant holdings)

No.	Name	Direct No. of warrants held	Direct %	Indirect No. of warrants held	Indirect %	Total No. of warrants held	Total %
1.	Datuk Dr. Roslan Bin A. Ghaffar	–	–	–	–	–	–
2.	Yeoh Jin Hoe	–	–	8,276,530 [1]	55.16 [1]	8,276,530	55.16
3.	Chee Khay Leong	–	–	–	–	–	–
4.	Tan Kim Seng	3,000	0.02	25,000 [2]	0.17 [2]	28,000	0.19
5.	Gong Wooi Teik	–	–	–	–	–	–
6.	Tee Keng Hoon	–	–	–	–	–	–
7.	Tuan Ngah @ Syed Ahmad Bin Tuan Baru	–	–	–	–	–	–
8.	Keith Christopher Yeoh Min Kit	–	–	–	–	–	–

Notes:

(1) *Deemed interest through KJCFB, an indirect wholly-owned subsidiary company of Can-One.*

(2) *Deemed interest through his spouse.*

ANALYSIS OF WARRANT HOLDINGS
AS AT 31 MARCH 2021

LIST OF THIRTY (30) LARGEST WARRANT HOLDERS
(According to the Record of Depositors)

No.	Name	No. of warrants held	%
1.	Kian Joo Can Factory Berhad	8,276,530	55.16
2.	Pui Cheng Wui	2,146,400	14.30
3.	Y.A.M. Tunku Nadzaruddin Ibni Tuanku Ja'afar @ Tunku Nadzaruddin	582,375	3.88
4.	Maybank Nominees (Tempatan) Sdn. Bhd. *- Nomura Singapore Limited for Lim Lian Hock (410242)*	552,000	3.68
5.	UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Teo Siew Lai*	277,350	1.85
6.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. *- Y.A.M. Tunku Nadzaruddin Ibni Tuanku Ja'afar @ Tunku Nadzaruddin Raden (Account 1)*	264,425	1.76
7.	Chen Yu Lan	227,299	1.51
8.	Lim Yuan Tat	186,500	1.24
9.	UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Teo Kwee Hock*	185,200	1.24
10.	Wong Chian Yong	184,800	1.23
11.	Lee Chee Beng	125,000	0.83
12.	Lim Poh Fong	109,075	0.73
13.	Pui Boon Keng	90,000	0.60
14.	Pui Boon Hean	80,000	0.53
15.	Teo Ah Seng	75,000	0.50
16.	Maybank Nominees (Tempatan) Sdn. Bhd. *- Chua Eng Ho Wa'a @ Chua Eng Wah*	66,000	0.44
17.	Y.A.M. Tunku Naquiyuddin Ibni Tuanku Jaafar	66,000	0.44
18.	Ng Boo Kean @ Ng Beh Kian	65,975	0.44
19.	Ding Chee Cheong	55,000	0.37
20.	Teh Yee Liang	51,600	0.34
21.	Ramash Kumar A/L Nariandas	51,000	0.34
22.	UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Lim Ching Neoh*	50,125	0.34
23.	Public Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Lee Cher Keam (E-SRB/KKG)*	50,000	0.33
24.	Maybank Nominees (Tempatan) Sdn. Bhd. *- Ting Teng Sen*	47,500	0.32
25.	Lim Eng Lee	44,000	0.29
26.	HLIB Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Boon Kim Yu (CCTS)*	40,000	0.27
27.	Khor Seow Teen	40,000	0.27
28.	Wong Yong Yit	37,000	0.25
29.	M & A Nominee (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Wong Chian Yong (JB)*	35,200	0.23
30.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Lim Chen Yik (Penang-CL)*	35,000	0.23
	Total	**14,096,354**	**93.94**

NOTICE IS HEREBY GIVEN THAT the Forty-Seventh Annual General Meeting ("AGM") of Box-Pak (Malaysia) Bhd. ("the Company") will be conducted fully virtual and live-streamed from the broadcast venue at the Conference Room of the Company, Lot 4, Jalan Perusahaan Dua, 68100 Batu Caves, Selangor Darul Ehsan, Malaysia ("Broadcast Venue") on Wednesday, 23 June 2021 at 10.00 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2020 and the Reports of the Directors and Auditors thereon. **(Please refer to Note C of this Agenda)**

2. To approve the payment of Directors' Fees amounting to RM600,000 payable to the Directors of the Company and its subsidiaries in respect of the financial year ended 31 December 2020. **Resolution 1**

3. To approve the payment of benefits of up to RM300,000 payable to the Non-Executive Directors of the Company and its subsidiaries for the financial year ending 31 December 2021. **Resolution 2**

4. To re-elect the following Directors of the Company who retire pursuant to Clause 82 of the Company's Constitution:

   (i) Datuk Dr. Roslan Bin A. Ghaffar **Resolution 3**
   (ii) Yeoh Jin Hoe **Resolution 4**
   (iii) Tuan Ngah @ Syed Ahmad Bin Tuan Baru **Resolution 5**

5. To re-appoint BDO PLT, Chartered Accountants, as Auditors of the Company to hold office until the conclusion of the next AGM of the Company and to authorise the Directors to fix the remuneration of the Auditors. **Resolution 6**

AS SPECIAL BUSINESS

6. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   Proposed authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016 **Resolution 7**

   "THAT subject to the Companies Act 2016, the Constitution of the Company and the approvals of the relevant governmental and/or regulatory authorities, if applicable, the Board of Directors of the Company ("Board") be and is hereby empowered pursuant to Sections 75 and 76 of the Companies Act 2016, to allot and issue shares in the Company at any time at such issue price which is at a not more than a ten per centum (10%) discount to the 5-day volume weighted average market price of the shares of the Company immediately before the relevant price fixing date to such Qualified Placee(s) as the Board may in its absolute discretion deem fit or appropriate, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares in the Company for the time being (excluding treasury shares), and upon such other additional terms and conditions (if any) to be determined by the Board. For the purposes of this resolution, "Qualified Placee(s)" shall refer to persons who are not (in accordance with Paragraph 6.04(c) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad) (a) a director, major shareholder or chief executive of the Company or a holding company of the Company (if applicable), or person(s) connected with such director, major shareholder or chief executive; or (b) nominee corporations, unless the names of the ultimate beneficiaries are disclosed. Qualified Placees shall also be person(s) or party(ies) who/which qualify under Schedules 6 and 7 of the Capital Markets and Services Act 2007;

THAT such authority if/when passed shall constitute an authority for the issue of shares with prior shareholders' approval in a general meeting of the precise terms and conditions of the issue;

THAT such authority shall continue to be in force until:

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

(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

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

whichever occurs first;

AND THAT the Board be and is empowered to apply for and obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad."

7. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

Proposed renewal of authority for the Company to purchase its own shares **Resolution 8**

"THAT subject to compliance with the Companies Act 2016, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company's Constitution and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company as may be determined by the Board of Directors of the Company ("Board") from time to time through Bursa Securities upon such terms and conditions as the Board may deem fit and expedient in the interest of the Company, provided that:

(i) the aggregate number of shares to be purchased pursuant to this resolution shall not exceed ten per centum (10%) of the total number of issued shares in the Company as at the date of the share buy-back;

(ii) an aggregate amount of the funds not exceeding the retained profits of the Company as at the date of the share buy-back, be utilised by the Company for the purchase of its own shares; and

(iii) the shares of the Company to be purchased may be cancelled, retained as treasury shares, distributed as dividends or resold on Bursa Securities, or a combination of any of the above, at the absolute discretion of the Board;

AND THAT the authority conferred by this resolution will commence immediately upon the passing of this resolution and will continue to be in force until:

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

(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

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

whichever occurs first but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the MMLR of Bursa Securities or any other relevant authorities;

AND FURTHER THAT the Board be and is hereby authorised to do all such acts and things and to take all such steps as it deems fit, necessary, expedient and/or appropriate in order to complete and give full effect to the purchase by the Company of its own shares with full powers to assent to any condition, modification, variation and/or amendment as may be required or imposed by the relevant authorities."

8. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

Proposed renewal of mandate for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature **Resolution 9**

"THAT subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature as set out in Section 2.4 of Part B of the Company's Circular to shareholders dated 28 April 2021 provided that:

(i) such transactions are necessary for the day-to-day operations of the Company and/or its subsidiaries and are carried out in the ordinary course of business on normal commercial terms and on terms not more favourable to the parties with which such recurrent transactions are to be entered into than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and

(ii) and the mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the mandate during the financial year;

AND THAT the mandate conferred by this resolution shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by ordinary resolution passed at the meeting, the authority is renewed; or

(ii) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting;

whichever is earlier;

AND FURTHER THAT the Directors of the Company be and are hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this resolution."

NOTICE OF FORTY-SEVENTH ANNUAL GENERAL MEETING

9. To transact any other business of which due notice shall have been given in accordance with the Company's Constitution and/or the Companies Act 2016.

By Order of the Board of Directors

Tan Bee Keng
SSM PC No. 201908002597
(MAICSA 0856474)

Kwong Shuk Fong
SSM PC No. 202008002178
(MAICSA 7032330)
Company Secretaries

Batu Caves
Selangor Darul Ehsan
Malaysia
28 April 2021

NOTES:

(A) GENERAL MEETING RECORD OF DEPOSITORS

Only a depositor whose name appears on the General Meeting Record of Depositors as at 15 June 2021 shall be entitled to participate at the Forty-Seventh AGM of the Company or appoint proxy(ies) to participate and vote in his/her stead.

(B) MODE OF MEETING AND PROXY

(i) The venue of the Forty-Seventh AGM of the Company is strictly a Broadcast Venue as the conduct of the Forty-Seventh AGM of the Company will be fully virtual and live-streamed. The Broadcast Venue is also for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting.

Members will not be allowed to attend the Forty-Seventh AGM of the Company in person at the Broadcast Venue on the day of the Meeting.

Members are to attend, speak (including posing questions to the Board of Directors ("Board") via real time submission of typed texts) and vote (collectively, "participate") remotely at the Forty-Seventh AGM of the Company via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor" or "TIIH") through its TIIH Online website at https://tiih.online. Please follow the Procedures for RPV facilities in the Administrative Details for the Forty-Seventh AGM.

(ii) A member of the Company entitled to participate at the Forty-Seventh AGM of the Company is entitled to appoint not more than 2 proxies of his/her own choice to participate in his/her stead. A proxy may but need not be a member of the Company. Where a member appoints more than 1 proxy, the member shall specify the proportion of his/her shareholding to be represented by each proxy, failing which, the appointment shall be invalid.

(iii) Where a member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than 2 proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account to participate at the Forty-Seventh AGM of the Company. Where a member of the Company is an Exempt Authorised Nominee ("EAN") which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("Omnibus Account"), such EAN may appoint multiple proxies in respect of each Omnibus Account it holds. In both cases, such appointment shall be invalid unless the Authorised Nominee or EAN specifies the proportion of its shareholdings to be represented by each proxy it has appointed.

(iv) The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or if the appointor is a corporation, under its common seal or signed by its attorney duly authorised in writing or by 2 officers, 1 of whom shall be a director, on behalf of the corporation. Any alteration to the instrument appointing a proxy must be initialled.

(B) MODE OF MEETING AND PROXY (continued)

(v) A member who has appointed a proxy or attorney or authorised representative to attend, speak and vote at this AGM via RPV facilities must request his/her proxy to register himself/herself for RPV facilities at TIIH Online website at https://tiih.online. Please follow the Procedures for RPV facilities in the Administrative Details for the Forty-Seventh AGM.

(vi) The appointment of a proxy may be made in hard copy form or by electronic form and must be deposited with/received by the Company's Share Registrar, Tricor, not less than 48 hours before the time appointed for holding the Forty-Seventh AGM of the Company or any adjournment thereof, and in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, otherwise the person so named shall not be entitled to vote in respect thereof.

(vii) In the case of an appointment made in hard copy form, the Proxy Form, together with the power of attorney (if any) under which it is signed or a notarially certified copy of that power or authority, must be deposited with Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

(viii) In the case of appointment by electronic form, the Proxy Form must be electronically lodged with the Company's Share Registrar, Tricor via TIIH Online at https://tiih.online. Please refer to the Administrative Details for the Forty-Seventh AGM on the procedures for electronic lodgement of Proxy Form via TIIH Online.

(C) AUDITED FINANCIAL STATEMENTS

This agenda item is meant for discussion only as under the provision of Section 340(1) of the Companies Act 2016, the audited financial statements do not require a formal approval of the members. Hence, this item will not be put forward for voting.

(D) POLL VOTING

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

(E) PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the forthcoming Forty-Seventh AGM of the Company and/or any adjournment thereof, a member of the Company:

(i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the Forty-Seventh AGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Forty-Seventh AGM of the Company (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");

(ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and

(iii) agrees that the member will indemnify the Company in respect of any penalty, claim, demand, loss and damage as a result of the member's breach of warranty.

(F) EXPLANATORY NOTES ON SPECIAL BUSINESS

Ordinary Resolution 7 - Proposed authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016

Ordinary Resolution 7 proposed, if passed, will give a mandate to the Board, from the date of the forthcoming Forty-Seventh AGM of the Company, to allot and issue ordinary shares of the Company at any time at such issue price which is at a not more than a 10% discount to the 5-day volume weighted average market price of the shares of the Company immediately before the relevant price fixing date, to such Qualified Placee(s) as the Board may in its absolute discretion, consider to be in the interest of the Company and upon such other additional terms and conditions (if any) to be determined by the Board, without having to convene a general meeting provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares in the Company for the time being ("Mandate"). The Mandate from the shareholders will be effective immediately upon passing of the Ordinary Resolution and shall continue to be in force until:

(i) the conclusion of the next AGM of the Company; or
(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

The Mandate will provide flexibility to the Company to raise more capital expeditiously and efficiently during this challenging time, to meet its funding requirements including but not limited to working capital, operational expenditures, future investment(s), and/or acquisition(s).

The Board, having considered the current and prospective financial position, needs and capacity of the Group, is of the opinion that the Mandate is in the best interests of the Company and its shareholders.

As at the date of this notice, no new ordinary shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM of the Company held on 24 June 2020. Hence, no proceeds were raised.

Ordinary Resolution 8 - Proposed renewal of authority for the Company to purchase its own shares

Ordinary Resolution 8 proposed, if passed, will renew the authority for the Company to purchase through Bursa Securities such number of ordinary shares in the Company up to an aggregate amount not exceeding 10% of the total number of issued shares in the Company. The renewed authority from the shareholders will be effective immediately upon passing of the Ordinary Resolution and shall continue to be in force until:

(i) the conclusion of the next AGM of the Company; or
(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

For further information, please refer to Share Buy-Back Statement dated 28 April 2021 which is made available together with the Company's Annual Report 2020 at http://www.boxpak.com.my/2021AGM.

Ordinary Resolution 9 - Proposed renewal of mandate for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature ("RRPTs")

Ordinary Resolution 9 proposed, if passed, will renew the mandate for the Company and its subsidiary companies to enter into the RRPTs with Can-One Berhad and/or its subsidiary companies as set out in Section 2.4 of Part B of the Circular to Shareholders dated 28 April 2021.

The aforesaid mandate from shareholders is on an annual basis and subject to renewal at the next AGM of the Company.

For further information, please refer to the Circular to shareholders dated 28 April 2021 which is made available together with the Company's Annual Report 2020 at http://www.boxpak.com.my/2021AGM.

ADMINISTRATIVE DETAILS FOR THE FORTY-SEVENTH ANNUAL GENERAL MEETING ("AGM")

Date of AGM	:	Wednesday, 23 June 2021
Time of AGM	:	10.00 a.m.
Broadcast Venue	:	The Conference Room of Box-Pak (Malaysia) Bhd. Lot 4, Jalan Perusahaan Dua 68100 Batu Caves Selangor Darul Ehsan Malaysia

MODE OF MEETING

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Shareholders **WILL NOT BE ALLOWED** to attend the Forty-Seventh AGM in person at the Broadcast Venue on the day of the meeting.

REMOTE PARTICIPATION AND VOTING ("RPV") FACILITIES

The RPV facilities are available on Tricor Investor & Issuing House Services Sdn Bhd's ("Tricor") **TIIH Online** website at https://tiih.online.

Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the Forty-Seventh AGM using RPV facilities from Tricor.

Kindly refer to Procedures for RPV facilities as set out below for the requirements and procedures.

PROCEDURES FOR RPV FACILITIES

Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the Forty-Seventh AGM using the RPV facilities:

	Procedure	Action
BEFORE THE AGM DAY		
(a)	Register as a user with TIIH Online	• Using your computer, access the website at https://tiih.online. Register as a user under the "e-Services", select the "Sign Up" button and followed by "**Create Account by Individual Holder**". Refer to the tutorial guide posted on the homepage for assistance. • Registration as a user will be approved within one (1) working day and you will be notified via e-mail. • If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.

ADMINISTRATIVE DETAILS FOR THE FORTY-SEVENTH ANNUAL GENERAL MEETING ("AGM")

PROCEDURES FOR RPV FACILITIES (continued)

	Procedure	Action
BEFORE THE AGM DAY (continued)		
(b)	Submit your request to attend the AGM remotely	• Registration is open from **Wednesday, 28 April 2021** until the day of Forty-Seventh AGM on **Wednesday, 23 June 2021**. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the Forty-Seventh AGM to ascertain their eligibility to participate the Forty-Seventh AGM using the RPV facilities. • Login with your user ID (i.e. e-mail address) and password and select the corporate event: "**(REGISTRATION) BOXPAK 47TH AGM**". • Read and agree to the Terms & Conditions and confirm the Declaration. • Select "Register for Remote Participation and Voting". • Review your registration and proceed to register. • System will send an e-mail to notify that your registration for remote participation is received and will be verified. • After verification of your registration against the General Meeting Record of Depositors as at 15 June 2021, the system will send you an e-mail after **21 June 2021** to approve or reject your registration for remote participation. *(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV facilities).*
ON THE DAY OF THE AGM		
(c)	Login to TIIH Online	• Login with your user ID and password for remote participation at the Forty-Seventh AGM at any time from **9.30 a.m.** i.e. 30 minutes before the commencement of the AGM on **Wednesday, 23 June 2021 at 10.00 a.m.**
(d)	Participate through Live Streaming	• Select the corporate event: "**(LIVE STREAM MEETING) BOXPAK 47TH AGM**" to engage in the proceedings of the Forty-Seventh AGM remotely. • If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will endeavor to respond to questions submitted by remote participants during the Forty-Seventh AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.
(e)	Online Remote Voting	• Voting session commences **from 10.00 a.m. on Wednesday, 23 June 2021** until a time when the Chairman announces the end of the voting session of the Forty-Seventh AGM. • Select the corporate event: "**(REMOTE VOTING) BOXPAK 47TH AGM**" or if you are on the live stream meeting page, you can select "**GO TO REMOTE VOTING PAGE**" button below the Query Box. • Read and agree to the Terms & Conditions and confirm the Declaration. • Select the CDS account that represents your shareholdings. • Indicate your votes for the resolutions that are tabled for voting. • Confirm and submit your votes.
(f)	End of remote participation	• Upon the announcement by the Chairman on the closure of the Forty-Seventh AGM, the live streaming will end.

PROCEDURES FOR RPV FACILITIES (continued)

Notes to users of the RPV facilities:

1. Should your registration for RPV be approved, we will make available to you the rights to join the live streamed meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
3. In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting, kindly call Tricor Help Line at +6011-40805616 / +6011-40803168 / +6011-40803169 / +6011-40803170 or e-mail to tiih.online@my.tricorglobal.com for assistance.

ENTITLEMENT TO PARTICIPATE AND APPOINTMENT OF PROXY

Only shareholders whose names appear on the Record of Depositors as at 15 June 2021 shall be eligible to participate at the Forty-Seventh AGM or appoint a proxy(ies) and/or the Chairman of the meeting to attend and vote on his/her behalf.

In view that the Forty-Seventh AGM will be conducted on a virtual basis, a shareholder can appoint the Chairman of the meeting as his/her proxy and indicate the voting instruction in the Proxy Form.

If you wish to participate in the Forty-Seventh AGM yourself, please do not submit any Proxy Form for the Forty-Seventh AGM. You will not be allowed to participate in the Forty-Seventh AGM together with a proxy appointed by you.

Accordingly, Proxy Forms and/or documents relating to the appointment of proxy/corporate representative/attorney for the Forty-Seventh AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than **Monday, 21 June 2021 at 10.00 a.m.**:

(i) In hard copy:

By hand or post to the office of our Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia;

(ii) By electronic form:

All shareholders can have the option to submit their Proxy Forms electronically via TIIH Online and the steps to submit are summarised below:

Procedure	Action
i. Steps for Individual Shareholders	
Register as a User with TIIH Online	• Using your computer, access the website at https://tiih.online. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again.

ADMINISTRATIVE DETAILS FOR THE FORTY-SEVENTH ANNUAL GENERAL MEETING ("AGM")

ENTITLEMENT TO PARTICIPATE AND APPOINTMENT OF PROXY (continued)

(ii) By electronic form (continued):

Procedure	Action
i. Steps for Individual Shareholders (continued)	
Proceed with submission of Proxy Form	• After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. • Select the corporate event: "**BOXPAK 47TH AGM - SUBMISSION OF PROXY FORM**". • Read and agree to the Terms and Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf. • Appoint your proxy(ies) and insert the required details of your proxy(ies) or appoint the Chairman as your proxy. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. • Review and confirm your proxy(ies) appointment. • Print the Proxy Form for your record.
ii. Steps for corporation or institutional shareholders	
Register as a User with TIIH Online	• Access TIIH Online at https://tiih.online. • Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects the "Sign Up" button and followed by "**Create Account by Representative of Corporate Holder**". • Complete the registration form and upload the required documents. • Registration will be verified, and you will be notified by email within one (1) to two (2) working day(s). • Proceed to activate your account with the temporary password given in the email and re-set your own password. *(Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.)*
Proceed with submission of Proxy Form	• Login to TIIH Online at https://tiih.online. • Select the corporate event: "**BOXPAK 47TH AGM - SUBMISSION OF PROXY FORM**". • Agree to the Terms & Conditions and Declaration. • Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Login to TIIH Online, select corporate event: "**BOXPAK 47TH AGM - SUBMISSION OF PROXY FORM**". • Proceed to upload the duly completed proxy appointment file. • Select "Submit" to complete your submission. • Print the confirmation report of your submission for your record.

ADMINISTRATIVE DETAILS FOR THE FORTY-SEVENTH ANNUAL GENERAL MEETING ("AGM")

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

Shareholders may submit questions for the Board in advance of the Forty-Seventh AGM via Tricor's TIIH Online website at https://tiih.online by selecting "e-Services" to login, pose questions and submit electronically no later than **Monday, 21 June 2021 at 10.00 a.m.**. The Board will endeavor to answer the questions received at the AGM.

NO DOOR GIFT/FOOD VOUCHER

There will be no distribution of door gifts or food vouchers for the Forty-Seventh AGM since the meeting is being conducted on a fully virtual basis.

Box-Pak (Malaysia) Bhd. would like to thank all its shareholders for their kind co-operation and understanding in these challenging times.

ENQUIRY

If you have any enquiries on the above, please contact our Share Registrar, Tricor at +603-2783 9299 during office hours on Mondays to Fridays from 8.30 a.m. to 5.30 p.m. (except on public holidays).

The rest of this page is intentionally left blank

This page is intentionally left blank

PROXY FORM

BOX-PAK (MALAYSIA) BHD.
[Registration No. 197401004216 (21338-W)]
(Incorporated in Malaysia)

*I/We ....(NRIC/Company No. ....)
(Full Name in Block Letters)
of ....
(Address)
and telephone no./email address .... being a member/members of Box-Pak (Malaysia) Bhd. (the "Company"), hereby appoint:

Full Name (in block letters)	NRIC/Passport No.	No. of Shares	% of Shareholdings

and

Full Name (in block letters)	NRIC/Passport No.	No. of Shares	% of Shareholdings

or failing him/her, THE CHAIRMAN OF THE MEETING as *my/our proxy to vote for *me/us on *my/our behalf at the Forty-Seventh Annual General Meeting ("AGM") to be conducted fully virtual and live-streamed from the broadcast venue at the Conference Room of the Company, Lot 4, Jalan Perusahaan Dua, 68100 Batu Caves, Selangor Darul Ehsan, Malaysia ("Broadcast Venue") on Wednesday, 23 June 2021 at 10.00 a.m. and at any adjournment thereof. *I/We indicate with an "X" in the spaces below how *I/we wish *my/our votes to be cast.

Resolution	Ordinary Business	For	Against
1	To approve the payment of Directors' Fees amounting to RM600,000 payable to the Directors of the Company and its subsidiaries in respect of the financial year ended 31 December 2020.		
2	To approve the payment of benefits of up to RM300,000 payable to the Non-Executive Directors of the Company and its subsidiaries for the financial year ending 31 December 2021.		
3	To re-elect Datuk Dr. Roslan Bin A. Ghaffar as Director.		
4	To re-elect Yeoh Jin Hoe as Director.		
5	To re-elect Tuan Ngah @ Syed Ahmad Bin Tuan Baru as Director.		
6	To re-appoint BDO PLT, Chartered Accountants, as Auditors of the Company to hold office until the conclusion of the next AGM of the Company and to authorise the Directors to fix the remuneration of the Auditors.		
	Special Business		
7	Proposed authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
8	Proposed renewal of authority for the Company to purchase its own shares.		
9	Proposed renewal of mandate for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature.		

Subject to the abovestated voting instructions, *my/our proxy may vote or abstain from voting on the resolutions as *he/she/they may think fit.

If appointment of proxy is under hand .... Signed by *individual member/*officer or attorney of *member/*authorised nominee of .... (beneficial owner)	No. of shares held: .... Securities Account No.: .... *(CDS Account No.) (Compulsory)* Date: ....
If appointment of proxy is under seal The Common Seal of .... was hereto affixed in accordance with its Constitution in the presence of: .... Director Director/Secretary In its capacity as *member/*attorney of *member/*authorised nominee of .... (beneficial owner)	No. of shares held: .... Securities Account No.: .... *(CDS Account No.) (Compulsory)* Date: ....

Signed this .... day of .... , 2021.

**Strike out whichever is not desired.*
[Unless otherwise instructed, the proxy may vote as he/she thinks fit.]

Notes:

(i) Only a depositor whose name appears on the General Meeting Record of Depositors as at 15 June 2021 shall be entitled to participate at the Forty-Seventh AGM of the Company or appoint proxy(ies) to participate and vote in his/her stead.

(ii) The venue of the Forty-Seventh AGM of the Company is strictly a Broadcast Venue as the conduct of the Forty-Seventh AGM of the Company will be fully virtual and live-streamed. The Broadcast Venue is also for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting.

(iii) Members will not be allowed to attend the Forty-Seventh AGM of the Company in person at the Broadcast Venue on the day of the Meeting.

(iv) Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the Forty-Seventh AGM of the Company via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor" or "TIIH") through its TIIH Online website at https://tiih.online. Please follow the Procedures for RPV in the Administrative Details for the Forty-Seventh AGM.

(v) A member of the Company entitled to participate at the Forty-Seventh AGM of the Company is entitled to appoint not more than 2 proxies of his/her own choice to participate in his/her stead. A proxy may but need not be a member of the Company. Where a member appoints more than 1 proxy, the member shall specify the proportion of his/her shareholding to be represented by each proxy, failing which, the appointment shall be invalid.

(vi) Where a member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than 2 proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account to participate at the Forty-Seventh AGM of the Company. Where a member of the Company is an Exempt Authorised Nominee ("EAN") which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("Omnibus Account"), such EAN may appoint multiple proxies in respect of each Omnibus Account it holds. In both cases, such appointment shall be invalid unless the Authorised Nominee or EAN specifies the proportion of its shareholdings to be represented by each proxy it has appointed.

Notes (continued):

(vii) The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or if the appointor is a corporation, under its common seal or signed by its attorney duly authorised in writing or by 2 officers, 1 of whom shall be a director, on behalf of the corporation. Any alteration to the instrument appointing a proxy must be initialled.

(viii) A member who has appointed a proxy or attorney or authorised representative to attend, speak and vote at this AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at https://tiih.online. Please follow the Procedures for RPV in the Administrative Details for the Forty-Seventh AGM.

(ix) The appointment of a proxy may be made in hard copy form or by electronic form and must be deposited with/received by the Company's Share Registrar, Tricor, not less than 48 hours before the time appointed for holding the Forty-Seventh AGM of the Company or any adjournment thereof, and in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, otherwise the person so named shall not be entitled to vote in respect thereof.

(x) In the case of an appointment made in hard copy form, the Proxy Form, together with the power of attorney (if any) under which it is signed or a notarially certified copy of that power or authority, must be deposited with Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

(xi) In the case of appointment by electronic form, the Proxy Form must be electronically lodged with the Company's Share Registrar, Tricor via TIIH Online at https://tiih.online. Please refer to the Administrative Details for the Forty-Seventh AGM on the procedures for electronic lodgement of Proxy Form via TIIH Online.

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

(xiii) By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the forthcoming Forty-Seventh AGM of the Company and/or any adjournment thereof, the member of the Company accepts and agrees to the Personal Data Privacy terms as set out in the Notice of Forty-Seventh AGM of the Company dated 28 April 2021.

1st Fold Here

AFFIX
STAMP

The Share Registrar
TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD
[Registration No. 197101000970 (11324-H)]
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan, Malaysia

2nd Fold Here

Fold This Flap For Sealing

BOX-PAK (MALAYSIA) BHD.
[Registration No. 197401004216 (21338-W)]

Lot 4, Jalan Perusahaan Dua
68100 Batu Caves
Selangor Darul Ehsan, Malaysia

Tel +603 6189 6688
Fax +603 6189 2515

www.boxpak.com.my