

BOX-PAK (MALAYSIA) BHD.

Incorporated in Malaysia
Registration No. 197401004216 (21338-W)
("Box-Pak" or "the Company")

SUMMARY OF KEY MATTERS DISCUSSED AT THE FORTY-SEVENTH ANNUAL GENERAL MEETING ("47TH AGM") OF BOX-PAK HELD ON THE ONLINE MEETING PLATFORM PROVIDED BY TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN. BHD. VIA THE TIH ONLINE WEBSITE AT <https://tjih.online> ON WEDNESDAY, 23 JUNE 2021 AT 10.00 A.M.

Pursuant to Paragraph 9.21(2)(b) of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("MMLR"), a listed issuer must publish a summary of key matters discussed at the annual general meeting, as soon as practicable after the conclusion of the annual general meeting.

All the ordinary resolutions that were tabled at the 47th AGM of Box-Pak were voted by way of poll in accordance with Paragraph 8.29A(1) of the MMLR, via Remote Participation and Voting ("RPV") facility at <https://tjih.online> and were duly approved by the shareholders and proxies. The shareholders also received the Audited Financial Statements of Box-Pak group of companies and of Box-Pak for the financial year ended 31 December 2020, along with the Reports of the Directors and Auditors thereon.

The following results of the vote by poll at the 47th AGM of Box-Pak were broadcasted on the screen:

47TH AGM	Voted for		Voted against		Total votes casted	
	No. of shares	%	No. of shares	%	No. of shares	%
ORDINARY BUSINESS						
Ordinary Resolution 1 To approve the payment of Directors' fees amounting to RM600,000 payable to the Directors of the Company and its subsidiaries for the financial year ended 31 December 2020.	72,756,138	99.9902	7,100	0.0098	72,763,238	100.0000
Ordinary Resolution 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.	72,748,836	99.9802	14,402	0.0198	72,763,238	100.0000
Ordinary Resolution 3 To re-elect Director, Datuk Dr. Roslan Bin A. Ghaffar who retires pursuant to Clause 82 of the Company's Constitution.	73,190,636	99.9978	1,602	0.0022	73,192,238	100.0000
Ordinary Resolution 4 To re-elect Director, Yeoh Jin Hoe who retires pursuant to Clause 82 of the Company's Constitution.	73,190,636	99.9978	1,602	0.0022	73,192,238	100.0000

47TH AGM	Voted for		Voted against		Total votes casted	
	No. of shares	%	No. of shares	%	No. of shares	%
ORDINARY BUSINESS (cont'd)						
Ordinary Resolution 5 To re-elect Director, Tuan Ngah @ Syed Ahmad Bin Tuan Baru who retires pursuant to Clause 82 of the Company's Constitution.	73,190,636	99.9978	1,602	0.0022	73,192,238	100.0000
Ordinary Resolution 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.	73,190,636	99.9978	1,602	0.0022	73,192,238	100.0000
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.	73,183,336	99.9878	8,902	0.0122	73,192,238	100.0000
Ordinary Resolution 8 Proposed renewal of authority for the Company to purchase its own shares.	73,190,638	99.9978	1,600	0.0022	73,192,238	100.0000
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.	7,174,515	99.9777	1,602	0.0223	7,176,117	100.0000

The following questions which were received via the Query Box at <https://tiih.online> before and during the 47th AGM of the Company, were duly answered by the Chairman, President Cum Chief Executive Officer, Chee Khay Leong and Group Chief Financial Officer, Ooi Teik Huat:

Question 1 : Sincerely hope for e-cash voucher for those who participate in this Annual General Meeting (“AGM”). We never request for reduction of Directors’ remuneration. Hopefully, the Board of Directors (“Board”) will reciprocate in a similar manner.

Answer 1 : We asked for your understanding as the Group is still facing a lot of challenges during this Covid-19 pandemic period and we are very careful with our spending. Apart from business challenges, we also need to bear additional costs to ensure the safety and health of our employees such as purchase of personal protection equipment, payment for swab tests and later on, the vaccination cost for them.

We take note of the numerous requests from shareholders for e-cash vouchers, etc. We will take your requests into consideration for our future AGMs.

Question 2 : Shareholders suffered huge loss in view of the share price that is lying low and the inactive trading volume. Any plan for merger and acquisition (“M&A”) and diversifying business segment to attract investors’ interest?

Answer 2 : Currently, there is no plan for any M&A or diversification. We are working our best to ensure that our business continues to thrive, and the Company is attractive to investors.

Question 3 : How does the Board intend to resolve the inactive share trading volume?

Answer 3 : The Company’s public spread is actually quite high at approximately 45% and a lot of the shareholders invest for long-term in the Company. In fact, the Company had in financial year 2017, completed a rights issue exercise with warrants as an attempt to increase the liquidity of its shares. We may need to consult our advisors on this issue.

Question 4 : Can you elaborate on the Company’s future direction?

Answer 4 : Our Malaysia and Vietnam entities will continue to expand their market share and diversify into new market segments. We will also continue to upgrade their hardware and software to enhance their earnings and to protect their assets value.

Our Myanmar entity is working hard to grow its business to ensure it can breakeven soon and to contribute positively by 2025.

Question 5 : Does Box-Pak (Malaysia) Bhd. participate in the Economic Frontliners’ Vaccination Programme? If yes, how much per dose is spent on each worker?

Answer 5 : We are registered under the Public-Private Partnership Covid-19 Industry Immunisation Programme (“PIKAS”) and under PIKAS, we expect to spend vaccination cost of between RM100 to RM150 per worker.

Question 6 : (i) For Quarter 1, 2021, the Group's net revenue was RM182.5 million compared to RM187.1 million in Quarter 4, 2020. However, the Group's gross profit decreased from RM23.0 million to RM19.3 million in Quarter 1, 2021. Could you explain the drop in the gross profit margin from 12.3% to 10.6%?

(ii) How is the Group going to address the issue of rising paper prices and increase in freight cost? Will the selling price be adjusted to pass down the cost?

(ii) Which year will Myanmar start to contribute significantly to revenue?

Answer 6 : (i) As announced in the Company's Quarter 1, 2021 results, the drop in gross profit margin for Quarter 1, 2021 was mainly due to lower revenue, especially after the festive season sales were captured in Quarter 4, 2020. The other reason was because of sales mix and higher paper cost in Quarter 1, 2021.

(ii) We actively and continuously engage with our customers and our suppliers to manage our selling price as well as the cost. We engage with customers to share the incremental cost. We also always on the look out for cheaper materials without compromising the quality of the material in order to broaden our supply source and to maintain our profitability. As we source our paper mainly locally and from neighbouring countries, freight cost has quite little impact on the Group right now.

(iii) Our Myanmar entity should be contributing positively to the Group approximately 5 years after its commencement of commercial operations in 2019. Its revenue contribution to the Group was 1% in financial year 2019 and increased to 3% in financial year 2020.

Question 7 : Your Annual Report 2020 says that your revenue from your Vietnam operations was down due to Covid-19 lockdown imposed there. Currently, there is a more infectious and deadlier virus variant spreading and further lockdowns have been or will be introduced; so what will be the expected impact on your Company's financial and business operations in Vietnam as well as in Malaysia?

Answer 7 : Our Malaysia entities contributed about 27% of the Group's revenue. Currently, our plants in Malaysia are able to operate subject to strict compliance with the Standard Operating Procedures prescribed by MITI, i.e. operating with only 60% headcount. Under this circumstances, our Malaysia entities are trying their best to maintain their business volumes. However, their customers are also operating under similar restrictions while some customers did not even receive the approval to operate. Similarly, our suppliers face the same problems as us. We anticipate revenue of our Malaysia entities will reduce to about 20% - 25% during the movement control order period, but we are doing our best to maintain the profitability of the Group.

Our Vietnam entities contributed 70% of the Group's revenue. After the initial impact of the lockdown in Quarter 1, 2020, our Vietnam entities have recovered to their normal operating activities from Quarter 2, 2020. This year, barring any unforeseen circumstances, we do not foresee any impact of the Covid-19 pandemic on our entities in Vietnam.

Question 8 : The trading of the Company's shares is very thin. Does the Company plan to do any share buy-back?

Answer 8 : We are seeking shareholders' approval at this AGM, for the proposed renewal of authority for the Company to buy back its own shares. So, please consider voting in favour of this resolution later.

Question 9 : 2016 to 2019 had been loss making years, while 2020 turned around to profit. What is the main reason for this?

Answer 9 : The Group incurred loss starting from Quarter 4, 2016 and started to turnaround in Quarter 3, 2019. The key issue then was the rapid increases in paper cost during that period. The paper cost has stabilised since the end of 2019. We have also improved our machinery efficiency and expanded our supply source to lower our paper cost. Our selling price has also been increased to pass down the impact of the paper cost increase. All these measures have contributed positively to the Group's results from then onwards.

The 47th AGM of the Company concluded and closed at 11.18 a.m.