ANNUAL REPORT 2021

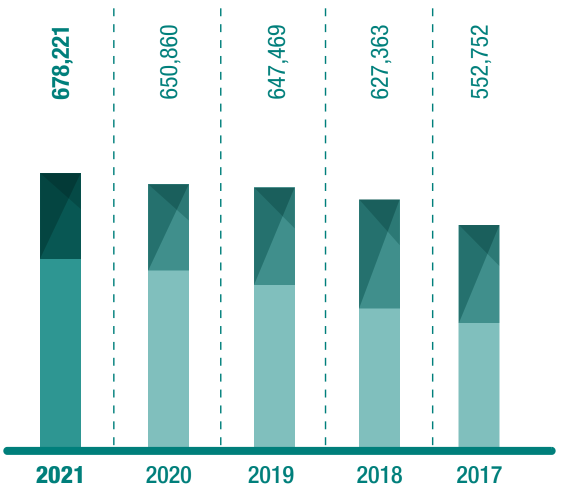
BOX-PAK (MALAYSIA) BHD.

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

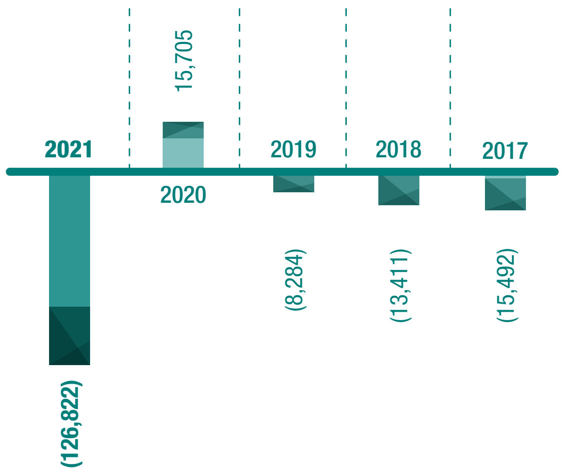
FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

	2021	2020	2019	2018	2017
Revenue (RM'000)	**678,221**	650,860	647,469	627,363	552,752
Earnings Before Interest, Tax, Depreciation and Amortisation (RM'000)	**(71,864)**	60,244	36,724	19,458	12,569
(Loss)/Profit Before Taxation (RM'000)	**(126,822)**	15,705	(8,284)	(13,411)	(15,492)
(Loss)/Profit After Taxation (RM'000)	**(128,779)**	11,948	(10,508)	(14,881)	(15,354)
Total Assets (RM'000)	**567,879**	624,149	629,907	703,023	606,195
Paid-Up Capital (RM'000)	**167,363**	167,363	167,363	167,363	167,363
Shareholders' Equity (RM'000)	**125,266**	244,274	236,213	250,171	264,569
Return on Equity (%)	**(102.80)**	4.89	(4.45)	(5.95)	(5.80)
Total Borrowings and Lease Liabilities (RM'000)	**250,750**	210,428	243,554	289,863	199,204
(Loss)/Profit Per Share - basic and diluted (Sen)	**(107.27)**	9.95	(8.75)	(12.40)	(14.62)
Net Assets Per Share (RM)	**1.04**	2.03	1.97	2.08	2.20
Debt/Equity Ratio (times)	**2.00**	0.86	1.03	1.16	0.75

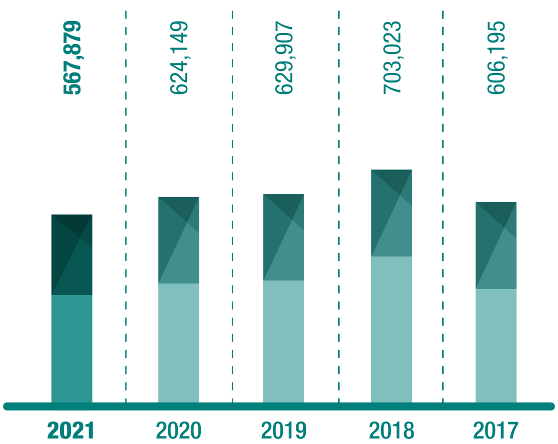
Revenue
(RM'000)



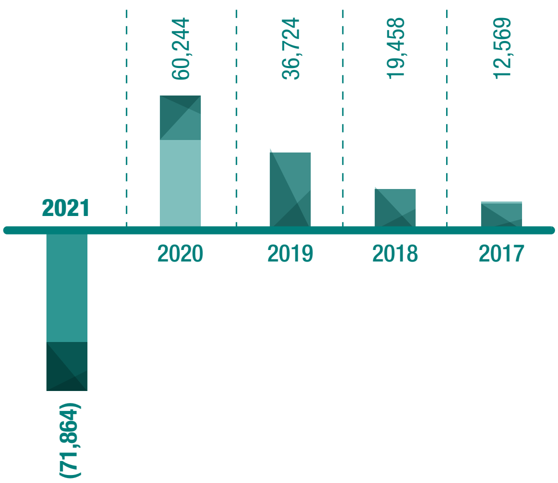
(Loss)/Profit Before Taxation
(RM'000)



Total Assets
(RM'000)



Earnings Before Interest, Tax, Depreciation and Amortisation
(RM'000)



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CORPORATE INFORMATION
AS AT 15 APRIL 2022

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)

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

Tee Keng Hoon
(Senior Independent Non-Executive Director)

Gong Wooi Teik
(Independent Non-Executive Director)

Tan Kim Seng
(Independent Non-Executive Director)

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

Sharifah Nadia Aljafri
(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)*
Tan Kim Seng
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

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Selangor Darul Ehsan, Malaysia
T : +603-6189 6688
F : +603-6189 2515

AUDITORS

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(LLP0018825-LCA & AF 0206)
Chartered Accountants
Level 8, BDO @ Menara CenTara
360, Jalan Tuanku Abdul Rahman
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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)]
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Vertical Business Suite
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T : +603-2783 9299
F : +603-2783 9222
E : is.enquiry@my.tricorglobal.com
W : www.tricorglobal.com

Tricor Customer Service Centre
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Vertical Podium
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No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan, Malaysia

PRINCIPAL BANKERS

AmBank Islamic Berhad
Al-Rajhi Banking & Investment Corporation
(Malaysia) Bhd
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 15 APRIL 2022

BOX-PAK (MALAYSIA) BHD.*
Registration No. 197401004216 (21338-W)
(Incorporated in Malaysia)

- 100% **BP MPak Sdn. Bhd.**
- 100% **Box-Pak (Johore) Sdn. Bhd.**
- 100% **Box-Pak (Vietnam) Co., Ltd.** — 100% **Box-Pak (Hanoi) Co., Ltd.**
- 100% **BP Pak (Singapore) Pte. Ltd.** — 100% **Boxpak (Myanmar) Company Limited**
- 99% **PT. KJ Box-Pak**

* *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 2021 ("FYE 2021"). It contains commentary from the Management on the performance of the Group, 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 as set out in pages 64 to 129.

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 the Annual Report for FYE 2021.

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 considering the information available to them and is subject to future uncertainties. 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 corrugated cartons in Malaysia, Vietnam and Myanmar. The Group also has non-active entities in Singapore and Indonesia.

The Group's business objective is to manufacture quality corrugated cartons that meet customers' requirements in South East Asia.

The financial performance of the Group for FYE 2021 continues to be influenced by the outbreak of 2019 Novel Coronavirus infection ("COVID-19") which has disrupted the economic activities, consumer demand and global supply chain.

Various forms of movement control orders implemented by the governments of Malaysia, Vietnam and Myanmar, including lockdown measures and curfews continue to disrupt our manufacturing plants' operations. In addition, the business activities of our customers and suppliers where our manufacturing plants are operating at are similarly impacted. Escalation of raw materials prices, in particular, paper rolls were brought on by a combination of supply chain disruptions and labour shortages. As a result, the Group managed to achieve a marginal 4.2% growth in revenue in FYE 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

Summary of the financial performance of the Group for FYE 2021 as compared to the financial year ended 31 December 2020 ("FYE 2020") are as follows:

	FYE 2021 RM'000	FYE 2020 RM'000	Increase / (Decrease) RM'000	 %
Revenue	**678,221**	650,860	27,361	4.2
Gross Profit ("GP")	**28,730**	73,386	(44,656)	(60.9)
(Loss)/Profit Before Taxation ("LBT" / "PBT")	**(126,822)**	15,705	(142,527)	(907.5)
(Loss)/Profit After Taxation ("LAT" / "PAT")	**(128,779)**	11,948	(140,727)	(1,177.8)
Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA")	**(71,864)**	60,244	(132,108)	(219.3)
Total Assets	**567,879**	624,149	(56,270)	(9.0)
Shareholders' Equity	**125,266**	244,274	(119,008)	(48.7)
No. of Shares in issue ('000)	**120,047**	120,047	–	–
Total Borrowings & Lease Liabilities	**250,750**	210,428	40,322	19.2
GP Margin (%)	**4.24**	11.28		
(LBT)/PBT Margin (%)	**(18.70)**	2.41		
(LAT)/PAT Margin (%)	**(18.99)**	1.84		
EBITDA Margin (%)	**(10.60)**	9.26		
Net Assets Per Share (RM)	**1.04**	2.03		
(Loss)/Profit Per share (Sen)	**(107.27)**	9.95		
Debt/Equity Ratio (times)	**2.00**	0.86		

Despite operating under continuing challenging circumstances, the revenue of the Group improved by 4.2% to RM678.2 million in FYE 2021 as compared to RM650.9 million recorded in FYE 2020. The increase in revenue was driven by a combination of lower sales volume as well as higher selling price which was brought on by inflationary cost increases in the prime raw material i.e paper rolls.

The Group registered a lower GP in FYE 2021 at RM28.7 million as compared to RM73.4 million in FYE 2020. The decrease in GP was primarily driven by lower sales volume, higher provision of slow-moving inventories and increased cost of raw materials.

The Group registered a LBT of RM126.8 million in FYE 2021 as compared to a PBT of RM15.7 million in FYE 2020. The loss in FYE 2021 was due to the impairment of the Myanmar entity of RM95.8 million as well as lower sales volume, increased cost of raw materials and higher provision of slow-moving inventories.

Due to the history of continuing losses in the Myanmar entity which was mainly attributed to COVID-19 pandemic as well as the political upheaval in Myanmar in early 2021, these were indicators that the property, plant and equipment and right-of-use assets may be impaired. Therefore, the Group took a more conservative approach in evaluating the future cash flows that could be generated from the Myanmar entity to arrive at the value for impairment.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE (continued)

Malaysia entities

Contributions from entities in Malaysia are as follows:

	FYE 2021 RM'000	FYE 2020 RM'000	Increase / (Decrease) RM'000	%
Revenue	**196,090**	176,782	19,308	10.9
(LBT) / PBT	**(66,843)**	6,226	(73,069)	(1,173.6)

The manufacturing plants in Malaysia are located in Batu Caves, Selangor and Senai, Johor.

Revenue improved by 10.9% to RM196.1 million in FYE 2021 as compared to RM176.8 million in FYE 2020. Revenue improvement can be attributed to higher selling prices which arose from the passing on of raw materials cost increases to customers. The pandemic created a global supply chain disruption which led to various raw material cost increases namely, paper roll.

LBT of RM66.8 million was recorded in FYE 2021 as compared to a PBT of RM6.2 million in FYE 2020. The loss was attributable to the impairment loss on the investment in a subsidiary of RM53.3 million; the impairment of amounts due from subsidiaries of RM6.2 million; a higher provision made for slow-moving inventories of RM5.9 million and a lower gross profit due to the increase in raw material cost which could not be passed through to customers.

Vietnam entities

Contributions from entities in Vietnam are as follows:

	FYE 2021 RM'000	FYE 2020 RM'000	Increase / (Decrease) RM'000	%
Revenue	**459,923**	458,605	1,318	0.3
(LBT) / PBT	**(9,686)**	22,468	(32,154)	(143.1)

The manufacturing plants in Vietnam are located in Ho Chi Minh City and Hanoi.

The Vietnam entities recorded similar revenue in FYE 2021 at RM459.9 million as compared to FYE 2020 at RM458.6 million which was driven by higher selling price which offsetted lower sales volume. The reduction in sales volume in FYE 2021 was due to the prolonged lockdown measures by the Vietnam government in Quarter 3 of FYE 2021 which caused severe economic disruptions in Vietnam. Sales volume slowly recovered in Quarter 4 of FYE 2021 as lockdown measures were lifted. Post lockdown, Vietnam faced manpower shortage issues, particularly in Ho Chi Minh City. The continued spread of COVID-19 variants in the local community remains a risk as the Vietnam entities endeavour to regain the ability to run at higher capacities.

The Vietnam entities recorded a LBT of RM9.7 million in FYE 2021 as compared to a PBT of RM22.5 million due to the reduction in sales volume as well as a higher provision for slow-moving inventories.

FINANCIAL PERFORMANCE (continued)

Myanmar entity

Contribution from entity in Myanmar is as follows:

	FYE 2021 RM'000	FYE 2020 RM'000	Increase / (Decrease) RM'000	%
Revenue	**22,208**	15,473	6,735	43.5
(LBT)	**(111,254)**	(14,191)	(97,063)	684.0

In its third year of commercial operations, the Myanmar entity continued to expand its market penetration and registered a 43.5% increase in revenue to RM22.2 million in FYE 2021 from RM15.5 million in FYE 2020. Despite the increase in sales volume, the performance of this entity fell short of Management's expectations.

Having looked at the history of continuing losses of the Myanmar entity which was mainly attributed to the COVID-19 pandemic as well as the political upheaval in early 2021 as indicators of impairment, Management took a conservative approach to determine the future cash flows generated from the continuation of operation in Myanmar. As a result of this evaluation, an impairment loss of RM95.8 million was recorded.

Hence, the Myanmar entity registered a LBT of RM111.3 million in FYE 2021 compared to a LBT of RM14.2 million in FYE 2020 which arose from the reason indicated above.

STRATEGIC ANALYSIS

Overall market analysis and outlook

Corrugated cartons are used in a wide variety of industries worldwide as 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 corrugated cartons which our customers want at the price acceptable to them.

In Malaysia, the corrugated carton industry is a matured industry with numerous players. The Malaysian Corrugated Carton Manufacturers' 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 and Myanmar. There are also downstream players who are pure converters where they source paper boards from corrugated carton manufacturers and supply corrugated cartons to their customers.

In Malaysia, the Group focuses its sales effort on fast-moving consumer goods where high quality corrugated cartons are consistently in demand. The Group also sells its products to electronic & electrical industry, furniture, edible oil and other industries.

In Vietnam, the corrugated carton industry is a matured industry with a large number of manufacturers. Apart from manufacturers of similar size, the Group's operations in Vietnam are also competing with large integrated corrugated carton manufacturers as well as smaller converters. The Group in Vietnam focuses its attention on fast-moving consumer goods, electronic & electrical, furniture and footwear which are in high demand and the quality standards are significantly higher.

STRATEGIC ANALYSIS (continued)

Overall market analysis and outlook (continued)

In Myanmar, there are more than 10 corrugated carton 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, competition 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 2021, none of the customers contributed more than 10% of the Group's revenue. However, significant portion of the Group's revenue is concentrated in the food and beverage industry.

The Group also manufactures corrugated cartons for edible oil industry, electronic & electrical industry, footwear industry and furniture industry. The Group also sells paper board to converters. The Group will continue to develop new customers and new market segments in order to diversify its customer base.

Credit risks

It is the industry norm to sell corrugated cartons 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 actions 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 receivables ageing together with a list of long outstanding customers are presented to the 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 corrugated cartons.

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 source 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, besides importing paper rolls at zero import duty, is also able to procure domestic supplies of paper rolls to cater for production.

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 Malaysia 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 ("OCC") 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 disruption caused by the global supply chain crisis in 2021, the Group increased its paper rolls inventory in all our manufacturing plants to ensure minimal disruption of carton supply to our customers.

Corrugated cartons 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 corrugated 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 Government. The current minimum wage which was fixed in 2019 is RM1,200.

In FYE 2021, in the continued effort to contain the spread of COVID-19, the Group incurred additional expenses on COVID-19 testings, test kits, personal protection equipment ("PPE") and sanitisation of the manufacturing plants, staff facilities and workers hostels.

As the Malaysia entities rely on foreign workers from Nepal, Vietnam and Bangladesh to provide the labour required at the manufacturing plants, additional expenses were incurred in ensuring compliance with Employees' Minimum Standards of Housing, Accomodations and Amenities Act 1990 as introduced by Jabatan Tenaga Kerja.

In Vietnam, the Government has in force, an annual minimum wage increase. In Ho Chi Minh City, the minimum wage was Vietnam Dong ("VND") 4.42 million whereas in Hanoi, it was VND3.92 million. The last revision was made in January 2020. In year 2021, the Government of Vietnam withheld the minimum wage increase to cushion the impact to businesses as a result of the economic conditions brought on by the COVID-19 pandemic.

STRATEGIC ANALYSIS (continued)

Human capital (continued)

Similar to Malaysia, our Vietnam entities incurred expenses for COVID-19 testings, test kits, PPE and sanitisation of the manufacturing plants. Moreover, with the stringent imposition of lockdown measures, our Vietnam entities incurred additional expenses in the areas of food and drinks, hardship allowance and bedding materials for employees locked inside the manufacturing plants compound.

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 our manufacturing plants. Emphasis is place on our workers' awareness on occupational safety and health including COVID-19 preventative measures to promote a safe workplace.

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

Manufacturing plants

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 the assets 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 machineries 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, machinery and equipment are subject to continuous expansion, upgrades and improvements to cater for customers' demand.

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

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 entities 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-earning assets.

STRATEGIC ANALYSIS (continued)

Liquidity and capital management (continued)

At 31 December 2021, the net debts and total equity of the Group are as follows:

	FYE 2021 RM'000	FYE 2020 RM'000
Loans and borrowings	**244,335**	203,421
Lease liabilities	**6,415**	7,007
Less: Cash and bank balances	**(22,191)**	(30,380)
Net debt	**228,559**	180,048
Total equity	**125,266**	244,274
Net debt-to-equity ratio	**1.82**	0.74

Net debts of the Group increased by 26.9% in FYE 2021 due to increased trade borrowings to finance increased inventory holding. Higher inventory holding was required as part of the Group's risk mitigation action in addressing the global supply chain disruptions caused by the COVID-19 pandemic.

Borrowings incurred by the Group exposed 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 entered 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 2021 amounted to RM1.4 million.

Warrants 2017/2022

In conjunction with a corporate exercise in 2017, 15,005,861 free detachable Warrants 2017/2022 ("Warrants") were issued. Each Warrant can be exercised at any time, at an exercise price of RM2.04 per ordinary share.

The Warrants expired on 13 March 2022.

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 ("USD").

However, due to the different functional currencies for the entities in Vietnam, Singapore and Myanmar, the net assets value of these reporting entities in Vietnam, Singapore and Myanmar are subject to foreign currency translation risk. The translation differences were accounted for as "foreign currency translation reserve".

At 31 December 2021, there is a credit balance of RM17.1 million in the foreign currency translation reserve accounts.

MANAGEMENT DISCUSSION AND ANALYSIS

OTHER MATTERS

Taxation

The statutory tax rate in Malaysia is 24% while in Vietnam, it is 15-20%. In Myanmar, the Group has a tax holiday period for 5 years from the commencement of operations and the relief of 50% of corporate income tax for 5 years. No consideration has been given on the prior year tax losses incurred by the loss-making entities in Malaysia, Vietnam and Myanmar. The use of tax losses in these entities is subject to agreements of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which these entities operate.

Retirement benefit

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

Related parties transactions

The Group entered into related party transactions to:

a. rent factory premises owned by a related company;
b. rent a factory premise 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 23 June 2021.

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.

Dividend

No dividend was declared or proposed by the Directors for FYE 2021.

Political upheaval in Myanmar

The political upheaval in Myanmar which began in February 2021 has resulted in the state of emergency declared which disrupted the business environment initially. At this juncture, the Group has decided that it will continue to operate in Myanmar and adapt to any new requirements that may be imposed by the military government.

The Group will continue to assess the operational and financial impact of the political instability since ongoing developments remain uncertain and cannot be reasonably predicted. Nonetheless, the Group continues to monitor the development in Myanmar and be responsive to any changes in order to deliver sustainable and satisfactory results for the Group.

DATUK DR. ROSLAN BIN A. GHAFFAR	Chairman/ Independent Non-Executive Director Malaysian, Male, Aged 69

Datuk Dr. Roslan Bin A. Ghaffar was appointed to the Board of the Company on 27 May 2015.

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 University Putra Malaysia ("UPM"). In the 1992-1993 academic years, he 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, he 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-year tenure with the Fund, he was instrumental in the formulation and implementation of investment strategies to meet the Fund's investment objectives.

He is the Chairman of Priceworth International Berhad and Mieco Chipboard Berhad which are both listed on Bursa Malaysia Securities Berhad ("Bursa Securities"). He is also a director of Sentral REIT Management Sdn. Bhd., the Manager of public listed Sentral REIT.

He does not have any family relationship with any Director and/or major shareholder of the Company.

YEOH JIN HOE	Group Managing Director Malaysian, Male, Aged 75

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 penultimate 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 in the acquisition by Can-One of its significant interest in Kian Joo. Currently, he remains as a Non-Independent Non-Executive Director on the Board of Can-One.

He is an Executive Director of Alcom Group Berhad ("AGB"), a company listed on the Bursa Securities and AGB's wholly-owned subsidiary company, Aluminium Company of Malaysia Berhad. He is also a Trustee of Yayasan Canone Kian Joo.

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

PROFILE OF DIRECTORS
AS AT 15 APRIL 2022

CHEE KHAY LEONG	President cum Chief Executive Officer Malaysian, Male, Aged 61

Chee Khay Leong was appointed to the Board of the Company on 3 July 2013 as Executive Director. He was re-designated to 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.

He does not have any family relationship with any Director and/or major shareholder of the Company.

KEITH CHRISTOPHER YEOH MIN KIT	Non-Independent Non-Executive Director Malaysian, Male, Aged 36

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, United Kingdom ("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 AGB.

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

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 as 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 46 years.

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

He does not have any family relationship with any Director and/or major shareholder of the Company.

GONG WOOI TEIK

Independent Non-Executive Director
Malaysian, Male, Aged 71

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 Senior Partner of GEP Associates PLT, 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 and AGB which are both listed on Bursa Securities.

He does not have any family relationship with any Director and/or major shareholder of the Company.

TAN KIM SENG

Independent Non-Executive Director
Malaysian, Male, Aged 69

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

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.

He does not have any family relationship with any Director and/or major shareholder of the Company. He has no directorship in other public companies and listed issuers.

TUAN NGAH @ SYED AHMAD BIN TUAN BARU

Independent Non-Executive Director
Malaysian, Male, Aged 70

Tuan Ngah @ Syed Ahmad Bin Tuan Baru 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, UK and Masters in Business Administration from Manchester Business School, UK.

His 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.

He does not have any family relationship with any Director and/or major shareholder of the Company. He has no directorship in other public companies and listed issuers.

PROFILE OF DIRECTORS
AS AT 15 APRIL 2022

SHARIFAH NADIA ALJAFRI	Independent Non-Executive Director Malaysian, Female, Aged 38

Sharifah Nadia Aljafri was appointed to the Board of the Company as Independent Non-Executive Director on 20 December 2021.

She holds a Law degree from Oxford Brookes University, Oxford, England.

She has extensive experience in dispute resolution where she had been involved in corporate and commercial disputes for more than 12 years. She is presently a partner of Messrs Low Aljafri & Associates. Her portfolio includes Civil and Commercial Litigation, Cross-Border Claims, Shareholders' and Oppression Claims, Arbitration and Construction Industry Payment and Adjudication Act 2012 Claims, Construction and Engineering disputes, Professional Consultants and Consultancy Disputes, Professional Negligence Claims, Employment related disputes, and Professional Indemnity Insurance Claims and Disputes.

She does not have any family relationship with any Director and/or major shareholder of the Company. She has no directorship in other public companies and listed issuers.

Additional information:

1. *None of the Directors has any conflict of interest with the Company.*
2. *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 2021 ("FYE 2021").*
3. *Details of the Directors' attendance at Board meetings are set out in page 40 of this Annual Report.*

PROFILE OF KEY SENIOR MANAGEMENT
AS AT 15 APRIL 2022

CHAN KAM CHIEW | Group Finance Director
Malaysian, Male, Aged 57

Chan Kam Chiew is a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants and Institute of Corporate Directors Malaysia. He joined KPMG in Kuala Lumpur in 1984. He was a Partner in the Assurance Services of KPMG Malaysia from 1998 until his retirement as a Senior Partner in December 2020. He had also served in KPMG San Francisco office from 1991 to 1993.

He has over 36 years of experience in providing audit and business advisory services to clients in a wide range of industries. His portfolio of clients included a wide range of public listed companies and multinational corporations in various industries including those in automotive, real estate investments trust, property development and construction, oil and gas, electronics and information technology, freight and shipping, industrial manufacturing, food and beverages, retail and consumer and banking and financial services. In addition to statutory audits, he had led and been involved in assignments in relation to the International Financial Reporting Standards reviews, initial public offerings and reverse takeovers, mergers and acquisitions (including cross borders), financial due diligence reviews, provision of financial advisory services and review of policies and procedures.

He had served on the Board of Malaysian Accounting Standards Board (“MASB”) for 2 terms from 2012 to 2018. He had also served as a member as well as chaired a few working groups of MASB and was an examiner for the Regulatory and Financial Reporting Framework examination for the Malaysian Institute of Certified Public Accountants.

He joined the Group on 1 June 2021 in the capacity of Group Finance Director. He holds directorship in Kerjaya Prospek Group Berhad which is listed on Bursa Malaysia Securities Berhad.

He does not have any family relationship with any Director and/or major shareholder of the Company.

BERNADETTE CHIN CHEEN CHOO | Director - Group Executive Management Office
Malaysian, Female, Aged 56

Bernadette Chin Cheen Choo 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.

She does not have any family relationship with any Director and/or major shareholder of the Company. She has no directorship in public companies and listed issuers.

TAN BEE KENG | Group Company Secretary
Malaysian, Female, Aged 62

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 Group Company Secretary 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.

She does not have any family relationship with any Director and/or major shareholder of the Company. She has no directorship in public companies and listed issuers.

PROFILE OF KEY SENIOR MANAGEMENT
AS AT 15 APRIL 2022

CHAN HUAN CHEONG	General Director - Vietnam Malaysian, Male, Aged 79

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.

He does not have any family relationship with any Director and/or major shareholder of the Company. He has no directorship in public companies and listed issuers.

GAN JOE YEE	General Manager - Vietnam Malaysian, Male, Aged 49

Gan Joe Yee holds a Bachelor Degree in Commerce (Honours) from Lincoln University, New Zealand. He has 26 years working experience in various industries. He joined the Group on 19 July 2019 in the capacity of a General Manager.

He does not have any family relationship with any Director and/or major shareholder of the Company. He has no directorship in public companies and listed issuers.

MA MY PHUONG	Deputy General Director - Vietnam Vietnamese, Female, Aged 50

Ma My Phuong graduated from high school and has 30 years of working experience in the corrugated carton industry having started her career in 1992. She joined the Group's operations in Vietnam in 2004 as a Marketing Manager and was promoted to her current position on 1 September 2016.

She does not have any family relationship with any Director and/or major shareholder of the Company. She has no directorship in public companies and listed issuers.

CHEW HOCK SAN	General Manager - Myanmar Malaysian, Male, Aged 56

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

He does not have any family relationship with any Director and/or major shareholder of the Company. He has no directorship in public companies and listed issuers.

Additional information:

1. *None of the Key Senior Management staff has any conflict of interest with the Company.*
2. *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 2021.*

SUSTAINABILITY REPORT

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 2021 ("FYE 2021") published in accordance with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad.

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

The Group's Sustainability Report for FYE 2021 includes the scope, approach, governance structure, stakeholders engagement, key material sustainability matters, initiatives and activities executed during the period from 1 January 2021 to 31 December 2021. 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 2021 and financial year ended 31 December 2020 ("FYE 2020"). Comparatives are made between the periods to reflect the level of sustainability efforts.

As a further step to improve our sustainability reporting and promote greater transparency, we are looking at adopting the Global Reporting Initiative Standards, GRI – core option and align our initiatives with the United Nations Sustainable Development Goals ("UNSDG") in the coming report.

SCOPE OF REPORT

Reporting Period	1 January 2021 to 31 December 2021
Scope	This Statement covers the Group's active entities in Malaysia and Vietnam. The Group's operation in Myanmar is not included as its operation is in the initial operational stage and is not a significant operating segment.

SUSTAINABILITY APPROACH

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

ECONOMIC SUSTAINABILITY	ENVIRONMENT SUSTAINABILITY	SOCIAL SUSTAINABILITY
To continuously improve business profitability for our shareholders, create beneficial value to all stakeholders, provide 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:

- Ensuring compliance with all relevant law and regulations applicable to the Group.
- Embed sustainability practices to the Group's business operations and implementation of business strategies.
- Periodically review its sustainability approach and practices for improvement and to ensure the journey aligns with the Group's business objectives.
- Continuously engage and communicate with all relevant stakeholders for the identification, assessment and management of material sustainability matters.

SUSTAINABILITY REPORT

GOVERNANCE STRUCTURE

The Board of Directors ("Board") assume overall responsibility and oversight of the Group's sustainability agenda. The Board receive updates on sustainability matter twice a year.

SUSTAINABILITY GOVERNANCE

Board of Directors

Sustainability Committee

Sustainability Reporting Executive Committee

Sustainability Reporting Officer

STAKEHOLDERS' ENGAGEMENT

Our stakeholder groups are those that have an impact on our business or have the potential to be affected by our business. We conduct periodic engagement with our stakeholders because we recognise that their perspectives may be important in helping us stay well informed of any key issues or risks that may impact our business.

The table below summarises the Group's different engagement methods employed across the stakeholder groups including their main area of concerns:

STAKEHOLDER	METHOD OF ENGAGEMENT	STAKEHOLDERS' CONCERNS	OUR RESPONSE
Shareholders and Investors	• Annual General Meeting	• Higher financial returns • Value of investment	• Dividends • Sustainable growth
Employees	• Employee Survey • Town Hall Meetings • Performance appraisals	• Safety at workplace • Career development • Fair remuneration • Equal opportunity	• Safety and health • Rights and Respect • Training & Development
Customers	• Customer Satisfaction Survey • Customer feedbacks • Face to face meetings	• Pricing • Delivery • Quality • Sustainability	• Reasonable pricing and reliability • Quality and satisfaction • Data privacy & security
Suppliers	• Suppliers' survey • Supplier meetings • Supplier audits	• Cost efficiencies • Compliance to sustainability matters • Quality product	• Delivery, Quality and payment • Data privacy & security • Collaboration opportunities
Government	• Compliance with government legislative framework	• Regulatory disclosure • Accountability • Access to premise and records	• Certifications • Compliance to regulations • Transparency
Communities	• Engagement with local communities	• Provision of jobs and internship to graduates • Local employment • Environmental impacts	• Employment & career development • Environmental responsibilities and engagements

MATERIALITY ASSESSMENT

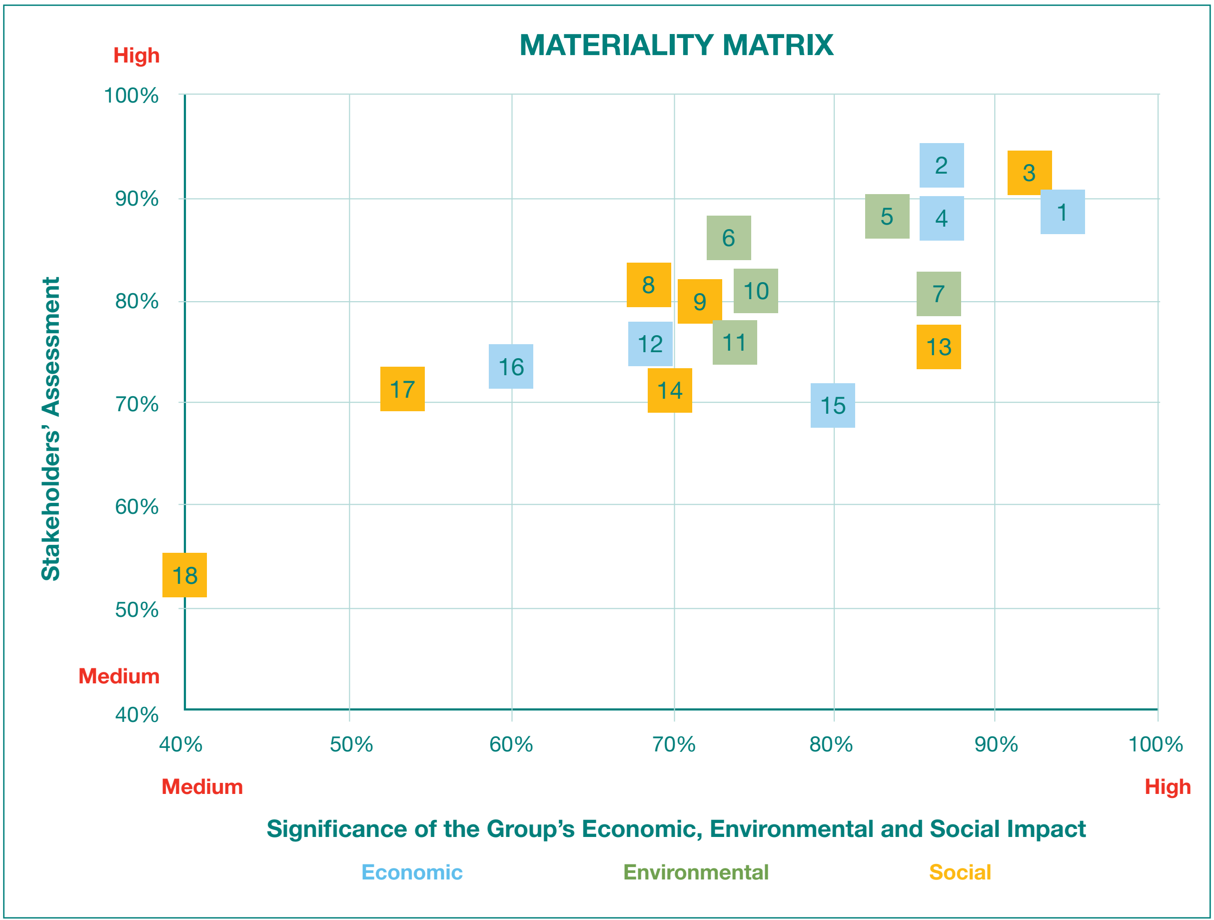
A stakeholder driven assessment was conducted in Quarter 4 of FYE 2020 in the form of a survey to identify the Group's significant economic, environment and social matters that substantially impact and influence the decisions of our stakeholders.

MATERIALITY ASSESSMENT PROCESS

The materiality assessment process entails a methodical way of identifying, categorising and prioritising key sustainability issues which enable us to identify and review material issues that are most relevant and significant to the Group and its stakeholders. The process enables us to allocate our resources effectively to address the most pertinent issues covering all 3 sustainability pillars: Economic, Environment and Social.

Based on our methodical ranking, we have selected 9 key material matters to focus our efforts on and to set targets for the year 2021 and beyond. These 9 also represent top 3 key material matters from each of the 3 sustainability pillars.

The materiality matrix below maps each topic's significance in terms of economic, environmental and social impact against its influence on stakeholders' assessments.



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

There were no targets set in prior years reporting. FYE 2021 will be our first attempt to improve our sustainability performance by setting targets. These targets will be measured against the FYE 2020 baseline and progress and achievement will be monitored and reported each year.

These targets have been reviewed and approved by the Sustainability Committee.

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
Environment	• Waste Management • Air Quality • Energy & Carbon Emission	• Minimise waste generation. Scheduled waste management compliant with regulatory framework • Air emission consistently meet Department of Environment guidelines • Adoption of solar energy as renewable source for greenfield sites. For Vietnam manufacturing 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 employee 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

ECONOMIC SUSTAINABILITY

PRODUCT SAFETY

All operating entities within the Group have ISO9001: 2015 certification. As an ISO9001 certified manufacturer, the Group's manufacturing plants are built around a quality management system incorporating a strong customer focus, leadership, process driven approach, evidence based decision-making and continuous improvement principles.

With a quality management system, we can assure our products are of the highest levels of safety and quality in all processes: from design to new product development to manufacture to sales and after-sales support.

All primary raw materials undergo quality checks to ensure they meet the Group's requirement standards in terms of specification and Material Safety Data Sheet ("MSDS") before they are approved for use. Finished products also undergo strict quality inspection to ensure they meet customers' specification in terms of dimension, weight, print quality, carton forming and carton strength. Through these vigorous check processes, customers' requirements in terms of quality and safety can be ensured.

Our sustainability target is to have zero product recall from packaging material defects.

There were no product recall cases reported or received during FYE 2021.

ETHICAL SOURCING

Responsible sourcing is an integral part of our business. Our Group's Procurement Policy, Suppliers' Code of Conduct and Anti-Corruption Policy require commitment from our suppliers to be socially responsible and practise lawful and ethical labour practices without violation of international human rights.

All our suppliers are required to acknowledge receipt, read and sign a copy of the Suppliers' Code of Conduct and Anti-Corruption document affirming their compliance during the course of doing business with us.

Suppliers' audit was planned for FYE 2021 to be carried out by our Internal Audit team and procurement personnel to confirm suppliers' adherence to our Suppliers' Code of Conduct and Anti-Corruption Policy. The progress however was delayed by COVID-19 outbreak measures implemented by various suppliers which disallowed physical visit. We initiated a desktop audit in December 2021 as a starting point and planned for follow-up site audits in financial year ending 31 December 2022 ("FYE 2022").

BUSINESS ETHICS

The Group believes that good corporate governance is essential to build a sustainable business and are 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.

Anti-Corruption

The Group adopts a zero-tolerance approach to all forms of bribery and corruption. Our Anti-Corruption Policy reiterates our commitment to conduct business with all applicable anti-corruption laws in the countries we operate in and to cause our organisation, Directors, officers and employees to comply accordingly.

We have communicated the Policy to all our entities to ensure all are align within the Group.

The Policy and procedures are also made available to all employees through various channels.

All managerial and key employees are required to sign an Annual Statement of Compliance to Independence and Anti-Bribery Behaviour ("ASC"). We also updated the ASC in FYE 2021 to require General Managers and Heads of Departments to confirm that they are not aware of any fraud or bribery in their entities.

ECONOMIC SUSTAINABILITY (continued)

BUSINESS ETHICS (continued)

Anti-bribery and anti-corruption (continued)

Whistle-blowing Policy and Procedure was also added in FYE 2021 to further safeguard the Group and its stakeholders against unethical behaviour. Measures were put in place that enable a confidential, non-retaliatory and effective whistleblowing avenue through appropriate channels.

The Group believes that a robust stance prohibiting any form of unethical business conduct provides a strong foundation for the sustainability of the Group's business activities. Towards this end, the Group is looking at adopting ISO 37001 Anti-Bribery Management System in FYE 2022.

There were no cases of corruption, bribery or unethical business conduct reported or investigated in FYE 2021.

ENVIRONMENTAL SUSTAINABILITY

The Group undertakes various measures to ensure compliance with all related environmental laws and regulations established in the various jurisdictions where it operates. In Malaysia, the Group is governed by various Environmental Quality Act including but not limited to the following:

- Environmental Quality (Scheduled Wastes) Regulations 2005;
- Environmental Quality (Industrial Effluent) Regulations 2009 (Standard B); and
- Environmental Quality (Clean Air) Regulations 2014.

Responsibility to monitor compliance and provide oversight is assumed by the Health, Safety and Environment ("HSE") Committee and supported by HSE Officers within the respective entities. Internal auditors carry out review periodically on the compliance.

An Environmental Policy is also in place which is provided to all employees as a guidance to our actions and business practices towards environment as a whole. All our manufacturing plants are accredited with ISO 14001 certification.

We have regular engagements with the authorities and ensure our HSE personnel attend courses to keep abreast of the latest requirements and developments in environmental rules and regulations.

We focus on the following areas:

AIR QUALITY	ENERGY AND CARBON EMISSION	WASTE MANAGEMENT

ENVIRONMENTAL SUSTAINABILITY (continued)

AIR QUALITY

Our stakeholders identified air quality as one of the key material matters that impact them and it is the Group's responsibility to ensure the air emissions generated from our manufacturing plants comply with regulatory requirements and are as low as they can be.

We monitor our air emissions to ensure compliance with the local regulations wherever we operate and, when required, to act as soon as possible if the specific limits are exceeded.

Some of the significant air pollutants include nitrogen oxides and sulfur oxides emissions from our furnaces and energy generation systems. There are also particulate matters released by machinery and vehicles exhaust units.

Based on the result of our air emission monitoring, all the parameters tested are within the specific limits set by the local regulators.

ENERGY AND CARBON EMISSION

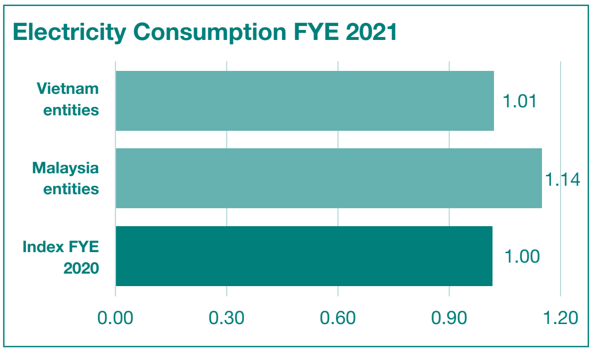
We recognised our duty and responsibility to minimise our carbon footprint across our value chain. From manufacturing to the packaging process, we constantly find ways to reduce and optimise our carbon footprint further.

CO2 emission is monitored through electricity and natural gas consumption.

Electricity Consumption

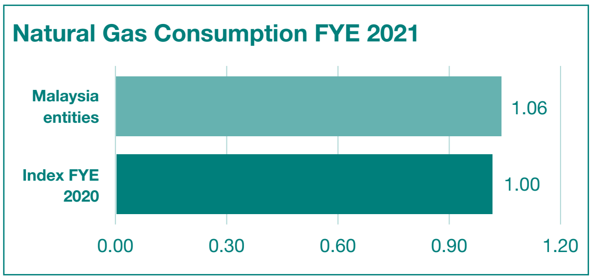
Electricity is a resource that the Group uses extensively in its manufacturing operations. Our aim is to manage our energy needs in a responsible manner, optimise our energy usage and continually seek opportunities to improve efficiency in our manufacturing process. The Group is always exploring ways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

Electricity is used to convert raw paper into corrugated boards which then undergo a die-cut, slotting, printing and gluing process, where applicable, to form a corrugated carton box. We constantly reassess our manufacturing processes and adopt technologies to be more energy efficient.



Natural Gas Consumption

Our manufacturing plant in Ho Chi Minh City, Vietnam is currently consuming coal instead of natural gas for its boiler system as compared to the manufacturing plants in Malaysia. The industrial park where the Vietnam manufacturing plant is located do not have any natural gas infrastructure yet. As coal is not part of the clean energy cycle, the manufacturing plant is currently evaluating the feasibility of using waste wood boiler to replace its coal fired boiler. Should the system be viable, the manufacturing plant would potentially be able to cut carbon emissions by at least 70% from current level.



SUSTAINABILITY REPORT

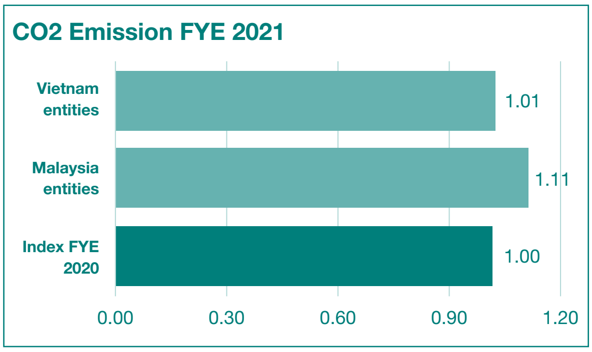
ENVIRONMENTAL SUSTAINABILITY (continued)

ENERGY AND CARBON EMISSION (continued)

CO2 Emission

Our CO2 emission is from electricity consumption and natural gas only. It is calculated based on emission factor published by the Malaysian Green Technology Corporation for the Peninsular Grid 2014 and Intergovernmental Panel on Climate Change ("IPCC") Guidelines for National Greenhouse Gas Inventories respectively.

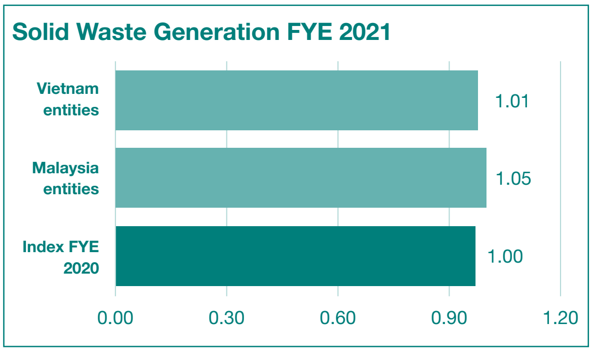
The increase in CO2 emission in our manufacturing plants in Malaysia in FYE 2021 is mainly due to disruptions from the various Movement Control Orders imposed by the Government which affected operations efficiency.



WASTE MANAGEMENT

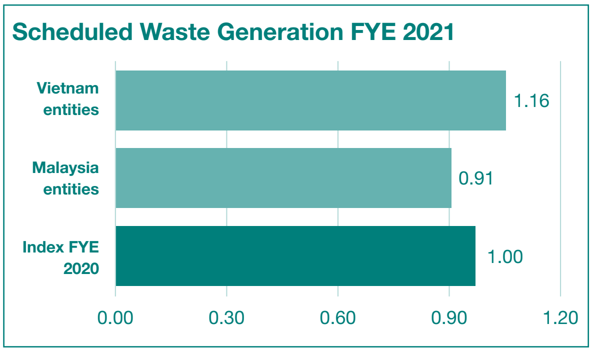
Our waste prevention extends beyond reducing packaging material to optimising packaging efficiency, and recovering for reuse. We are constantly seeking innovative approaches to manage our waste generation. We strive to reduce, reuse and recycle, wherever possible, along our value chain.

The Group places emphasis on managing and monitoring manufacturing solid waste generated from our manufacturing plants. Paper scraps forms bulk of the waste generated by the Group. Scraps are fully recycled as they are collected and sold back to paper mills. Our solid wastes are largely scheduled waste and are disposed to Government approved solid waste management companies in Malaysia and in Vietnam.



Our manufacturing plants in Malaysia have 7 types of scheduled wastes while our manufacturing plant in Vietnam have 12 types. Licensed waste collectors engaged by the Group ensure the wastes undergo proper disposal and appropriate recycling processes.

For the manufacturing plants in Malaysia, all scheduled wastes disposed are reported to the Department of Environment through its Electronic Scheduled Waste Information System ("eSWIS"). Similarly in Vietnam, there is Government mandated authority to handle and monitor all scheduled waste disposed.



As part of the Group's efforts to source responsibly, all our manufacturing plants are Forest Stewardship Council ("FSC") accredited which allow them to offer papers coming from responsibly managed forests that provide environmental, social and economic benefits to their customers. FSC-certified paper usage currently represents 13% of the overall paper consumption in the Group.

SOCIAL SUSTAINABILITY

We embrace diversity as we believe a diverse and respectful culture is a key factor to boost staff morale, retain talent and improve productivity. By nurturing a high-performing, committed and diverse workforce, our overall competitiveness to support our Group's growth can be sustained.

We are committed to provide equal opportunities in recruitment and career progression, and have zero tolerance for discrimination whether based on gender, ethnicity, nationality, cultural background, marital status, disabilities or age. We are also committed to provide our employees with attractive remuneration and benefits packages, a supportive working environment and rewarding career advancement opportunities.

Our Code of Conduct enforces ethical labour practices that prohibit the employment of underaged workers, forced or unpaid labour and any form of coercion to work, harassment or bullying.

3 of our manufacturing plants are members of Supplier Ethical Data Exchange ("SEDEX"), a global membership organisation dedicated to driving improvements in ethical and responsible business practices.

The safety and health of employees at workplace are managed through the Safety and Health Committee in the respective entities and further supported by a safety officer to ensure the workplace meet local safety and health laws and regulations.

Our Batu Caves manufacturing plant is accredited with ISO 45001 Occupational Health and Safety Standard certification while 2 other manufacturing plants are progressing on their ISO 45001 journey.

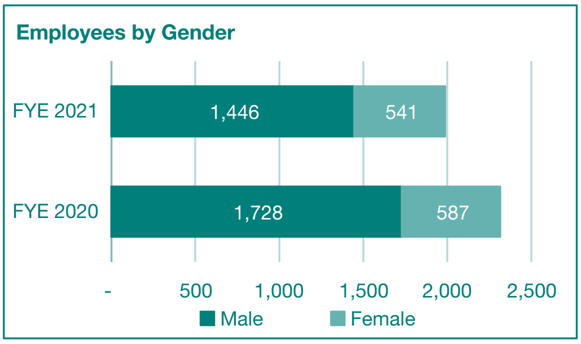
We focus on the following areas:

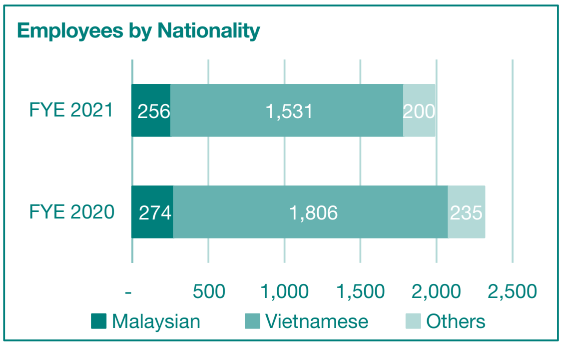
EMPLOYEES' PROFILE

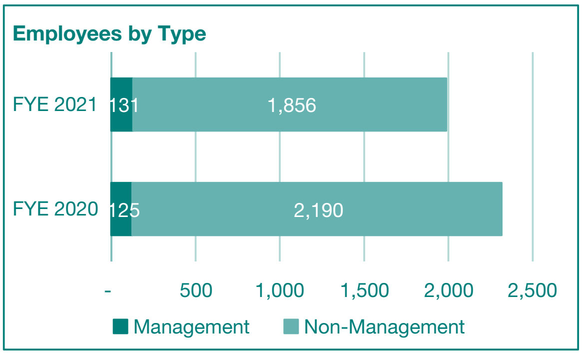
EMPLOYEES' ENGAGEMENT

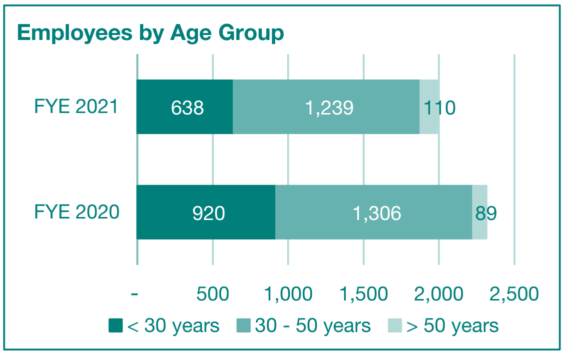
SAFETY AT WORKPLACE

EMPLOYEES' PROFILE









SOCIAL SUSTAINABILITY (continued)

EMPLOYEES' PROFILE (continued)

Total of **1,987** *employees are employed in both Malaysia and Vietnam entities*

- **62%** *MILLENNIAL EMPLOYEES*
- **56%** *LOCAL EMPLOYEES IN MALAYSIA*
- **6%** *LONG SERVING EMPLOYEES*
- **99%** *LOCAL EMPLOYEES IN VIETNAM*
- **27%** *FEMALE EMPLOYEES*

Our workforce comprised a healthy mix of young and older generations. 62% of our employees are Millennials or Generation Y ranging from the age of 25 to 40 years. This young, technology savvy and socially interactive workforce is driving our ground operations in multiple sectors and provide new ideas and perspectives to the Group. Meanwhile, our middle-aged and older generation helps us to stay grounded with responsible decision making and strategies.

Our sustainability target is to increase the female represention in the Group. For FYE 2021, female employees represented 27% (FYE 2020 : 25%) of the Group's workforce and the proportion of female in management level was 46% (FYE 2020 : 46%).

A significant portion of our foreign workers in the Malaysia entities originate from Nepal, 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. The Group is periodically subject to external party audits. No major issues were reported. Where incidences are highlighted, the necessary corrective actions are taken to address the issues raised.

EMPLOYEES' ENGAGEMENT

Training and Development

Talent development is important to the Group. We support lifelong learning and conduct regular performance review which help our employees develop consistently and remain skilled for future growth. Numerous training and development programs are also conducted.

The Group also collaborates with TAR University College, HELP University, Selangor Human Resource Development Centre and a few others.

Employees Satisfaction

From 2021, employees' satisfaction survey will be conducted once every 2 years. The next survey will be in 2023. This would help the Group to gather feedbacks from the employees and able to brainstorm new and creative soutions to address their concerns as well as evaluate their performance and development in the organisation.

An employee satisfaction survey was conducted in September 2021. It showed a satisfaction score of 74% with 87% response rate. We will brainstorm the issues raised and remedial actions will be taken, where necessary, to improve our employees' satisfaction score.

SOCIAL SUSTAINABILITY (continued)

EMPLOYEES' ENGAGEMENT (continued)

Employees Retention

The Group recognises the importance of attracting talents and retaining them. 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. An employee portal has been introduced to promote transparency and accessibility to information.

The Group's staff turnover rate for FYE 2021 was 2.3% (FYE 2020 : 3.29%).

Social Relation

The Group organises various employees' engagement events ranging from festival celebrations to recreational activities to foster team work, cohesiveness and engagement within our workforce. These activities were put on hold due to COVID-19 concerns and restrictions.

SAFETY AT WORKPLACE

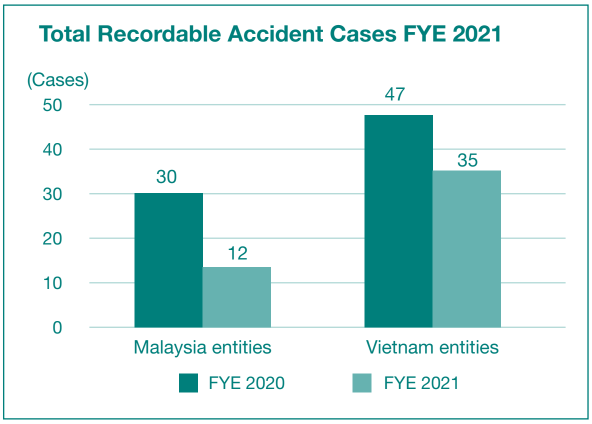
We continue to pursue our commitment in protecting the health, safety and welfare of our people. We strive to provide a safe workplace across our manufacturing plants.

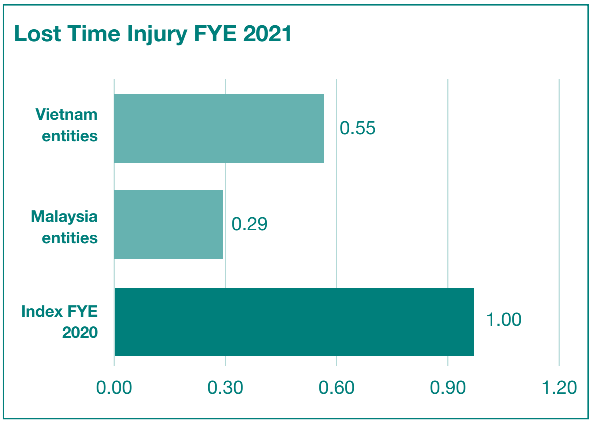
Occupational Health and Safety

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 the situation does not recur.

Manufacturing plants' maintenance and audits are also carried out regularly to ensure our manufacturing plants' machineries and equipment are working as intended and safety measures are in place to minimise the occurrence of accidents.

Our target is to maintain zero fatality for employees and contractors. There was no fatality reported for FYE 2021.





RESPONSE TO COVID-19 PANDEMIC

During FYE 2021, we continued to adhere strictly to all government mandated COVID-19 protocols in addition to implementing a range of safeguarding measures, including booster vaccination initiatives and regular swab tests, to protect the safety and health of our employees.

FEEDBACK

We welcome feedback on our sustainability reporting and performance. Please direct to sustainability@boxpak.com.my.

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") which was updated and took effect on 28 April 2021. 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 2021 ("FYE 2021"):

(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;

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Roles and Responsibilities of the Board (continued)

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

(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 Committees for example, 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.

Board Committees

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"), Group Finance Director and Director - Group Executive Management 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 2021, please refer to the ARMC Report on pages 46 and 47 of this Annual Report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Board Committees (continued)

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.

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 2021, the RC convened 2 meetings and the attendance of the meetings by the RC members were as follows:

Members	Number of meetings attended in FYE 2021	Percentage of attendance
Tuan Ngah @ Syed Ahmad Bin Tuan Baru	1 out of 2 meetings	50
Gong Wooi Teik	2 out of 2 meetings	100
Yeoh Jin Hoe	2 out of 2 meetings	100

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*.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Board Committees (continued)

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

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 2021 were categorised as follows:

No.	Name	Company (RM'000)							Group (RM'000)						
		Fee	Allowance [(2)]	Salary [(1)]	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance [(2)]	Salary [(1)]	Bonus	Benefits-in-kind	Other emoluments	Total
Executive Directors															
1	Yeoh Jin Hoe	73.5	46.5	625.3	135.0	–	–	**880.3**	73.5	46.5	625.3	135.0	–	–	**880.3**
2	Chee Khay Leong	67.5	46.5	625.3	135.0	–	–	**874.3**	67.5	46.5	625.3	135.0	–	–	**874.3**
Non-Executive Directors															
3	Datuk Dr. Roslan Bin A. Ghaffar	76.0	45.0	–	–	–	–	**121.0**	76.0	45.0	–	–	–	–	**121.0**
4	Gong Wooi Teik	90.0	46.5	–	–	–	–	**136.5**	90.0	46.5	–	–	–	–	**136.5**
5	Tee Keng Hoon	90.0	46.5	–	–	–	–	**136.5**	90.0	46.5	–	–	–	–	**136.5**
6	Tuan Ngah @ Syed Ahmad Bin Tuan Baru	90.0	43.5	–	–	–	–	**133.5**	90.0	43.5	–	–	–	–	**133.5**
7	Tan Kim Seng	62.0	46.5	–	–	–	–	**108.5**	62.0	46.5	–	–	–	–	**108.5**
8	Keith Christopher Yeoh Min Kit	73.5	46.5	–	–	–	–	**120.0**	73.5	46.5	–	–	–	–	**120.0**
9	Chua Put Moy *	5.1	–	–	–	–	–	**5.1**	5.1	–	–	–	–	–	**5.1**
10	Sharifah Nadia Aljafri **	2.0	–	–	–	–	–	**2.0**	2.0	–	–	–	–	–	**2.0**

Notes:
* *Appointed as Director on 1 December 2021.*
** *Appointed as Director on 20 December 2021.*
(1) *Salary comprised EIS, EPF and SOCSO.*
(2) *Allowances comprised meeting allowance and travelling allowance.*

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Board Committees (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 2021 were categorised as follows:

Category	Company RM'000	Subsidiaries RM'000	Total RM'000
Salaries and bonuses [(1)]	357	1,328	1,685
Benefits [(2)]	11	21	32
Benefits-in-kind [(3)]	–	5	5
Total	**368**	**1,354**	**1,722**

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 falls within the following bands were:

Remuneration Range	Number of Senior Management personnel
Between RM100,001 - RM150,000	3
Between RM500,001 – RM550,000	1
Between RM800,001 – RM850,000	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.

Independent Non-ED Chairman, Datuk Dr. Roslan Bin A. Ghaffar vacated office as member of the NC on 1 September 2021 in line with Practice 1.4 of the MCCG, and Independent Non-ED, Tan Kim Seng was appointed on even date in his place.

The NC currently comprises the following members:

Tee Keng Hoon *(Chairman/Senior Independent Non-ED)*
Tan Kim Seng *(Member/Independent Non-ED)* [(1)]
Keith Christopher Yeoh Min Kit *(Member/Non-Independent Non-ED)*
Datuk Dr. Roslan Bin A. Ghaffar *(Member/Independent Non-ED)* [(2)]

Notes:
(1) *Appointed on 1 September 2021.*
(2) *Vacated office on 1 September 2021.*

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Board Committees (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 2021, the NC convened 4 meetings and the attendance of the meetings by the NC members were as follows:

Members	Number of meetings attended in FYE 2021	Percentage of attendance
Tee Keng Hoon	4 out of 4 meetings	100
Tan Kim Seng (1)	2 out of 2 meetings	100
Keith Christopher Yeoh Min Kit	4 out of 4meetings	100
Datuk Dr. Roslan Bin A. Ghaffar (2)	2 out of 2 meetings	100

Notes:
(1) *Appointed on 1 September 2021.*
(2) *Vacated office on 1 September 2021.*

Summary of the key activities undertaken by the NC in the discharge of its duties during the FYE 2021 were as follows:

(i) Discussed the Practices and Guidelines in the MCCG and made recommendations to apply the Practices, where necessary;

(ii) Recommended to the Board to limit the tenure of Independent Director to 9 years without further extension, in line with Practice 5.4 - Step-Up of the MCCG;

(iii) Recommended to the Board to appoint female Director(s) on the Board before the end of 2021 to have gender diversity on the Board;

(iv) Recommended to the Board to consider having a policy on gender diversity for senior management;

(v) Reviewed and recommended the revised Board Diversity Policy of the Company for the Board's approval;

(vi) Reviewed and recommended the revised Board Charter for the Board's approval;

(vii) Recommended the appointment of Independent Non-ED, Tan Kim Seng as a member of the NC in place of Datuk Dr. Roslan Bin A. Ghaffar who vacated office as member of the NC in line with Practice 1.4 of the MCCG;

(viii) Reviewed and approved the revised Evaluation Forms for Directors/ Key Officers;

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Board Committees (continued)

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

Summary of the key activities undertaken by the NC in the discharge of its duties during the FYE 2021 were as follows: (continued)

(ix) Evaluated the independence of the Independent Directors and their tenure as Independent Directors on the Board;

(x) Evaluated each Individual Director to assess the Director's caliber and ability to understand the requirements, risk and management of the Group's business; contribution and performance; character, integrity and professional conduct in dealing with conflict of interest situations; ability to critically challenge and ask the right questions; commitment and due diligence, confidence to stand up for a point of view; interaction at meetings and training records for the FYE 2021;

(xi) Evaluated the Board and the Board Committees to assess their mix, composition, size, roles, responsibilities as well as their activities, communications and effectiveness for the FYE 2021;

(xii) Endorsed the re-election of Directors, Gong Wooi Teik, Tee Keng Hoon and Tan Kim Seng who are due to retire by rotation at the close of the Forty-Eighth AGM of the Company to be held in June 2022 pursuant to Clause 82 of the Constitution of the Company;

(xiii) Assessed the suitability of Chua Put Moy for appointment on the Board and recommended her appointment as Independent Non-ED of the Company on 1 December 2021; and

(xiv) Assessed the suitability of Sharifah Nadia Aljafri for appointment on the Board and recommended her for appointment as Independent Non-ED of the Company on 20 December 2021.

The NC, after having conducted the abovementioned evaluation and assessment on 24 November 2021, concluded that:

(i) all the 5 Independent Directors of the Company continued to demonstrate conduct and behaviour 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 caliber to serve on the Board and Board Committees and had continued to demonstrate his commitment to the Company in terms of time, participation and dialogue during the FYE 2021.

(iii) the Board and the Board Committees' respective responsibilities were well-defined and set out in the Board Charter of the Company. 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.

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)*

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Board Committees (continued)

E. Sustainability Committee (continued)

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 2021 and full attendance of the members was recorded at both meetings.

Roles of the Chairman and the 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 the 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.

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.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Access to Information and Advice (continued)

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 24 November 2021 in line with the Practices in the MCCG. This is to ensure its relevance for good corporate governance practices within the Group.

Code of Best Practice

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's composition as at 5 April 2022 was 10, comprising 8 Non-EDs, a Group MD and a President cum CEO. Out of the 8 Non-EDs, 7 of them are Independent Directors. The number of Independent Directors on the Board is more than the number of at least 50% promulgated in Practice 5.2 of the MCCG.

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.

Tenure of Independent Directors

The Company has implemented a cumulative 9-year term limit for Independent Directors where upon completion of a cumulative 9-year term, an Independent Director may continue to serve on the Board subject to his/her re-designation as a Non-Independent Director.

On 1 January 2022, the Company adopted Practice 5.4 - Step Up of the MCCG, by limiting the tenure of its Independent Directors to 9 years without further extension, and the Board Charter was amended accordingly to reflect the adoption.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Appointment 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.

The Board has in place a Policy on the Nomination and Assessment Process of Board members which was approved and adopted on 26 February 2020.

Chua Put Moy and Sharifah Nadia Aljafri were appointed as Independent Non-Executive Directors of the Company on 1 December 2021 and 20 December 2021 respectively. Their appointments were in line with the Company's aim to have women Directors on the Board to fulfil the gender and/or age diversity on the Board.

Re-election to the Board

Clause 82 of the Company's Constitution provides that an election of Directors shall take place each year and at the AGM, one-third of the Directors for the time being, or if their number is not 3 or a multiple of 3, then the number nearest to one-third 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.

Independent Non-EDs, Gong Wooi Teik, Tee Keng Hoon and Tan Kim Seng are due to retire by rotation at the conclusion of the forthcoming Forty-Eighth AGM of the Company on 28 June 2022 pursuant to Clause 82 of the Company's Constitution.

The Board, with Gong Wooi Teik, Tee Keng Hoon and Tan Kim Seng abstaining from voting, had endorsed their re-election at the said AGM, based on the recommendation of the NC. Tan Kim Seng had formally offered himself for re-election at the aforesaid AGM. However, Gong Wooi Teik and Tee Keng Hoon had on 18 March 2022 and 21 March 2022 respectively withdrawn their intentions to seek re-election and will therefore, retire as Directors at the close of Forty-Eighth AGM on 28 June 2022.

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.

Independent Non-EDs, Chua Put Moy and Sharifah Nadia Aljafri who were appointed in December 2021, are due to retire at the Forty-Eighth AGM pursuant to Clause 86 of the Company's Constitution. Sharifah Nadia Aljafri had formally offered herself for re-election at the said AGM whereas Chua Put Moy had on 5 April 2022 expressed her intention to not seek re-election and will therefore, retire as Director at the close of Forty-Eighth AGM on 28 June 2022.

The NC had on 5 April 2022 endorsed Sharifah Nadia Aljafri for re-election. The Board, with Sharifah Nadia Aljafri abstaining from voting, had endorsed her re-election at the said AGM.

Gender Diversity Policy

The Board had on the recommendation of the NC, approved and adopted the revised Board Diversity Policy on 24 November 2021. 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.

As recommended by the MCCG, the Company aims to appoint and/or maintain at least 1 woman participation on the Board and will work towards having appropriate age and ethnic diversity on 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, Audit & Risk Management Committee Evaluation Form and Performance Evaluation Sheet - Board Committees 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 evaluations 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, caliber and personality.

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

Meetings and Time Commitment

6 Board meetings were held during the FYE 2021 and the attendance of the meetings by the Board members were as follows:

Members	Number of meetings attended in FYE 2021	Percentage of attendance
Datuk Dr. Roslan Bin A. Ghaffar	5 out of 6 meetings	83
Yeoh Jin Hoe	6 out of 6 meetings	100
Chee Khay Leong	6 out of 6 meetings	100
Keith Christopher Yeoh Min Kit	6 out of 6 meetings	100
Tee Keng Hoon	6 out of 6 meetings	100
Gong Wooi Teik	6 out of 6 meetings	100
Tan Kim Seng	6 out of 6 meetings	100
Tuan Ngah @ Syed Ahmad Bin Tuan Baru	4 out of 6 meetings	66
Chua Put Moy #	1 out of 1 meeting	100
Sharifah Nadia Aljafri *	–	–

Notes:
Appointed on 1 December 2021.
* *Appointed on 20 December 2021.*

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 2021. All the Directors do not hold directorships more than that prescribed under the MMLR of Bursa Securities.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Meetings and Time Commitment (continued)

The Directors also made time to attend the following webinars/conferences/dialogues during FYE 2021 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	Board and Audit Committee Priorities 2021	7 May 2021
	Corporate Liability on Corruption under the Malaysian Anti-Corruption Commission ("MACC") Act 2009 - Implications of Section 17A & developing Adequate Procedures	7 July 2021
	The updated Malaysian Code on Corporate Governance ("MCCG") 2021 - Implications to the Company, its Directors, Management, Company Secretaries & Auditors	29 September 2021
Yeoh Jin Hoe	Corporate Liability on Corruption under the MACC Act 2009 - Implications of Section 17A & developing Adequate Procedures	7 July 2021
	The updated MCCG 2021 - Implications to the Company, its Directors, Management, Company Secretaries & Auditors	29 September 2021
Chee Khay Leong	Board and Audit Committee Priorities 2021	7 May 2021
	Corporate Liability on Corruption under the MACC Act 2009 - Implications of Section 17A & developing Adequate Procedures	7 July 2021
	The updated MCCG 2021 - Implications to the Company, its Directors, Management, Company Secretaries & Auditors	29 September 2021
Gong Wooi Teik	Webinar Series: Going Concern Assessment (Impact of COVID 19)	14 June 2021
	Corporate Liability on Corruption under the MACC Act 2009 - Implications of Section 17A & developing Adequate Procedures	7 July 2021
	National Tax Conference 2021	27 and 28 July 2021
	MIA Webinar Series: Audit Completion Stage & Auditing Disclosure - with Special Emphasis on COVID-19 Audit Procedures and Disclosures	4 August 2021
	The updated MCCG 2021 - Implications to the Company, its Directors, Management, Company Secretaries & Auditors	29 September 2021
	International Standard on Quality Control ("ISQC") 1 versus International Standard on Quality Management ("ISQM") 1	21 October 2021
	2022 Budget Seminar	30 November 2021

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Meetings and Time Commitment (continued)

Director	Webinars/Conferences/Dialogues	Date
Tuan Ngah @ Syed Ahmad Bin Tuan Baru	Board and Audit Committee Priorities 2021	7 May 2021
	Corporate Liability on Corruption under the MACC Act 2009 - Implications of Section 17A & developing Adequate Procedures	7 July 2021
	The updated MCCG 2021 - Implications to the Company, its Directors, Management, Company Secretaries & Auditors	29 September 2021
Tee Keng Hoon	Corporate Liability on Corruption under the MACC Act 2009 - Implications of Section 17A & developing Adequate Procedures	7 July 2021
	The updated MCCG 2021 - Implications to the Company, its Directors, Management, Company Secretaries & Auditors	29 September 2021
Tan Kim Seng	Board and Audit Committee Priorities 2021	7 May 2021
	Corporate Liability on Corruption under the MACC Act 2009 - Implications of Section 17A & developing Adequate Procedures	7 July 2021
	The updated MCCG 2021 - Implications to the Company, its Directors, Management, Company Secretaries & Auditors	29 September 2021
Keith Christopher Yeoh Min Kit	Board and Audit Committee Priorities 2021	7 May 2021
	Corporate Liability on Corruption under the MACC Act 2009 - Implications of Section 17A & developing Adequate Procedures	7 July 2021
	The updated MCCG 2021 - Implications to the Company, its Directors, Management, Company Secretaries & Auditors	29 September 2021
Chua Put Moy #	Environment, Social & Governance	25 February 2021
	Managing Human Rights: Why is it important to corporations?	11 March 2021
	Sales Tax and Service Tax: The Journey So Far	14 April 2021
	Malaysian laws on Anti-Corruption	16 June 2021
	The New Reality of Cyber Hygiene	21 July 2021
	The Malaysia Code on Corporate Governance - updated April 2021	27 July 2021
	Environmental, Social and Governance by Malaysian Institute of Accountants	12 September 2021
	Audit Oversight Board by Securities Commission	29 November 2021

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Meetings and Time Commitment (continued)

Director	Webinars/Conferences/Dialogues	Date
Sharifah Nadia Aljafri *	Can You Hear Me?! Navigating Advocacy Online	6 January 2021
	AMLA Webinar by SFPC: General Guidance for small Law Firms	15 January 2021
	The New Normal: Experiences, Insights and Tips from the other side of the Courtroom	17 July 2021

Notes:
Appointed on 1 December 2021.
* *Appointed on 20 December 2021.*

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 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.

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-Eighth AGM of the Company to be held in June 2022.

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.. 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 their hard copy of Proxy Forms to the Company or their electronic Proxy Forms via Vote2U Online pursuant to Clause 76 of the Constitution of the Company.

COMPLIANCE WITH THE MCCG

The Board considers that the Company has complied with the provisions and applied the key principles of the MCCG throughout the FYE 2021 except for the Practices below where the explanation for departure is disclosed in the Corporate Governance Report:

Practice 5.9	:	The Board comprises at least 30% women directors.
Practice 8.2	:	The Board discloses on a named basis the top five 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 at the Board meeting held on 5 April 2022. 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 2021 by the Company, save for the exceptions as disclosed above.

The Corporate Governance Overview Statement is to be read in conjunction with the Corporate Governance Report for the FYE 2021 which is made available at the Company's website at *www.boxpak.com.my*.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

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 2021 ("FYE 2021"), the ARMC convened 6 meetings and the attendance of the meetings by the ARMC members were as follows:

Members	Number of meetings attended in FYE 2021	Percentage of attendance
Gong Wooi Teik	6 out of 6 meetings	100
Tee Keng Hoon	6 out of 6 meetings	100
Tuan Ngah @ Syed Ahmad Bin Tuan Baru	4 out of 6 meetings	66

The terms of reference of the ARMC are available on the Company's website at www.boxpak.com.my.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION AND THE ARMC DURING THE FYE 2021

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 the Internal Audit Department in the FYE 2021:

- 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 2022.
- 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 2022.
- Reviewed action plan established to manage anti-bribery and anti-corruption risks.
- Prepared the ARMC Report and the Statement of Risk Management and Internal Control for year 2021.

The total costs incurred by the Internal Audit Department for the FYE 2021 were RM269,906.

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 2021 (continued)

Summary of Activities of the ARMC

During the FYE 2021, 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 2020 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 2020 to the Board for its consideration and approval. The review was to ensure that the audited FS for FYE 2020 were drawn up in 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 2021.
- 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 2021 and November 2021.
- 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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad, financial reporting standards and other relevant legal and regulatory requirements.
- Reviewed with the Internal Auditors, their scope of work and the Group Internal Audit Plan for year 2022.
- 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 year 2022.
- Reviewed and recommended the revised Internal Audit Charter and the revised External Auditors' Assessment Policy to align with the Practices in the Malaysian Code on Corporate Governance 2021.
- Reviewed and recommended the Group Budget for year 2022 to the Board for its consideration and approval.
- Reviewed and deliberated on the assessment of impairment for subsidiary, Boxpak (Myanmar) Company Limited in respect of FYE 2021 before recommendation to the Board for its consideration and approval.

This Report was approved by the Board at the Board meeting held on 5 April 2022.

OTHER COMPLIANCE INFORMATION

AUDIT AND NON-AUDIT FEES PAID/PAYABLE

During the financial year ended 31 December 2021, 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	246,395	98,500
Non-audit fees	24,000	18,000

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 30 of the financial statements.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 2021 ("FYE 2021"). 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 & 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 that identity, assess, and monitor business risks and internal controls, and to take responsive corrective actions, as and when needed.

The Board has received assurance from the Group Managing Director, President cum Group Chief Executive Officer ("CEO"), and Group Finance Director ("GFD") that the Group's risk management and internal control systems have operated adequately and effectively for FYE 2021 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 2021 to address the risks that the Group considers relevant and material to its operations.

RISK MANAGEMENT

The Board established an ARMC following a disclosure requirement under the Malaysian Code of Corporate Governance ("MCCG"). The ARMC is entirely made up of Independent Non-Executive Directors.

Key aspects of the risk management framework are:

(a) The Group has 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, GFD (as Chairperson), Non-Independent Non-Executive Director, Director-Group Executive Management Office, General Manager, Risk, Audit & Sustainability and the General Manager of the respective Business Divisions;
(c) The RMWG conducts 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; and
(e) Key risks highlighted in RMWG Report will be used by internal audit in developing the Group Internal Audit Plan.

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL AUDIT FUNCTION

The Internal Audit Charter was reviewed and updated on 24 November 2021 to take into consideration the applicable practices and guidance from the MCCG.

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, whistleblowing and anti-corruption, 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 covers all aspects of the internal audit activity (including ongoing internal assessments and external assessments once every 5 years) 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 2021, 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 actions plans were presented to ARMC. The internal audit function also follows up and reports to the ARMC on whether the corrective and improvement actions to address the control weaknesses have been satisfactorily implemented by Management.

During FYE 2021, internal audit reviewed the Group's operations risk registers and assessed the associated risks, reviewed the Group's internal standard operating procedures to assess compliance with regulatory requirements and mitigate risk associated with the Covid-19 pandemic and followed up on action plans established to manage the anti-bribery and anti-corruption risk.

There were no material losses incurred during the FYE 2021 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 material 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 2021. Recruitment will be done on a needs basis, depending on the quantum and scope of work required and planned.

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

The total cost incurred in maintaining the internal audit function for FYE 2021 amounted to RM269,906.

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 levels of management and those requiring the Board's approval are documented and designed to ensure accountability and responsibility.

INTERNAL CONTROL (continued)

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

(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.

(c) Planning, Monitoring & 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 quarterly.

(d) Human Resource and Code of Conduct Policies

There are documented policies and guidelines within the Group covering hiring and termination of employees, training programs, 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 employees. The Code of Conduct defines rules of conduct and is structured as follows:-

- compliance with laws and regulations,
- prevention of conflicts of interest,
- zero tolerance on bribery and corruption,
- 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 the 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 Group CEO for discussion and further action, if any.

(g) Internal Audit

The annual risk-based internal audit plan is reviewed and approved by the ARMC before the beginning of each year. The objectives of the said audit plan are to ensure, through regular internal audit reviews, that the Group's policies and procedures are being complied with 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.

INTERNAL CONTROL (continued)

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

(h) ARMC

The ARMC consists entirely of Independent Non-Executive Directors, 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 ensure that weaknesses in controls highlighted are appropriately addressed by Management.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the 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 2021 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 of the Group are satisfactory and have not resulted in any material losses, contingencies, or uncertainties that would require disclosures in this Annual Report.

This Statement was approved by the Board at the Board meeting held on 5 April 2022.

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 Finance Director that proper internal controls are in place throughout the financial year ended 31 December 2021 for these purposes.

This Statement was approved by the Board at the Board meeting held on 5 April 2022.

DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

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.

ULTIMATE HOLDING COMPANIES

The Directors regarded Can-One Berhad, which is incorporated in Malaysia as the ultimate holding company, during the financial year and until 2 June 2021. Subsequently, Eller Axis Sdn. Bhd., which is incorporated in Malaysia, became the ultimate holding company until the date of this report. Can-One Berhad is listed on the Main Market of Bursa Malaysia Securities Berhad.

RESULTS

	Group RM	Company RM
Loss for the financial year, attributable to owners of the Company	128,778,739	63,555,051

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.

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.

DIRECTORS OF THE COMPANY

The Directors who served during the financial year until 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	
Chua Put Moy	(Appointed on 1 December 2021)
Sharifah Nadia Aljafri	(Appointed on 20 December 2021)

DIRECTORS OF SUBSIDIARIES

Pursuant to Section 253(2) of the Companies Act 2016, the Directors who served in the subsidiaries during the financial year and up to the date of this report are as follows:

Yeoh Jin Hoe	
Marc Francis Yeoh Min Chang	
Chee Khay Leong	
Nur Aisyah Wong @ Wong Wai Yin (Huang Huiyan)	
Chew Hock San	
Keith Christopher Yeoh Min Kit	(Appointed on 1 July 2021)
Shaun Patrick Yeoh Min Jin	(Appointed on 12 October 2021)
Ooi Teik Huat	(Resigned on 1 July 2021)

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 2021 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 1.1.2021	**Additions**	**Disposals**	**At 31.12.2021**
Shares in the Company				
Direct interest:				
Tan Kim Seng	24,000	–	–	24,000
Indirect interests:				
Yeoh Jin Hoe	66,016,121 #	–	–	66,016,121 #
Tan Kim Seng	405,000 £	–	–	405,000 £

	[----------------Number of Warrants 2017/2022-----------------]			
	At 1.1.2021	**Granted**	**Exercised**	**At 31.12.2021**
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 £

DIRECTORS' INTERESTS (continued)

	[------------------Number of ordinary shares--------------------]			
	At 1.1.2021	Additions	Disposals	At 31.12.2021
Interests in the penultimate 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	2,700,000	50,000	–	2,750,000
Indirect interest:				
Yeoh Jin Hoe	45,592,981 *	63,265,819 *	–	108,858,800 *
Interests in the ultimate holding company, Eller Axis Sdn. Bhd.				
Direct interest:				
Yeoh Jin Hoe	950,000	–	–	950,000

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, 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 disclosed in Note 30(c) to 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 30 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.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company and no debentures were issued 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 expired 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.

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 2021 was RM20,000.

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

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

(i) all known bad debts have been written off and adequate provision had been made for doubtful debts; and

(ii) any current assets which were unlikely to be realised in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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

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

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

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

(iv) not otherwise dealt with in this report or in the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

OTHER STATUTORY INFORMATION (continued)

At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors except for the impairment losses on property, plant and equipment, right-of-use assets and investment in a subsidiary as disclosed in the financial statements of the Group and of the Company respectively, the financial performance of the Group and of the Company for the financial year ended 31 December 2021 have not been substantially affected by any item, transaction or event that occurred in the interval between the end of that financial year and the date of this report.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant events during the financial year and subsequent to the end of reporting period are disclosed in Note 35 to the financial statements.

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 2021 are disclosed in Note 26 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
5 April 2022

STATEMENT BY DIRECTORS

We, Yeoh Jin Hoe and Chee Khay Leong, being two of the Directors of Box-Pak (Malaysia) Bhd., state that, in the opinion of the Directors, the accompanying financial statements set out on pages 64 to 129 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 2021 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
5 April 2022

STATUTORY DECLARATION

I, Chan Kam Chiew (CA 7639), 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 64 to 129 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)
5 April 2022)

Chan Kam Chiew

Before me:

Suriamuthy A/L Rajoo
(No. 840)
Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BOX-PAK (MALAYSIA) BHD.
(INCORPORATED IN MALAYSIA)

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 2021 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 64 to 129.

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 2021, and of their financial performance and their 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.

Key Audit Matters of the Group

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

   As stated in Note 5(e) and Note 6.1(f) to the financial statements, the Company and certain subsidiaries have impairment indicators and they collectively held RM196.1 million in carrying amount of property, plant and equipment and RM51.8 million in carrying amount of right-of-use assets as at 31 December 2021. 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 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 of the Group (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 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.

Key Audit Matters of the Company

2. 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 RM106.2 million as at 31 December 2021. 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 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 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.

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 ability of the Group and of the Company 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.

(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 internal control of the Group and the Company.

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

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):

(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.

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
5 April 2022

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	**198,203,028**	285,829,006	**23,545,941**	25,259,424
Right-of-use assets	6	**45,241,225**	62,290,479	**17,625,887**	17,922,860
Intangible assets	7	**991,013**	621,869	**849,920**	276,474
Investments in subsidiaries	8	**–**	–	**80,679,365**	133,985,586
Deferred tax assets	9	**205,000**	205,000	**205,000**	205,000
Other assets	10	**726,340**	783,755	**–**	–
Amounts due from subsidiaries	13	**–**	–	**20,663,882**	–
		245,366,606	349,730,109	**143,569,995**	177,649,344
Current assets					
Inventories	11	**112,899,444**	71,107,686	**21,138,311**	9,406,161
Trade and other receivables	12	**186,279,408**	157,175,736	**20,561,304**	7,677,045
Prepayments		**1,130,747**	1,860,942	**755,316**	914,338
Amounts due from subsidiaries	13	**–**	–	**7,732,464**	24,318,923
Current tax assets		**11,605**	10,480	**6,178**	6,250
Short-term funds	14	**–**	13,884,061	**–**	7,938,972
Cash and bank balances	15	**22,191,050**	30,380,161	**4,582,039**	5,115,719
		322,512,254	274,419,066	**54,775,612**	55,377,408
TOTAL ASSETS		**567,878,860**	624,149,175	**198,345,607**	233,026,752

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 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	**21,850,156**	12,078,695	**6,056,366**	6,056,366
(Accumulated losses)/ Retained earnings		**(63,946,647)**	64,832,092	**(38,582,519)**	24,972,532
TOTAL EQUITY		**125,266,412**	244,273,690	**134,836,750**	198,391,801
LIABILITIES					
Non-current liabilities					
Other payables	18	**38,689,551**	21,357,328	**–**	–
Loans and borrowings	19	**44,850,082**	61,177,361	**–**	–
Retirement benefit obligations	20	**1,232,567**	1,132,253	**1,232,567**	1,132,253
Derivative financial liabilities	21	**1,075,978**	1,675,840	**–**	–
Lease liabilities	6	**1,777,278**	2,538,512	**305,696**	343,606
Deferred tax liabilities	9	**814,374**	844,919	**–**	–
		88,439,830	88,726,213	**1,538,263**	1,475,859
Current liabilities					
Trade and other payables	18	**149,770,341**	141,724,375	**9,376,881**	11,169,530
Loans and borrowings	19	**199,484,502**	142,243,457	**52,226,827**	21,648,828
Derivative financial liabilities	21	**279,975**	1,340,674	**–**	–
Lease liabilities	6	**4,637,796**	4,468,917	**366,886**	340,734
Current tax liabilities		**4**	1,371,849	**–**	–
		354,172,618	291,149,272	**61,970,594**	33,159,092
TOTAL LIABILITIES		**442,612,448**	379,875,485	**63,508,857**	34,634,951
TOTAL EQUITY AND LIABILITIES		**567,878,860**	624,149,175	**198,345,607**	233,026,752

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

STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Revenue	22	**678,221,118**	650,860,198	**87,070,979**	83,152,930
Cost of sales		**(649,491,070)**	(577,474,583)	**(80,449,392)**	(71,907,662)
Gross profit		**28,730,048**	73,385,615	**6,621,587**	11,245,268
Other operating income	24	**458,867**	1,387,006	**1,021,390**	1,199,199
Selling and marketing expenses		**(10,276,188)**	(11,982,953)	**(40,950)**	(98,100)
Administrative expenses		**(35,341,796)**	(35,429,064)	**(9,903,738)**	(9,177,034)
Other expenses		**(2,284,932)**	(722,483)	**(631,723)**	(526,697)
Operating (loss)/profit before impairment losses		**(18,714,001)**	26,638,121	**(2,933,434)**	2,642,636
Net (impairment losses)/reversal of impairment losses:					
- Property, plant and equipment		**(79,694,090)**	–	**(99,316)**	–
- Right-of-use assets		**(16,725,649)**	–	**–**	–
- Investment in a subsidiary		**–**	–	**(53,306,221)**	–
- Trade and other receivables		**(335,475)**	448,974	**4,139**	92,105
- Amounts due from subsidiaries		**–**	–	**(6,248,713)**	(7,753)
Results from operating activities		**(115,469,215)**	27,087,095	**(62,583,545)**	2,726,988
Interest income	23	**24,528**	46,554	**1,047,718**	719,903
Finance costs	25	**(11,377,313)**	(11,428,879)	**(1,769,151)**	(1,328,246)
(Loss)/Profit before tax	26	**(126,822,000)**	15,704,770	**(63,304,978)**	2,118,645
Tax expense	28	**(1,956,739)**	(3,756,470)	**(250,073)**	(6,031)
(Loss)/Profit for the financial year		**(128,778,739)**	11,948,300	**(63,555,051)**	2,112,614
(Loss)/Profit for the financial year attributable to owners of the parent		**(128,778,739)**	11,948,300	**(63,555,051)**	2,112,614

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
(Loss)/Profit for the financial year		**(128,778,739)**	11,948,300	**(63,555,051)**	2,112,614
Other comprehensive income/(loss)					
Items that may be reclassified to profit or loss in subsequent periods:					
Foreign currency translations		**8,110,896**	(3,188,428)	**–**	–
Fair value gain/(loss) on cash flow hedge		**1,660,565**	(909,211)	**–**	–
Item that may not be reclassified to profit or loss in subsequent periods:					
Re-measurement of net retirement benefit obligations	20	**–**	209,772	**–**	209,772
Total other comprehensive income/(loss) for the financial year, net of tax		**9,771,461**	(3,887,867)	**–**	209,772
Total comprehensive (loss)/income for the financial year		**(119,007,278)**	8,060,433	**(63,555,051)**	2,322,386
Total comprehensive (loss)/income attributable to owners of the parent:		**(119,007,278)**	8,060,433	**(63,555,051)**	2,322,386
(Loss)/Profit per ordinary share attributable to owners of the parent (sen):					
Basic	29	**(107.27)**	9.95		
Diluted	29	**(107.27)**	9.95		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Group	Share capital RM	Foreign currency translation reserve RM	Cash flow hedge reserve RM	Warrants reserve RM	Total other reserves RM	Retained earnings/ (Accumulated losses) RM	Total equity RM
	[------ Non-distributable				*------]*	*Distributable*	
Balance as at 1 January 2021	**167,362,903**	**9,038,843**	**(3,016,514)**	**6,056,366**	**12,078,695**	**64,832,092**	**244,273,690**
Loss for the financial year	**–**	**–**	**–**	**–**	**–**	**(128,778,739)**	**(128,778,739)**
Other comprehensive income, net of tax	**–**	**8,110,896**	**1,660,565**	**–**	**9,771,461**	**–**	**9,771,461**
Total comprehensive income/(loss) for the financial year	**–**	**8,110,896**	**1,660,565**	**–**	**9,771,461**	**(128,778,739)**	**(119,007,278)**
Balance as at 31 December 2021	**167,362,903**	**17,149,739**	**(1,355,949)**	**6,056,366**	**21,850,156**	**(63,946,647)**	**125,266,412**
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

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Company	[------ *Non-distributable* ------] Share capital RM	Warrants reserve RM	*Distributable* Retained earnings/ (Accumulated losses) RM	Total equity RM
Balance as at 1 January 2021	**167,362,903**	**6,056,366**	**24,972,532**	**198,391,801**
Loss for the financial year	**–**	**–**	**(63,555,051)**	**(63,555,051)**
Other comprehensive income, net of tax	**–**	**–**	**–**	**–**
Total comprehensive loss for the financial year	**–**	**–**	**(63,555,051)**	**(63,555,051)**
Balance as at 31 December 2021	**167,362,903**	**6,056,366**	**(38,582,519)**	**134,836,750**
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

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		**648,034,893**	649,888,264	**75,053,648**	90,817,428
Payments to suppliers		**(663,911,334)**	(588,271,989)	**(105,850,129)**	(73,026,286)
Cash (used in)/generated from operations		**(15,876,441)**	61,616,275	**(30,796,481)**	17,791,142
Interest paid		**(11,121,442)**	(11,068,601)	**(1,624,263)**	(1,304,100)
Tax paid		**(3,423,327)**	(3,737,313)	**(250,001)**	(7,281)
Tax refunded		**–**	233,328	**–**	233,328
Net cash (used in)/from operating activities		**(30,421,210)**	47,043,689	**(32,670,745)**	16,713,089
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisitions of:					
- Property, plant and equipment	(a)	**(21,513,701)**	(14,790,626)	**(2,054,480)**	(1,764,691)
- Right-of-use assets	6.1(d)	**(27,260)**	–	**(27,260)**	–
- Intangible assets	7	**(1,155,008)**	(313,608)	**(1,043,702)**	(289,215)
Income distribution from short-term funds	24	**96,882**	200,961	**68,311**	152,612
Inter-company (repayments)/ receipts		**(3,070,606)**	21,316,652	**(3,987,133)**	2,258,806
Interest received	23	**24,528**	46,554	**1,047,718**	719,903
Net change in short-term funds		**13,884,061**	(9,645,051)	**7,938,972**	(5,703,562)
Proceeds from disposal of property, plant and equipment		**499,983**	121,140	**40,000**	57,400
Net cash (used in)/from investing activities		**(11,261,121)**	(3,063,978)	**1,982,426**	(4,568,747)

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Net drawdown/(repayments) of trade facilities and revolving credits		**59,429,367**	(10,450,549)	**30,577,999**	(10,447,393)
Payments of lease liabilities	6	**(4,873,253)**	(4,140,666)	**(423,360)**	(377,010)
Repayments of term loans		**(22,227,164)**	(21,369,407)	**–**	–
Net cash from/(used in) financing activities		**32,328,950**	(35,960,622)	**30,154,639**	(10,824,403)
Net (decrease)/increase in cash and cash equivalents		**(9,353,381)**	8,019,089	**(533,680)**	1,319,939
Effect of exchange rate changes on cash and cash equivalents		**670,099**	(71,775)	**–**	–
Cash and cash equivalents at 1 January		**30,380,161**	22,432,847	**5,115,719**	3,795,780
Cash and cash equivalents at 31 December	15(a)	**21,696,879**	30,380,161	**4,582,039**	5,115,719

Notes to statements of cash flows

(a) Acquisition of property, plant and equipment

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Additions of property, plant and equipment	5	**(21,571,116)**	(14,929,180)	**(2,054,480)**	(1,764,691)
Net movement in prepayments for acquisition of property, plant and equipment		**57,415**	138,554	**–**	–
		(21,513,701)	(14,790,626)	**(2,054,480)**	(1,764,691)

Notes to statements of cash flows (continued)

(b) Reconciliation of liabilities arising from financing activities

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Loans and borrowings*					
At 1 January		**203,420,818**	237,286,004	**21,648,828**	32,096,221
Cash flows		**37,202,203**	(31,819,956)	**30,577,999**	(10,447,393)
Non-cash flows					
Effect of foreign exchange		**3,217,392**	(2,045,230)	**–**	–
At 31 December	19	**243,840,413**	203,420,818	**52,226,827**	21,648,828
Lease liabilities					
At 1 January		**7,007,429**	5,804,393	**684,340**	551,688
Cash flows		**(4,873,253)**	(4,140,666)	**(423,360)**	(377,010)
Non-cash flows					
Additions of lease liabilities		**1,029,960**	5,853,178	**204,000**	585,043
Modifications/Reassessments		**3,005,011**	–	**188,778**	–
Termination of lease contracts		**(61,258)**	(563,255)	**–**	(99,527)
Unwinding of interest		**255,871**	360,278	**18,824**	24,146
Lease concessions		**–**	(313,519)	**–**	–
Effect of foreign exchange		**51,314**	7,020	**–**	–
At 31 December	6.2	**6,415,074**	7,007,429	**672,582**	684,340

* *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 and Kian Joo Can Factory Berhad, which are incorporated in Malaysia, as the ultimate and immediate holding companies respectively, during the financial year and until 2 June 2021. Subsequently, Eller Axis Sdn. Bhd., Can-One Berhad and Kian Joo Can Factory Berhad which are incorporated in Malaysia, became the ultimate, penultimate and immediate holding companies respectively until the date of this report. Can-One Berhad is listed on the Main Market of Bursa Malaysia Securities Berhad.

The consolidated financial statements for the financial year ended 31 December 2021 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 5 April 2022.

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 34(a) 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.

The Group and the Company incurred a net loss of RM128,778,739 and RM63,555,051 respectively during the financial year ended 31 December 2021 and as of that date, the current liabilities of the Group and of the Company exceeded their current assets by RM31,660,364 and RM7,194,982 respectively. The Group and the Company have carried out cash flows review for the next twelve months to ensure that the business operations have sufficient funds available to meet their obligations as and when they fall due. In addition, the Group and the Company have sufficient credit facilities in place to meet their operational requirements.

3. BASIS OF PREPARATION (continued)

The Directors are confident that the Group and the Company 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 applied 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 and the Company so as to enable the Group and the Company to meet their 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	
	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM
Revenue	**196,090,267**	176,782,414	**459,923,069**	458,604,953	**22,207,782**	15,472,831	**-**	-	**-**	-	**678,221,118**	650,860,198
Results												
Depreciation and amortisation	**(10,885,150)**	(8,804,394)	**(27,365,487)**	(19,187,974)	**(5,451,286)**	(5,365,821)	**-**	-	**-**	-	**(43,701,923)**	(33,358,189)
Net (impairment losses)/ reversal on:												
- property, plant and equipment	**(611,802)**	-	**-**	-	**(79,082,288)**	-	**-**	-	**-**	-	**(79,694,090)**	-
- right-of-use assets	**-**	-	**-**	-	**(16,725,649)**	-	**-**	-	**-**	-	**(16,725,649)**	-
- investments in subsidiaries	**(53,306,221)**	-	**-**	-	**-**	-	**(27,085,203)**	-	**80,391,424**	-	**-**	-
- trade receivables	**(98,792)**	130,096	**(235,943)**	326,831	**(740)**	(7,953)	**-**	-	**-**	-	**(335,475)**	448,974
- amounts due from subsidiaries	**(6,248,713)**	(7,753)	**-**	-	**-**	-	**(125,130,224)**	-	**131,378,937**	7,753	**-**	-
Interest income	**1,055,731**	728,845	**339,266**	2,060,416	**21**	421	**4,952,518**	4,213,150	**(6,323,008)**	(6,956,278)	**24,528**	46,554
Inventories written down	**(5,890,404)**	-	**(8,235,299)**	(17,118)	**(1,515,644)**	(84,819)	**-**	-	**-**	-	**(15,641,347)**	(101,937)
Reversal of inventories written down	**-**	90,520	**-**	-	**-**	-	**-**	-	**-**	-	**-**	90,520
Segment (loss)/profit	**(66,843,098)**	6,225,644	**(9,685,808)**	22,467,768	**(111,254,390)**	(14,191,287)	**(150,809,065)**	1,202,645	**211,770,361**	-	**(126,822,000)**	15,704,770
Tax expense	**(252,478)**	(33,904)	**(1,207,905)**	(3,317,764)	**-**	-	**(496,356)**	(404,802)	**-**	-	**(1,956,739)**	(3,756,470)

4. OPERATING SEGMENTS (continued)

(d) Geographical information (continued)

	Malaysia		Vietnam		Myanmar		Others		Adjustments and eliminations		Per consolidated financial statements	
	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM
Assets:												
*Additions to non-current assets	**8,660,576**	8,012,822	**14,280,926**	12,187,481	**841,842**	895,663	**-**	-	**-**	-	**23,783,344**	21,095,966
Segment assets	**346,695,022**	318,540,888	**443,202,244**	418,057,230	**40,863,174**	138,721,227	**184,674,815**	162,121,683	**(447,761,395)**	(413,496,853)	**567,673,860**	623,944,175
Deferred tax assets											**205,000**	205,000
Total assets											**567,878,860**	624,149,175
Segment liabilities	**144,122,265**	109,228,073	**247,222,325**	251,941,853	**135,023,954**	122,199,775	**97,593,137**	78,759,930	**(182,163,607)**	(183,099,065)	**441,798,074**	379,030,566
Deferred tax liabilities											**814,374**	844,919
Total liabilities											**442,612,448**	379,875,485

*Additions to non-current assets consist of:

	2021 RM	2020 RM
Property, plant and equipment	**21,571,116**	14,929,180
Right-of-use assets	**1,057,220**	5,853,178
Intangible assets	**1,155,008**	313,608
	23,783,344	21,095,966

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	Total RM
At 31 December 2021						
At cost						
At 1 January 2021	170,282,795	267,657,700	45,242,970	1,376,194	2,808,375	487,368,034
Additions	–	12,669,380	6,238,780	227,364	2,435,592	21,571,116
Disposals	–	(1,439,872)	–	(156,987)	–	(1,596,859)
Written off	–	(1,954,445)	(1,056,260)	(34,716)	–	(3,045,421)
Net usage for the year (Note b)	–	–	–	–	(870,281)	(870,281)
Exchange differences	5,460,009	7,861,564	1,876,775	38,096	37,995	15,274,439
At 31 December 2021	175,742,804	284,794,327	52,302,265	1,449,951	4,411,681	518,701,028
Accumulated depreciation and impairment loss						
At 1 January 2021	31,302,901	131,106,060	37,948,498	1,181,569	–	201,539,028
Depreciation charge for the financial year	12,263,643	15,991,149	7,753,419	95,539	853,367	36,957,117
Impairment loss for the financial year	51,985,502	26,902,755	–	–	805,833	79,694,090
Disposals	–	(671,327)	–	(156,987)	–	(828,314)
Written off	–	(1,910,345)	(1,047,319)	(34,716)	–	(2,992,380)
Exchange differences	739,835	3,757,448	1,601,077	30,099	–	6,128,459
At 31 December 2021	96,291,881	175,175,740	46,255,675	1,115,504	1,659,200	320,498,000
Net carrying amount						
At 31 December 2021	79,450,923	109,618,587	6,046,590	334,447	2,752,481	198,203,028

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 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)

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 2021						
At cost						
At 1 January 2021	21,721,944	49,137,721	3,087,809	458,971	793,009	75,199,454
Additions	–	889,326	146,348	–	1,018,806	2,054,480
Disposals	–	(172,000)	–	–	–	(172,000)
Written off	–	(1,954,445)	(1,055,489)	(34,716)	–	(3,044,650)
Net usage for the year (Note b)	–	–	–	–	(582,872)	(582,872)
At 31 December 2021	21,721,944	47,900,602	2,178,668	424,255	1,228,943	73,454,412
Accumulated depreciation and impairment loss						
At 1 January 2021	10,327,050	36,734,515	2,419,494	458,971	–	49,940,030
Depreciation charge for the financial year	1,308,702	1,324,948	220,189	–	143,236	2,997,075
Impairment loss for the financial year	–	–	–	–	99,316	99,316
Disposals	–	(135,837)	–	–	–	(135,837)
Written off	–	(1,910,345)	(1,047,052)	(34,716)	–	(2,992,113)
At 31 December 2021	11,635,752	36,013,281	1,592,631	424,255	242,552	49,908,471
Net carrying amount						
At 31 December 2021	10,086,192	11,887,321	586,037	–	986,391	23,545,941

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)

(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%
Spare parts	10% - 50%

Capital work-in-progress is stated at cost and is not depreciated as these assets are not ready 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 RM870,281 (2020: RM1,846,661) and RM582,872 (2020: RM698,045) respectively. These are classified as upkeep of machinery under cost of sales in the statements of profit or loss and other comprehensive income.

As at the end of the reporting period, management has determined that the carrying amounts of the spare parts for the Group and the Company were in excess of the recoverable amounts and impairment loss of RM805,833 (2020: Nil) and RM99,316 (2020: Nil) respectively were recognised in the current financial year.

(c) In the previous financial year, "other adjustment" represented reversal of the over capitalisation of construction cost of factory building in a subsidiary, Boxpak (Myanmar) Company Limited, upon finalisation of the costs.

(d) Security

As at the end of the financial year, the carrying amounts of plant, machinery and equipment collateralised for banking facilities granted to a subsidiary were RM18,104,187 (2020: Nil) (see Note 19(b)).

(e) Impairment testing of property, plant and equipment

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 cash generating units ("CGUs"). Management considered the continued losses generated in certain operating subsidiaries in the current financial year as impairment indicators. These companies collectively held RM196,118,966 in carrying amount of property, plant and equipment as at 31 December 2021.

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.

5. PROPERTY, PLANT AND EQUIPMENT (continued)

(e) Impairment testing on property, plant and equipment (continued)

Management has determined that the recoverable amounts in the CGUs are in excess of the carrying amounts of the property, plant and equipment and no impairment has been recorded in the current financial year except for its subsidiary in Myanmar, Boxpak (Myanmar) Company Limited ("BP Myanmar").

The history of continuing losses in BP Myanmar which was mainly attributed by the COVID-19 pandemic as well as the political upheaval in Myanmar, indicated that its property, plant and equipment may be impaired.

The Group has calculated the recoverable amount of the property, plant and equipment of BP Myanmar to be RM23,743,852 based on value-in-use method which was determined by discounting the future cash flows generated from the continuing use of the property, plant and equipment and was based on the following key assumptions:

(i) The anticipated annual revenue growth rates used in the cash flow projection of the CGU ranged from 5% to 94% (2020: 12% to 105%) per annum.

(ii) Profit margins are projected based on the historical profit margin achieved for the products.

(iii) Pre-tax discount rate used of 11.0% (2020: 9.5%) was applied over the projection periods and was based on BP Myanmar's weighted average cost of capital rate, incorporating the country's risk premium and additional premium to factor in risk of cash flow projection inaccuracy.

(iv) Cash flows were projected based on 1 (2020: 1) year base financial budget approved by the Board of Directors in December 2021.

Any unfavourable deviation to the above assumptions will result in further impairment to the Group.

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

6.1 Right-of-use assets

Group	Land use rights RM	Buildings RM	Equipment RM	Motor vehicles RM	Total RM
At 31 December 2021					
At cost					
At 1 January 2021	67,638,559	9,338,598	3,243,636	684,807	80,905,600
Additions	–	–	825,960	231,260	1,057,220
Modifications/Reassessments	–	2,869,971	141,087	–	3,011,058
Expiration of lease contracts	–	(4,940,356)	(98,600)	(57,083)	(5,096,039)
Termination of lease contracts	–	(313,521)	(227,420)	(67,746)	(608,687)
Exchange differences	1,819,882	4,839	45,897	31,485	1,902,103
At 31 December 2021	69,458,441	6,959,531	3,930,560	822,723	81,171,255

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

6.1 Right-of-use assets (continued)

Group	Land use rights RM	Buildings RM	Equipment RM	Motor vehicles RM	Total RM
At 31 December 2021					
Accumulated depreciation and impairment					
At 1 January 2021	**12,128,507**	**5,245,998**	**973,944**	**266,672**	**18,615,121**
Depreciation charge for the financial year	**1,348,716**	**3,331,546**	**1,051,507**	**214,342**	**5,946,111**
Impairment loss for the financial year	**16,725,649**	**–**	**–**	**–**	**16,725,649**
Expiration of lease contracts	**–**	**(4,940,356)**	**(98,600)**	**(57,083)**	**(5,096,039)**
Termination of lease contracts	**–**	**(290,404)**	**(191,000)**	**(67,746)**	**(549,150)**
Exchange differences	**258,042**	**3,980**	**12,616**	**13,700**	**288,338**
At 31 December 2021	**30,460,914**	**3,350,764**	**1,748,467**	**369,885**	**35,930,030**
Net carrying amount					
At 31 December 2021	**38,997,527**	**3,608,767**	**2,182,093**	**452,838**	**45,241,225**
At 31 December 2020					
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

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

6.1 Right-of-use assets (continued)

Company	Land use rights RM	Buildings RM	Equipment RM	Motor vehicles RM	Total RM
At 31 December 2021					
At cost					
At 1 January 2021	**23,272,550**	**605,409**	**624,229**	**–**	**24,502,188**
Additions	**–**	**–**	**–**	**231,260**	**231,260**
Modifications/Reassessments	**–**	**194,827**	**–**	**–**	**194,827**
Expiration of lease contracts	**–**	**(177,091)**	**–**	**–**	**(177,091)**
Termination of lease contracts	**–**	**–**	**(130,294)**	**–**	**(130,294)**
At 31 December 2021	**23,272,550**	**623,145**	**493,935**	**231,260**	**24,620,890**
Accumulated depreciation					
At 1 January 2021	**6,022,077**	**292,222**	**265,029**	**–**	**6,579,328**
Depreciation charge for the financial year	**317,784**	**207,373**	**196,382**	**1,521**	**723,060**
Expiration of lease contracts	**–**	**(177,091)**	**–**	**–**	**(177,091)**
Termination of lease contracts	**–**	**–**	**(130,294)**	**–**	**(130,294)**
At 31 December 2021	**6,339,861**	**322,504**	**331,117**	**1,521**	**6,995,003**
Net carrying amount					
At 31 December 2021	**16,932,689**	**300,641**	**162,818**	**229,739**	**17,625,887**
At 31 December 2020					
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

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 land use rights term. The terms of right-of-use assets are as follows:

Land use rights	Up to 55 years
Buildings	2 to 5 years
Equipment	2 to 6 years
Motor vehicles	2 to 5 years

(b) The land use rights of the Group and of the Company have remaining tenure of 25 to 53 (2020: 26 to 54) years and 53 (2020: 54) years respectively.

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

(d) During the financial year, the Group and the Company recognised the following right-of-use assets and related obligations and made the following cash payments:

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Addition of right-of-use assets	**1,057,220**	–	**231,260**	–
Financed by lease liabilities	**(1,029,960)**	–	**(204,000)**	–
Cash paid for right-of-use assets	**27,260**	–	**27,260**	–

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

6.1 Right-of-use assets (continued)

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Included in cost of sales:				
- Expense relating to short-term leases	**36,594**	184,135	**19,200**	68,719
- Depreciation charge of right-of-use assets	**4,704,351**	4,221,380	**723,060**	674,395
Included in administrative expense:				
- Expense relating to short-term leases	**1,451,654**	747,490	**–**	–
- Depreciation charge of right-of-use assets	**1,241,760**	1,225,032	**–**	–
Loss on modifications/ reassessments of lease contracts	**6,047**	–	**6,049**	–
Gain on termination of lease contracts	**(1,721)**	–	**(1,717)**	–
Included in finance costs:				
- Interest expense on lease liabilities	**255,871**	360,278	**18,824**	24,146
Included in other operating income:				
- arising from COVID-19-related rent concessions	**–**	(313,519)	**–**	–
	7,694,556	6,424,796	**765,416**	767,260

(f) Impairment testing on right-of-use assets

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 generated in certain operating subsidiaries in the current financial year as impairment indicators. These companies collectively held RM51,796,215 in carrying amount of right-of-use assets as at 31 December 2021.

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.

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

6.1 Right-of-use assets (continued)

(f) Impairment testing on right-of-use assets (continued)

Management has determined that the recoverable amounts in the CGUs are in excess of the carrying amounts of the right-of-use assets and no impairment has been recorded in the current financial year except for BP Myanmar.

The history of continuing losses in BP Myanmar which was mainly attributed by the COVID-19 pandemic as well as the political upheaval in Myanmar, indicated that its right-of-use assets may be impaired.

The Group has calculated the recoverable amount of the right-of-use assets of BP Myanmar to be RM5,147,244 based on the value-in-use method, which was determined by discounting the future cash flows generated from the continuing use of the right-of-use assets and was based on the key assumptions in conjunction with the impairment testing of property, plant and equipment as disclosed in Note 5(e).

6.2 Lease liabilities

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Represented by:				
Lease liabilities owing to non-financial institutions				
Current liabilities	**4,637,796**	4,468,917	**366,886**	340,734
Non-current liabilities	**1,777,278**	2,538,512	**305,696**	343,606
	6,415,074	7,007,429	**672,582**	684,340

(a) The Group and the Company lease a number of buildings, equipment and motor vehicles that run between 2 years to 6 years (2020: 2 years to 6 years), with an option to renew the lease after that date.

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

6.2 Lease liabilities (continued)

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

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
At 1 January	**7,007,429**	5,804,393	**684,340**	551,688
Additions	**1,029,960**	5,853,178	**204,000**	585,043
Modifications/ Reassessments	**3,005,011**	–	**188,778**	–
Expiration of lease contracts	**(61,258)**	–	**–**	–
Termination of lease contracts	**–**	(563,255)	**–**	(99,527)
Lease payments	**(4,873,253)**	(4,140,666)	**(423,360)**	(377,010)
Lease concessions	**–**	(313,519)	**–**	–
Interest expense	**255,871**	360,278	**18,824**	24,146
Exchange differences	**51,314**	7,020	**–**	–
At 31 December	**6,415,074**	7,007,429	**672,582**	684,340

(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**	**Total RM**
Group					
31 December 2021					
Lease liabilities					
- Fixed rates	**2.08 - 6.70**	**4,637,796**	**1,091,917**	**685,361**	**6,415,074**
31 December 2020					
Lease liabilities					
- Fixed rates	2.82 - 6.70	4,468,917	1,590,681	947,831	7,007,429

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 (continued):

	Weighted average incremental borrowing rate per annum %	Within 1 year RM	1 - 2 years RM	2 - 5 years RM	Total RM
Company					
31 December 2021					
Lease liabilities					
- Fixed rates	**2.08 - 4.45**	**366,886**	**135,501**	**170,195**	**672,582**
31 December 2020					
Lease liabilities					
- Fixed rates	2.82 - 4.70	340,734	247,650	95,956	684,340

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.

(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	Total RM
Group			
31 December 2021			
Lease liabilities	**4,774,619**	**1,847,131**	**6,621,750**
31 December 2020			
Lease liabilities	4,647,607	2,627,314	7,274,921
Company			
31 December 2021			
Lease liabilities	**382,348**	**328,728**	**711,076**
31 December 2020			
Lease liabilities	357,760	351,660	709,420

7. INTANGIBLE ASSETS

Group	Goodwill RM	Computer software RM	Total RM
At 31 December 2021			
At cost			
At 1 January 2021	**2,374,713**	**4,017,850**	**6,392,563**
Additions	**–**	**1,155,008**	**1,155,008**
Written off	**(2,374,713)**	**(277,641)**	**(2,652,354)**
Exchange differences	**–**	**84,297**	**84,297**
At 31 December 2021	**–**	**4,979,514**	**4,979,514**
Accumulated amortisation and impairment loss			
At 1 January 2021	**2,374,713**	**3,395,981**	**5,770,694**
Amortisation charge for the financial year	**–**	**798,695**	**798,695**
Written off	**(2,374,713)**	**(277,641)**	**(2,652,354)**
Exchange differences	**–**	**71,466**	**71,466**
At 31 December 2021	**–**	**3,988,501**	**3,988,501**
Net carrying amount			
At 31 December 2021	**–**	**991,013**	**991,013**
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

7. INTANGIBLE ASSETS (continued)

Company	Computer software 2021 RM	2020 RM
At cost		
At 1 January	**1,053,070**	763,855
Additions	**1,043,702**	289,215
Written off	**(277,641)**	–
At 31 December	**1,819,131**	1,053,070
Accumulated amortisation		
At 1 January	**776,596**	763,854
Amortisation charge for the financial year	**470,256**	12,742
Written off	**(277,641)**	–
At 31 December	**969,211**	776,596
Net carrying amount		
At 31 December	**849,920**	276,474

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 2021 RM	2020 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	**(54,306,221)**	(1,000,000)
	80,679,365	133,985,586

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

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] 2021 %	2020 %	Principal activities
BP MPak Sdn. Bhd.	Malaysia	**100**	100	Corrugated fibre board carton manufacturer
Box-Pak (Johore) Sdn. Bhd.	Malaysia	**100**	100	Dormant
Box-Pak (Vietnam) Co., Ltd. ("BPV") [2]	Vietnam	**100**	100	Corrugated fibre board carton manufacturer
BP Pak (Singapore) Pte. Ltd. ("BPS") [3]	Singapore	**100**	100	Investment holding
PT. KJ Box-Pak [3]	Indonesia	**99**	99	Dormant
Subsidiary of BPV				
Box-Pak (Hanoi) Co., Ltd. [2]	Vietnam	**100**	100	Corrugated fibre board carton manufacturer
Subsidiary of BPS				
Boxpak (Myanmar) Company Limited [2]	Myanmar	**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*

(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 RM106,239,221 as at 31 December 2021.

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 post-tax discount rate and growth rate, which are, among others, dependent on forecasted economic conditions affected by the COVID-19 pandemic.

Consequently, the Company recognised an impairment loss of RM53,306,221 (2020: Nil) on the investment in BP Myanmar as it is unlikely to turn profitable in the foreseeable future.

8. INVESTMENTS IN SUBSIDIARIES (continued)

(c) Impairment assessment (continued)

The assumptions used in the value-in-use calculation of this subsidiary were as follows:

(i) The anticipated annual revenue growth rates used in the cash flow projections of the CGU ranged from 5% to 94% (2020: 12% to 105%) per annum.

(ii) Profit margins are projected based on the historical profit margin achieved for the products.

(iii) Pre-tax discount rate of 11.0% (2020: 9.5%) was applied over the projection periods in determining the recoverable amount of the CGU.

(iv) Cash flows were projected based on 1 (2020: 1) year base financial budget approved by the Board of Directors in December 2021.

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

9. DEFERRED TAX ASSETS/(LIABILITIES)

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

	Assets		Liabilities		Net	
Group	**2021 RM**	**2020 RM**	**2021 RM**	**2020 RM**	**2021 RM**	**2020 RM**
Capital allowances and depreciation differences	**–**	–	**(7,794,543)**	(8,715,401)	**(7,794,543)**	(8,715,401)
Unabsorbed reinvestment allowances	**432,635**	432,635	**–**	–	**432,635**	432,635
Unabsorbed capital allowances	**1,345,415**	2,353,846	**–**	–	**1,345,415**	2,353,846
Unabsorbed tax losses	**4,009,059**	4,009,059	**–**	–	**4,009,059**	4,009,059
Provisions and other temporary differences	**1,398,060**	1,279,942	**–**	–	**1,398,060**	1,279,942
Deferred tax assets/ (liabilities)	**7,185,169**	8,075,482	**(7,794,543)**	(8,715,401)	**(609,374)**	(639,919)
Off-setting	**(6,980,169)**	(7,870,482)	**6,980,169**	7,870,482	**–**	–
Deferred tax assets/ (liabilities), net	**205,000**	205,000	**(814,374)**	(844,919)	**(609,374)**	(639,919)

	Assets/(Liabilities)	
Company	**2021 RM**	**2020 RM**
Capital allowances and depreciation differences	**(6,980,169)**	(7,870,482)
Unabsorbed reinvestment allowances	**432,635**	432,635
Unabsorbed capital allowances	**1,373,801**	2,353,846
Unabsorbed tax losses	**4,009,059**	4,009,059
Provisions and other temporary differences	**1,369,674**	1,279,942
Deferred tax assets	**205,000**	205,000

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

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Unabsorbed tax losses:				
- Malaysian entities	**5,881,505**	8,585,644	**–**	–
- Foreign entities	**45,422,166**	30,264,814	**–**	–
Unabsorbed capital allowances	**24,423,060**	17,917,784	**–**	–
Unabsorbed reinvestment allowances	**15,736,328**	15,736,328	**–**	–
Provisions and other temporary differences	**(5,457,434)**	(13,692,991)	**4,331,088**	2,542,665
	86,005,625	58,811,579	**4,331,088**	2,542,665

Deferred tax assets have not been recognised in respect of the above items as it is not probable that future taxable profits would be available against which the subsidiaries can utilised the benefits therefrom.

	Unabsorbed tax losses RM	Unabsorbed reinvestment allowances RM
Expires by 31 December 2028	5,881,505	–
Expires by 31 December 2036	–	15,736,328
	5,881,505	15,736,328

With the gazette of the Finance Act 2021 on 31 December 2021, the carry forward of any unabsorbed tax losses is extended to ten (10) consecutive years of assessment and it is deemed effective from the year of assessment 2019. Any amount which is not deducted at the end of the period of ten (10) years of assessment shall be disregarded.

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

The use of tax losses of subsidiaries in other countries is subject to the arrangement of the tax authorities and the tax legislation of the respective countries in which the subsidiaries operate.

10. OTHER ASSETS

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

11. INVENTORIES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Raw materials	**90,639,178**	59,713,935	**15,819,399**	7,996,603
Work-in-progress	**11,775,078**	3,642,044	**4,063,642**	750,926
Finished goods	**10,485,188**	7,751,707	**1,255,270**	658,632
	112,899,444	71,107,686	**21,138,311**	9,406,161
Recognised in profit or loss:				
Inventories recognised as cost of sales	**649,491,070**	577,474,583	**80,449,392**	71,907,662
Write-down to net realisable value	**15,641,347**	101,937	**3,807,659**	34,882
Reversal of inventories written down	**–**	(90,520)	**–**	–
Write off of inventories	**–**	222,421	**–**	222,421

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

12. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Trade receivables					
Third parties		**165,286,537**	143,780,655	**20,914,969**	9,062,619
Amount due from immediate holding company		**15,132**	25,888	**15,132**	25,888
Amounts due from related companies		**1,411,260**	867,936	**1,274,100**	491,666
		166,712,929	144,674,479	**22,204,201**	9,580,173
Less: Impairment losses	(e)	**(2,845,786)**	(2,573,629)	**(2,247,824)**	(2,315,281)
Trade receivables, net carried forward	(b)	**163,867,143**	142,100,850	**19,956,377**	7,264,892
Other receivables					
Other receivables		**21,179,246**	13,839,658	**445,872**	253,098
Refundable deposits		**1,192,901**	1,192,383	**159,055**	159,055
Amount due from immediate holding company	(d)	**40,118**	42,845	**–**	–
		22,412,265	15,074,886	**604,927**	412,153
Total trade and other receivables		**186,279,408**	157,175,736	**20,561,304**	7,677,045

12. TRADE AND OTHER RECEIVABLES (continued)

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Financial instruments classification:					
Total trade and other receivables		**186,279,408**	157,175,736	**20,561,304**	7,677,045
Cash and bank balances	15	**22,191,050**	30,380,161	**4,582,039**	5,115,719
Amounts due from subsidiaries	13	**–**	–	**28,396,346**	24,318,923
Total financial assets at amortised cost		**208,470,458**	187,555,897	**53,539,689**	37,111,687

(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 (2020: 14 to 93) days and the Company ranges from 30 to 90 (2020: 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, RM4,545,734 (2020: RM17,419,278) and RM1,915,091 (2020: RM13,840,134) respectively have been de-recognised from the trade receivables balances of the Group and of the Company as at 31 December 2021.

(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.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

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.

12. TRADE AND OTHER RECEIVABLES (continued)

(e) (continued)

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.

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 2021	**114,796**	**2,458,833**	**2,573,629**
Charge for the financial year	**257,951**	**103,081**	**361,032**
Reversal of impairment loss	**(22,557)**	**(3,000)**	**(25,557)**
Written off	**–**	**(63,318)**	**(63,318)**
At 31 December 2021	**350,190**	**2,495,596**	**2,845,786**
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

Company	Lifetime expected credit loss allowance RM	Credit impaired RM	Total allowance RM
At 1 January 2021	**6,948**	**2,308,333**	**2,315,281**
Reversal of impairment loss	**(1,139)**	**(3,000)**	**(4,139)**
Written off	**–**	**(63,318)**	**(63,318)**
At 31 December 2021	**5,809**	**2,242,015**	**2,247,824**
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

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	
	2021 RM	2020 RM	2021 RM	2020 RM
Maximum exposure	**163,867,143**	142,100,850	**19,956,377**	7,264,892
Collateral obtained	**(26,813,288)**	(4,963,246)	**(16,035,151)**	(2,615,350)
Net exposure to credit risk	**137,053,855**	137,137,604	**3,921,226**	4,649,542

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 **2021**	**Gross carrying amount** **RM**	**Total allowance** **RM**	**Balance** **RM**
Current	**124,403,136**	**(75,909)**	**124,327,227**
Past due			
1 to 30 days	**28,552,367**	**(6,063)**	**28,546,304**
31 to 60 days	**7,206,051**	**(913)**	**7,205,138**
61 to 90 days	**1,412,233**	**(9,988)**	**1,402,245**
91 to 120 days	**1,448,680**	**(107,046)**	**1,341,634**
More than 121 days	**3,690,462**	**(2,645,867)**	**1,044,595**
	42,309,793	**(2,769,877)**	**39,539,916**
	166,712,929	**(2,845,786)**	**163,867,143**
2020			
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

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 2021	Gross carrying amount RM	Total allowance RM	Balance RM
Current	**15,279,730**	**(4,189)**	**15,275,541**
Past due			
1 to 30 days	**2,739,998**	**(1,235)**	**2,738,763**
31 to 60 days	**1,615,561**	**(313)**	**1,615,248**
61 to 90 days	**336,728**	**(9,903)**	**326,825**
91 to 120 days	**3,520**	**(3,520)**	**–**
More than 121 days	**2,228,664**	**(2,228,664)**	**–**
	6,924,471	**(2,243,635)**	**4,680,836**
	22,204,201	**(2,247,824)**	**19,956,377**
2020			
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

(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.

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.

12. TRADE AND OTHER RECEIVABLES (continued)

(h) (continued)

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 (2020: 2) trade debtors constituting approximately 12% (2020: 15%) of the total receivables of the Group.

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

	Group	
	2021	**2020**
	RM	**RM**
United States Dollar ("USD")	**16,485,926**	13,427,572
Singapore Dollar ("SGD")	**236,806**	313,736
	16,722,732	13,741,308

(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	
	2021	**2020**
	RM	**RM**
Effects of 3% changes to RM against foreign currencies		
(Loss)/Profit after tax		
- USD	**375,879**	306,149
- SGD	**5,399**	7,153

13. AMOUNTS DUE FROM SUBSIDIARIES

	Company 2021 RM	Company 2020 RM
Non-current		
Other receivables		
Amounts due from subsidiaries	**22,206,070**	–
Less: Impairment losses	**(1,542,188)**	–
	20,663,882	–
Current		
Trade receivables		
Amounts due from subsidiaries	**214,339**	1,550,574
Less: Impairment losses	**–**	(1,426,525)
	214,339	124,049
Other receivables		
Amounts due from subsidiaries	**12,217,926**	24,272,025
Less: Impairment losses	**(4,699,801)**	(77,151)
	7,518,125	24,194,874
Total amounts due from subsidiaries (current)	**7,732,464**	24,318,923
Total amounts due from subsidiaries (non-current and current)	**28,396,346**	24,318,923

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

(b) Non-trade current 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 RM11,873,689 (2020: RM16,740,170) that bears interest at 3.16% to 3.54% (2020: 3.15% to 4.80%).

(c) Non-trade non-current amounts due from subsidiaries of RM22,206,070 (2020: Nil) represent the present value of advances and payments made on behalf, which are unsecured, interest-free and repayable within next 5 years in cash and cash equivalents except for non-trade amount due from a subsidiary of RM18,975,041 (2020: Nil) that bears interest at 3.16% to 3.54% (2020: Nil).

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

	Company 2021 RM	Company 2020 RM
USD	**3,283,533**	7,454,704

13. AMOUNTS DUE FROM SUBSIDIARIES (continued)

(e) 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	
	2021 RM	**2020 RM**
Effects of 3% changes to RM against foreign currency		
(Loss)/Profit after tax		
- USD	**74,865**	169,967

(f) 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.

Amounts due from subsidiaries are considered as default when the subsidiaries did not perform their obligations 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 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:

Company	**Lifetime expected credit loss - not credit impaired RM**	**Lifetime expected credit loss - credit impaired RM**	**Total RM**
Trade receivables			
At 1 January 2021	**–**	**1,426,525**	**1,426,525**
Written off	**–**	**(1,426,525)**	**(1,426,525)**
At 31 December 2021	**–**	**–**	**–**
Other receivables			
At 1 January 2021	**–**	**77,151**	**77,151**
Charge for the financial year	**2,048,300**	**4,200,413**	**6,248,713**
Written off	**–**	**(83,875)**	**(83,875)**
At 31 December 2021	**2,048,300**	**4,193,689**	**6,241,989**

13. AMOUNTS DUE FROM SUBSIDIARIES (continued)

(f) (continued)

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

Company	Lifetime expected credit loss - not credit impaired RM	Lifetime expected credit loss - credit impaired RM	Total RM
Trade receivables			
At 1 January 2020	–	1,426,525	1,426,525
Written off	–	–	–
At 31 December 2020	–	1,426,525	1,426,525
Other receivables			
At 1 January 2020	–	69,398	69,398
Charge for the financial year	–	7,753	7,753
At 31 December 2020	–	77,151	77,151

(g) 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		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At fair value through profit or loss				
Short-term funds	–	13,884,061	–	7,938,972

(a) In the previous financial year,

i. short-term funds were investments in income trust funds in Malaysia. The trust funds were invested in highly liquid assets, which were readily convertible to cash.
ii. the management assessed that the fair value of the short-term funds approximated their carrying amounts largely due to the short-term maturities of these instruments.
iii. short-term funds of the Group and of the Company were stated at Level 1 fair values.
iv. short-term funds were denominated in RM.

15. CASH AND BANK BALANCES

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Cash and bank balances	**19,791,050**	28,380,161	**2,182,039**	3,115,719
Deposit with a licensed bank	**2,400,000**	2,000,000	**2,400,000**	2,000,000
	22,191,050	30,380,161	**4,582,039**	5,115,719

(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		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Cash and bank balances	**19,791,050**	28,380,161	**2,182,039**	3,115,719
Deposit with a licensed bank (not more than 3 months)	**2,400,000**	2,000,000	**2,400,000**	2,000,000
	22,191,050	30,380,161	**4,582,039**	5,115,719
Less: Bank overdraft included in loans and borrowings (Note 19)	**(494,171)**	–	**–**	–
Cash and cash equivalents included in the statements of cash flows	**21,696,879**	30,380,161	**4,582,039**	5,115,719

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

	Group		Company	
	2021 %	**2020 %**	**2021 %**	**2020 %**
Weighted average effective interest rate				
- Fixed rate	**1.73**	1.75	**1.73**	1.75

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

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

	Group		Company	
	2021 Days	**2020 Days**	**2021 Days**	**2020 Days**
Licensed bank	**5**	4	**5**	4

15. CASH AND BANK BALANCES (continued)

(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	
	2021 RM	2020 RM	2021 RM	2020 RM
USD	**3,104,950**	4,656,446	**52,314**	31,336
SGD	**297,668**	268,372	**–**	–
	3,402,618	4,924,818	**52,314**	31,336

(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	
	2021 RM	2020 RM	2021 RM	2020 RM
Effects of 3% changes to RM against foreign currencies				
(Loss)/Profit after tax				
- USD	**70,793**	106,167	**1,193**	714
- SGD	**6,787**	6,119	**–**	–

(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			
	2021		2020	
	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 one (1) vote per share without restrictions and rank equally with regard to the Company's residual assets.

17. OTHER RESERVES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Foreign currency translations	**17,149,739**	9,038,843	**–**	–
Cash flow hedge reserve	**(1,355,949)**	(3,016,514)	**–**	–
Warrants reserve	**6,056,366**	6,056,366	**6,056,366**	6,056,366
	21,850,156	12,078,695	**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 were 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 Warrant 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 expired on 13 March 2022.

18. TRADE AND OTHER PAYABLES

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Non-current					
Other payables					
Amounts due to related companies	(f)	**38,689,551**	21,357,328	**–**	–
		38,689,551	21,357,328	**–**	–
Current					
Trade payables					
Third parties		**122,325,062**	91,912,196	**3,390,614**	4,666,268
Amount due to a subsidiary		**–**	–	**136,840**	–
	(b)	**122,325,062**	91,912,196	**3,527,454**	4,666,268
Other payables					
Other payables	(c)	**10,830,272**	12,867,160	**2,053,610**	2,585,115
Accruals		**14,345,855**	14,267,828	**3,789,432**	3,909,503
Amount due to immediate holding company	(d)	**147,034**	168,567	**224**	–
Amounts due to related companies	(e)	**2,115,957**	22,499,980	**–**	–
Provisions	(g)	**6,161**	8,644	**6,161**	8,644
		27,445,279	49,812,179	**5,849,427**	6,503,262
Total trade and other payables (current)		**149,770,341**	141,724,375	**9,376,881**	11,169,530
Total trade and other payables (non-current and current)		**188,459,892**	163,081,703	**9,376,881**	11,169,530
Financial instruments classification:					
Trade and other payables, net of provisions		**188,453,731**	163,073,059	**9,370,720**	11,160,886
Loans and borrowings	19	**244,334,584**	203,420,818	**52,226,827**	21,648,828
Total financial liabilities carried at amortised cost		**432,788,315**	366,493,877	**61,597,547**	32,809,714

18. TRADE AND OTHER PAYABLES (continued)

(a) Trade and other payables, net of provisions 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 (2020: 30 to 90) days.

(c) Other payables are non-interest bearing and are normally settled on an average term of 6 months (2020: 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) Current non-trade amounts due to related companies are unsecured, interest-free and repayable on demand.

(f) Non-current amounts due to related companies, which are unsecured, bear interest at 2.08% to 3.40% (2020: 2.18% to 4.80%) and not repayable within the next 12 months.

(g) 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.

	Group and Company	
	2021	2020
	RM	RM
Provision for solid waste disposal		
At 1 January	**8,644**	4,332
Additional provision during the financial year	**98,362**	136,106
Utilisation of provision during the financial year	**(100,845)**	(131,794)
At 31 December	**6,161**	8,644

(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(i) to the financial statements.

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

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
USD	**17,718,464**	19,522,579	**17,579**	562,600
Others	**4,123**	35,800	**4,123**	24,398
	17,722,587	19,558,379	**21,702**	586,998

18. TRADE AND OTHER PAYABLES (continued)

(j) 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	
	2021 RM	2020 RM	2021 RM	2020 RM
Effects of 3% changes to RM against foreign currency				
(Loss)/Profit after tax				
- USD	**(403,981)**	445,115	**(401)**	12,827

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:

	2021		2020	
Group	**Carrying amount RM**	**Fair value RM**	**Carrying amount RM**	**Fair value RM**
Other payables (non-current)				
- at fixed rate	**38,689,551**	**37,669,452**	21,357,328	20,603,332

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.

19. LOANS AND BORROWINGS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current				
Trade facilities	**133,303,417**	107,874,050	**17,226,827**	8,648,828
Revolving credits	**47,000,000**	13,000,000	**35,000,000**	13,000,000
Term loans	**18,686,914**	21,369,407	**–**	–
Bank overdraft	**494,171**	–	**–**	–
	199,484,502	142,243,457	**52,226,827**	21,648,828

19. LOANS AND BORROWINGS (continued)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Non-current				
Term loans	**44,850,082**	61,177,361	**–**	–
Total				
Trade facilities	**133,303,417**	107,874,050	**17,226,827**	8,648,828
Revolving credits	**47,000,000**	13,000,000	**35,000,000**	13,000,000
Term loans	**63,536,996**	82,546,768	**–**	–
Bank overdraft	**494,171**	–	**–**	–
	244,334,584	203,420,818	**52,226,827**	21,648,828

(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) Certain loans and borrowings amounted to RM12,000,000 (2020: Nil) are secured against legal charges over plant, machinery and equipment of a subsidiary (see Note 5(d)).

(c) The term loans amounted to RM63,536,996 (2020: RM82,546,768) are supported by corporate guarantees from the immediate holding company.

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
- Fixed rates	**180,303,417**	120,874,050	**52,226,827**	21,648,828
- Floating rates	**64,031,167**	82,546,768	**–**	–
	244,334,584	203,420,818	**52,226,827**	21,648,828

19. LOANS AND BORROWINGS (continued)

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

	Group		Company	
	2021	2020	2021	2020
	%	%	%	%
Term loans:				
- Floating rates	**1.86**	1.76	**–**	–
Trade facilities	**3.73**	4.00	**1.89**	1.89
Revolving credits	**3.36**	3.15	**3.32**	3.15
Bank overdraft	**7.64**	–	**–**	–

(f) 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	
	2021	2020
	RM	RM
Effects of 50bp changes to (loss)/profit after tax		
Floating rate instruments	**(243,318)**	313,678

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

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
USD	**55,762,577**	67,185,087	**4,324,827**	3,917,337

(h) 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	
	2021	2020	2021	2020
	RM	RM	RM	RM
Effects of 3% changes to RM against foreign currency				
(Loss)/Profit after tax				
- USD	**(1,271,387)**	1,531,820	**(98,606)**	89,315

19. LOANS AND BORROWINGS (continued)

(i) 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	Total RM
At 31 December 2021			
Financial liabilities			
Trade and other payables, net of provisions	**149,764,180**	**39,539,171**	**189,303,351**
Loans and borrowings	**200,396,782**	**45,025,696**	**245,422,478**
Derivative financial liabilities	**279,975**	**1,075,978**	**1,355,953**
Total undiscounted financial liabilities	**350,440,937**	**85,640,845**	**436,081,782**
At 31 December 2020			
Financial liabilities			
Trade and other payables, net of provisions	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
Company			
At 31 December 2021			
Financial liabilities			
Trade and other payables, net of provisions	**9,370,720**	**–**	**9,370,720**
Loans and borrowings	**52,226,827**	**–**	**52,226,827**
Total undiscounted financial liabilities	**61,597,547**	**–**	**61,597,547**
At 31 December 2020			
Financial liabilities			
Trade and other payables, net of provisions	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

20. 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 (2020: 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	
	2021	**2020**
	RM	**RM**
Retirement benefit obligations representing net liability	**1,232,567**	1,132,253
Analysed as:		
Later than 2 years but not later than 5 years	**282,338**	119,878
Later than 5 years	**950,229**	1,012,375
	1,232,567	1,132,253
Analyses as:		
Non-current liabilities	**1,232,567**	1,132,253
	1,232,567	1,132,253

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	
	2021	**2020**
	RM	**RM**
At 1 January	**1,132,253**	1,379,751
Current service cost	**57,639**	51,841
Interest cost	**42,675**	52,549
Items recognised in profit or loss (Note 27)	**100,314**	104,390
Re-measurement effects recognised in other comprehensive income	**–**	(209,772)
Benefits paid by the Scheme	**–**	(142,116)
At 31 December	**1,232,567**	1,132,253

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

20. RETIREMENT BENEFIT OBLIGATIONS (continued)

The principal actuarial assumptions used are as follows:

	Group and Company	
	2021	**2020**
	%	**%**
Discount rate	**3.8**	3.8
Expected rate of salary increases	**5.5**	5.5

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	
	2021	**2020**
	RM	**RM**
A 1% increase/decrease in discount rate will decrease/increase the retirement benefit obligations by	**91,629**	93,546

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.

21. DERIVATIVE FINANCIAL LIABILITIES

	Contract/ Notional amount		Liabilities	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Group				
Hedging derivative:				
Interest rate swap contract	**51,437,750**	63,267,750	**1,355,953**	3,016,514
Current			**279,975**	1,340,674
Non-current			**1,075,978**	1,675,840
			1,355,953	3,016,514

(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.

21. DERIVATIVE FINANCIAL LIABILITIES (continued)

(c) 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:

Group	Total RM	Level 1 RM	Level 2 RM	Level 3 RM
At 31 December 2021				
Hedging derivative:				
- Interest rate swap contract	**1,355,953**	**–**	**1,355,953**	**–**
At 31 December 2020				
Hedging derivative:				
- Interest rate swap contract	3,016,514	–	3,016,514	–

The fair value of the derivatives is 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.

(d) 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(i) to the financial statements.

22. REVENUE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Revenue from contracts with customers				
Sales of goods	**678,221,118**	650,860,198	**87,070,979**	83,152,930

(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.

23. INTEREST INCOME

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Interest income from:				
- loan and advances to subsidiaries	**–**	–	**1,036,630**	702,756
- deposits with licensed banks	**16,494**	37,191	**11,088**	17,147
- others	**8,034**	9,363	**–**	–
	24,528	46,554	**1,047,718**	719,903

Interest income is recognised using the effective interest method.

24. OTHER OPERATING INCOME

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Income distribution from short-term funds	**96,882**	200,961	**68,311**	152,612
Lease concessions	**–**	313,519	**–**	–
Rental income	**308,213**	306,210	**306,638**	306,210
Realised foreign exchange gain	**–**	355,240	**603,621**	680,143
Miscellaneous	**53,772**	211,076	**42,820**	60,234
	458,867	1,387,006	**1,021,390**	1,199,199

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

25. FINANCE COSTS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Interest expense on:				
- term loans	**5,912,281**	6,622,104	**–**	–
- trade facilities	**2,710,374**	2,115,437	**330,553**	209,405
- revolving credits	**999,858**	825,468	**999,858**	825,468
- lease liabilities	**255,871**	360,278	**18,824**	24,146
- amount due to immediate holding company	**96,410**	–	**33,817**	–
- amounts due to related companies	**1,031,851**	1,158,711	**–**	–
- others	**370,668**	346,881	**386,099**	269,227
	11,377,313	11,428,879	**1,769,151**	1,328,246

26. (LOSS)/PROFIT BEFORE TAX

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

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Auditors' remuneration:				
- statutory audit	**260,023**	257,849	**98,500**	90,000
- under provision in prior year	**–**	3,305	**–**	–
- other services	**5,000**	5,000	**5,000**	5,000
Fair value adjustment on non-current amount due from a subsidiary	**–**	–	**126,064**	–
Net foreign exchange loss/(gain):				
- realised	**555,319**	(355,240)	**(603,621)**	(680,143)
- unrealised	**1,108,960**	(105,866)	**497,925**	436,189
Net loss/(gain) on disposal of property, plant and equipment	**268,562**	41,907	**(3,837)**	(57,400)
Loss on modifications/ reassessments of lease contracts	**6,047**	–	**6,049**	–
Gain on termination of lease contracts	**(1,721)**	–	**(1,717)**	–
Rental of:				
- land and building	**685,904**	330,380	**–**	15,425
- motor vehicles	**345,145**	535,285	**–**	–
- forklift	**457,199**	65,960	**19,200**	53,294

27. EMPLOYEE BENEFITS

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Wages and salaries	**73,563,196**	70,841,645	**15,017,426**	13,987,836
Social security contributions	**996,035**	998,722	**134,257**	136,392
Statutory contributions	**5,466,008**	5,801,407	**1,018,235**	1,066,822
Increase in liability for retirement benefit obligations (Note 20)	**100,314**	104,390	**100,314**	104,390
Other benefits	**1,925,374**	1,871,211	**724,075**	833,399
	82,050,927	79,617,375	**16,994,307**	16,128,839

Included in employee benefits expense of the Group and of the Company are Executive Directors' remuneration amounting to RM1,878,916 (2020: RM1,951,716) and RM1,754,640 (2020: RM1,825,800) respectively, as further disclosed in Note 30(c) to the financial statements.

28. TAX EXPENSE

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Current income tax:				
- Malaysian income tax	**244,688**	–	**244,688**	–
- foreign income tax	**1,735,018**	3,752,159	**–**	–
- under provision in prior years	**7,578**	11,278	**5,385**	6,031
	1,987,284	3,763,437	**250,073**	6,031
Deferred tax:				
- relating to origination and reversal of temporary differences	**(30,545)**	(6,967)	**–**	–
	(30,545)	(6,967)	**–**	–
	1,956,739	3,756,470	**250,073**	6,031

(a) Malaysian income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated taxable (loss)/profit 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% (2020: 15% to 24%) corporate tax rate.

28. TAX EXPENSE (continued)

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

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
(Loss)/Profit before tax	**(126,822,000)**	15,704,770	**(63,304,978)**	2,118,645
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	**(30,437,280)**	3,769,145	**(15,193,195)**	508,475
Tax effects in respect of:				
- different tax rates in foreign jurisdiction	**(823,765)**	(2,099,423)	**–**	–
- non-allowable expenses	**27,081,961**	4,683,880	**15,036,499**	468,750
- non-taxable income	**(894,894)**	(1,870,761)	**(27,837)**	(977,225)
- deferred tax assets not recognised during the financial year	**6,526,571**	–	**429,221**	–
- utilisation of previously unrecognised deferred tax assets	**–**	(1,141,555)	**–**	–
	1,452,593	3,341,286	**244,688**	–
Withholding tax in foreign jurisdiction	**496,568**	403,906	**–**	–
Under provision of tax expense in prior years	**7,578**	11,278	**5,385**	6,031
	1,956,739	3,756,470	**250,073**	6,031

28. TAX EXPENSE (continued)

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

Group **At 31 December 2021**	**Before tax** **RM**	**Tax effect** **RM**	**After tax** **RM**
Item that may be reclassified to profit or loss in subsequent periods:			
Foreign currency translations	**8,110,896**	**–**	**8,110,896**
Fair value gain on cash flow hedge	**1,660,565**	**–**	**1,660,565**
	9,771,461	**–**	**9,771,461**
Item that may not be reclassified to profit or loss in subsequent periods:			
Re-measurement of net retirement benefit obligations	**–**	**–**	**–**
At 31 December 2020			
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
Company **At 31 December 2021**			
Item that may not be reclassified to profit or loss in subsequent periods:			
Re-measurement of net retirement benefit obligations	**–**	**–**	**–**
At 31 December 2020			
Item that may not be reclassified to profit or loss in subsequent periods:			
Re-measurement of net retirement benefit obligations	209,772	–	209,772

29. (LOSS)/PROFIT PER SHARE

(a) Basic

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

	Group	
	2021	**2020**
(Loss)/Profit net of tax attributable to owners of the parent (RM)	**(128,778,739)**	11,948,300
Weighted average number of ordinary shares in issue	**120,046,980**	120,046,980
Basic (loss)/profit per ordinary share (sen)	**(107.27)**	9.95

(b) Diluted

As at 31 December 2021 and 2020, the diluted (loss)/profit per share was same as the basic (loss)/profit 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 shares in issue as at the end of the reporting period.

30. 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**
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

30. RELATED PARTY DISCLOSURES (continued)

(a) Identities of related parties (continued)

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

Related parties	Relationship
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 penultimate holding company

(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	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Sale of finished goods to:				
- immediate holding company	**(122,713)**	(175,877)	**(122,713)**	(175,877)
- related companies	**(5,660,490)**	(5,094,724)	**(4,915,754)**	(2,737,623)
- subsidiary	**–**	–	**(3,615,200)**	(1,148,332)
Purchase of finished goods from a subsidiary	**–**	–	**1,970,077**	2,229,342
Rental income received from a related company	**(231,660)**	(231,660)	**(231,660)**	(231,660)
Rental paid/payable to a related company	**2,959,476**	2,476,011	**–**	–
Interest income received from subsidiaries	**–**	–	**(1,036,630)**	(702,756)
Interest paid to:				
- immediate holding company	**96,410**	–	**33,817**	–
- related companies	**1,031,851**	1,158,711	**–**	–

30. 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	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Executive Directors' remuneration:				
Salaries	**1,080,000**	1,080,000	**1,080,000**	1,080,000
Fees	**141,000**	126,000	**141,000**	126,000
Bonuses	**270,000**	360,000	**270,000**	360,000
Other short-term employee benefits	**93,000**	87,000	**93,000**	87,000
Statutory contributions	**170,640**	172,800	**170,640**	172,800
	1,754,640	1,825,800	**1,754,640**	1,825,800
Non-executive Directors' remuneration:				
Fees	**488,569**	474,000	**488,569**	474,000
Other short-term employee benefits	**274,500**	261,000	**274,500**	261,000
	763,069	735,000	**763,069**	735,000
	2,517,709	2,560,800	**2,517,709**	2,560,800
Other directors of the Group:				
Executive:				
Salaries	**124,276**	125,916	**–**	–
Non-executive:				
Fees	**37,025**	36,655	**–**	–
Total directors' remuneration	**2,679,010**	2,723,371	**2,517,709**	2,560,800

30. 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	
	2021	**2020**
Executive Directors:		
RM900,001 - RM950,000	**–**	2
RM850,001 - RM900,000	**2**	–
Non-executive Directors:		
RM100,001 - RM150,000	**6**	6
RM0 - RM50,000	**2**	–

31. CONTINGENT LIABILITIES

	Company	
	2021 RM	**2020 RM**
Unsecured:		
Financial guarantees given to banks for credit facilities granted to subsidiaries	**57,428,078**	47,178,948

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 is deemed to be on demand.

32. CAPITAL COMMITMENTS

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Approved and contracted for:				
- property, plant and equipment	**567,067**	3,521,151	**367,067**	115,299
- intangible assets	**46,000**	–	**–**	–
	613,067	3,521,151	**367,067**	115,299

33. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investors, creditors and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements. In relation to this, the Group and the Company is also dependent on its immediate holding company, namely Kian Joo Can Factory Berhad to provide continuous financial support and adequate funds for the Group and the Company to meet their obligations as and when they fall due.

During year ended 31 December 2021, the Group's strategy which was to maintain the net debt-to-equity ratio at below 2.5:1. The net debt-to-equity ratios at 31 December 2021 and 31 December 2020 were as follows:

		Group	
	Note	**2021 RM**	**2020 RM**
Loans and borrowings	19	**244,334,584**	203,420,818
Lease liabilities	6.2	**6,415,074**	7,007,429
Less: Cash and bank balances	15	**(22,191,050)**	(30,380,161)
Net debt		**228,558,608**	180,048,086
Total equity		**125,266,412**	244,273,690
Net debt-to-equity ratio		**1.82**	0.74

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 2021.

(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 Finance Director and Director - Group Executive Management Office together with the Group Managing Director. 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.

33. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

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 RM26,813,288 (2020: RM4,963,246) and RM16,035,151 (2020: RM2,615,350) respectively are secured by the credit insurance.

The credit risk concentration profile has been disclosed in Note 12 to the financial statements.

(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. In addition, there are arrangements with the immediate holding company if further funding is required to meet their obligations as and when they fall due.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Notes 6 and 19 to the financial statements.

33. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(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 2021 and 2020 are as follows:

Group	Contractual amount in Foreign Currency USD	Equivalent amount in Ringgit Malaysia RM	Expiry date
At 31 December 2021			
Hedging derivative			
Interest rate swap contract			
Type 3	**12,350,000**	**51,437,750**	**20 March 2023**
At 31 December 2020			
Hedging derivative			
Interest rate swap contract			
Type 3	15,750,000	63,267,750	20 March 2023

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Notes 6, 13, 15, 18 and 19 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, 18 and 19 to the financial statements respectively.

34. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

(a) 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**
Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to MFRS 16 *Leases*)	1 April 2021 (early adopted)

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company.

(b) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2022

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**
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 112 *Deferred tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendment to MFRS 17 *Initial Application of MFRS 17 and MFRS 9 - Comparative Information*	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 the future financial years.

35. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

(a) The COVID-19 pandemic, which started in 2020, remained an international concern as the number of COVID-19 cases continued to increase with the appearance of various variants of concern. As a result, the Movement Control Order ("MCO") initially imposed by the Government of Malaysia had subsequently entered into various phases of the MCO, followed by the announcement of the National Recovery Plan ("NRP") in June 2021, which details a roadmap to control the COVID-19 pandemic while progressively reopening society and the economic sectors towards the new normal under four progressive phases. In March 2022, the Government of Malaysia announced that the country will enter into the "Transition to Endemic" phase starting 1 April 2022, which includes the opening of national borders for tourism and the abolishment of limitations to capacity and operating hours of business premises. Global lockdown by other countries in response to the COVID-19 pandemic has seen disruptions to the Group's business operations.

Up to the date of this financial statements, the Group has seen a significant impact of COVID-19 outbreak on the Group's financial performance. In relation to this, the Group and the Company have 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 2021, 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 and the Company have sufficient cash flows and undrawn facilities to meet their liquidity needs in the next twelve months after the end of the reporting period.

(b) The political upheaval in Myanmar on 1 February 2021 has resulted in the state of emergency declared in Myanmar. This has raised some cause for concern as it could disrupt the business environment in Myanmar. Nevertheless, the subsidiary of the Group, BP Myanmar 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 results for the Group.

LIST OF PROPERTIES
AS AT 31 DECEMBER 2021

Location	Description	Year of Last Revaluation/ Acquisition	Land Area (square metres)	Tenure	Expiry Date of Lease	Age of Buildings (Years)	2021 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	29	21,720
Lot 7 Jalan Perusahaan 2 Batu Caves Selangor Darul Ehsan Malaysia	Land & Building	1993	12,840	Leasehold	05.09.2074	37	5,299
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	18	22,017
Lot 125, Dai Lo Huu Nghi Vietnam Singapore Industrial Park Thuan An District Binh Duong Province Vietnam	Land & Building	2014	15,000	Leasehold	24.04.2046	6	25,312
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	9	21,146
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	3	22,954

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2022

Total number of issued shares	:	120,046,980
Class of shares	:	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	28	2.43	612	*
100 to 1,000 shares	106	9.20	68,699	0.06
1,001 to 10,000 shares	821	71.27	2,935,048	2.44
10,001 to 100,000 shares	140	12.15	3,694,900	3.08
100,001 to 6,002,348 shares	56	4.86	47,331,600	39.43
6,002,349 shares and above	1	0.09	66,016,121	54.99
Total	**1,152**	**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.*

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2022

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.	Keith Christopher Yeoh Min Kit	–	–	–	–	–	–
5.	Gong Wooi Teik	–	–	–	–	–	–
6.	Tee Keng Hoon	–	–	–	–	–	–
7.	Tan Kim Seng	24,000	0.02	405,000 [(b)]	0.34 [(b)]	429,000	0.36
8.	Tuan Ngah @ Syed Ahmad Bin Tuan Baru	–	–	–	–	–	–
9.	Chua Put Moy	–	–	–	–	–	–
10.	Sharifah Nadia Aljafri	–	–	–	–	–	–

Notes:
[(a)] *Deemed interest through KJCFB, an indirect wholly-owned subsidiary company of Can-One.*
[(b)] *Deemed interest through his spouse.*

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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	5,964,000	4.97
4.	Teo Kwee Hock	4,816,200	4.01
5.	Y.A.M. Tunku Nadzaruddin Ibni Tuanku Ja'afar @ Tunku Nadzaruddin	4,659,000	3.88
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	1,888,700	1.57
9.	Kenanga Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Y.A.M. Tunku Naquiyuddin Ibni Tuanku Jaafar*	1,429,300	1.19
10.	Wong Yoke Fong @ Wong Nyok Fing	1,277,400	1.06
11.	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
12.	Kenanga Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Lim Kuan Gin*	1,052,600	0.88
13.	Leong Kok Khoon	905,400	0.75
14.	Pui Boon Keng	693,900	0.58
15.	Wong Yoke Fong @ Wong Nyok Fing	593,600	0.49
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	383,000	0.32
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.	Chong Chiew Tshung	290,000	0.24
25.	Mak Mei Ling	280,000	0.23
26.	Wong Yoke Fong @ Wong Nyok Fing	277,800	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	**108,703,821**	**90.55**

NOTICE OF FORTY-EIGHTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-Eighth 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, Lot 6, Jalan Perusahaan Satu, 68100 Batu Caves, Selangor Darul Ehsan, Malaysia on Tuesday, 28 June 2022 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 2021 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 RM630,000 payable to the Directors of the Company and its subsidiaries in respect of the financial year ended 31 December 2021. **Resolution 1**

3. To approve the payment of benefits of up to RM400,000 payable to the Non-Executive Directors of the Company and its subsidiaries for the financial year ending 31 December 2022. **Resolution 2**

4. To re-elect Director, Tan Kim Seng who retires pursuant to Clause 82 of the Company's Constitution. **Resolution 3**

   Directors, Gong Wooi Teik and Tee Keng Hoon will retire at the close of the Forty-Eighth AGM of the Company in accordance with Clause 82 of the Company's Constitution as they are not seeking re-election.

5. To re-elect Director, Sharifah Nadia Aljafri who retires pursuant to Clause 86 of the Company's Constitution. **Resolution 4**

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. **Resolution 5**

AS SPECIAL BUSINESS

7. 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 6**

   "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."

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 7**

"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 the Company's Circular to shareholders dated 28 April 2022 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."

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 2022

Notes:

(A) GENERAL MEETING RECORD OF DEPOSITORS

Only a depositor whose name appears on the General Meeting Record of Depositors as at 20 June 2022 shall be entitled to participate at the Forty-Eighth 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-Eighth AGM of the Company is strictly a Broadcast Venue as the conduct of the Forty-Eighth 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-Eighth 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-Eighth AGM of the Company via the Remote Participation and Voting ("RPV") facilities provided by Agmo Digital Solutions Sdn. Bhd. ("Agmo") through its Vote2U Online website at https://web.vote2u.my. Please follow the Procedures for RPV facilities in the Administrative Details for the Forty-Eighth AGM.

(ii) A member of the Company entitled to participate at the Forty-Eighth 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-Eighth 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.

(v) *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 or Agmo, not less than 48 hours before the time appointed for holding the Forty-Eighth 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.*

(vi) *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 at 2B-4, Level 4, Jalan SS 6/6, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia.*

(vii) *In the case of appointment by electronic form, the Proxy Form must be electronically lodged with Agmo via Vote2U Online at https://web.vote2u.my. Please refer to the Administrative Details for the Forty-Eighth AGM on the procedures for electronic lodgement of Proxy Form via Vote2U 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-Eighth 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-Eighth 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-Eighth 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 FOR ITEMS 4 AND 5 OF THE AGENDA

The profiles of the retiring Directors are set out in the Profile of Directors on pages 15 and 16 of the Company's Annual Report 2021. For the purpose of determining the eligibility of Director, Tan Kim Seng, who is standing for re-election at the Forty-Eighth AGM, the Board through its Nomination Committee ("NC") had assessed him using the Independent Director Self-Assessment Checklist and Directors' Evaluation Form, in order to assess his caliber 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 financial year ended 31 December 2021. Based on the evaluation results, Tan Kim Seng met the performance criteria required of an effective Director.

The recommendation for the re-election of Sharifah Nadia Aljafri is based on the prior assessments of the NC and the Board before her appointment as Director. During the Directors' selection process, her attributes in competency, time commitment and potential contribution were assessed.

The Board based on the recommendation of the NC, endorsed that the Directors named under Resolutions 3 and 4 who are retiring in accordance with the Company's Constitution are eligible to stand for re-election.

Director, Chua Put Moy had in her letter dated 5 April 2022 indicated her intention to not to seek re-election at the Forty-Eighth AGM. However, a subsequent letter dated 11 April 2022 was received from her on 12 April 2022 to notify of her resignation as Director which took effect on 11 April 2022.

NOTICE OF FORTY-EIGHTH ANNUAL GENERAL MEETING

(G) EXPLANATORY NOTES ON SPECIAL BUSINESS

Ordinary Resolution 6 - Proposed authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016

Ordinary Resolution 6 proposed, if passed, will give a mandate to the Board, from the date of the forthcoming Forty-Eighth 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
(iv) 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 23 June 2021. Hence, no proceeds were raised.

Ordinary Resolution 7 - 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 7 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 the Circular to Shareholders dated 28 April 2022.

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 2022 which is made available together with the Company's Annual Report 2021 at http://www.boxpak.com.my/2022AGM.

ADMINISTRATIVE DETAILS FOR THE FORTY-EIGHTH ANNUAL GENERAL MEETING ("AGM")

Date of AGM	:	**Tuesday, 28 June 2022**
Time of AGM	:	**10.00 a.m.**
Broadcast Venue	:	**Conference Room** **Lot 6, Jalan Perusahaan Satu** **68100 Batu Caves** **Selangor Darul Ehsan** **Malaysia**
Virtual meeting accessible at	:	**https://web.vote2u.my**

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-Eighth AGM in person at the Broadcast Venue on the day of the meeting.

REMOTE PARTICIPATION AND VOTING ("RPV") FACILITIES

The RPV facilities is provided by Agmo Digital Solutions Sdn Bhd ("Agmo") via its Vote2U Online website at https://web.vote2u.my.

Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the Forty-Eighth AGM using RPV facilities from Agmo.

Kindly refer to Procedures for RPV 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-Eighth AGM using the RPV facilities:

STEP 1: BEFORE THE DAY OF THE FORTY-EIGHTH AGM		
A.	**Registration as User (for first-time registration only)** Note: If you have already signed up with Vote2U previously, you may proceed to Step 2	
Procedures		**Action**
(a)	Individual shareholders to register with Vote2U Online	• Access website at https://web.vote2u.my • Click the "**Sign Up**" button to sign up as a user. • Read and indicate your acceptance of the "Privacy Policy" and "Terms & Conditions" on the small box ☐. Then click the "**Next**" button. • Fill in your details [(i) ensure email address is valid and (ii) create your own password]. Then click the "**Continue**" button. • For Malaysians, upload your MyKad (front only) while Non-Malaysians, upload your Passport. Then click the "**Submit**" button. • Your registration will be verified and an email notification will be sent to you. Please check your email.

ADMINISTRATIVE DETAILS FOR THE FORTY-EIGHTH ANNUAL GENERAL MEETING ("AGM")

STEP 2: ON THE DAY OF THE FORTY-EIGHTH AGM		
Procedures		**Action**
(b)	Login to Vote2U Online and watch live streaming	• Login to https://web.vote2u.my with your email address and password at any time from **9.00 a.m.** i.e. 1 hour before the commencement of the Forty-Eighth AGM on **Tuesday, 28 June 2022 at 10.00 a.m.** • For a Proxy, login with the temporary credentials in the email that you have received from Vote2U. • Select the General Meeting event: "**BOX-PAK (MALAYSIA) BHD. 48TH AGM**" • Check your details. • Click "**Watch Live**" button to engage in the proceedings of the Forty-Eighth AGM remotely.
(c)	Ask questions during AGM (real-time)	• Click the "**Ask Question**" button to post questions. • Type in your question and click "**Submit**". • The Chairman/Board will endeavor to respond to questions submitted by remote participants during the Forty-Eighth AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.
(d)	Online remote voting	• Voting session commences **from 10.00 a.m. on Tuesday, 28 June 2022** until a time when the Chairman announces the end of the voting session of the Forty-Eighth AGM. • On the main page, scroll down and click the "**Confirm Details & Start Voting**" button. • To vote, select your voting choice from the options provided. A confirmation screen will appear to show your selected vote. Click the "**Next**" button to continue voting for all resolutions. • To change your vote, click the "**Back**" button and select another voting choice. • After you have completed voting, a Voting Summary page will appear to show all the resolutions with your voting choices. Click the "**Confirm**" button to submit your votes. Once you have confirmed and submitted your votes, you will not be able to change your voting choices.
(e)	View voting results	• On the main page, scroll down and click the "**View Voting Results**" button.
(f)	End of remote participation	• Upon the announcement by the Chairman on the closure of the Forty-Eighth AGM, the live streaming will end. • You may log out from Vote2U Online.

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 Vote2U Online on the day of the Forty-Eighth AGM 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 Agmo Digital Solutions Sdn. Bhd. at +603-7664 8520 / +603-7664 8521 or e-mail to vote2u@agmostudio.com for assistance.

ADMINISTRATIVE DETAILS FOR THE FORTY-EIGHTH ANNUAL GENERAL MEETING ("AGM")

ENTITLEMENT TO PARTICIPATE AND APPOINTMENT OF PROXY

Only shareholders whose names appear on the Record of Depositors as at 20 June 2022 shall be eligible to participate at the Forty-Eighth 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-Eighth 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-Eighth AGM yourself, please do not submit any Proxy Form for the Forty-Eighth AGM. You will not be allowed to participate in the Forty-Eighth 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-Eighth AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than Sunday, 26 June 2022 at 10.00 a.m:

(i) In hard copy:

By hand or post to 2B-4, Level 4, Jalan SS 6/6, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia;

(ii) By electronic form (for Individual Shareholders only):

All individual shareholders can have the option to submit their Proxy Forms electronically after registering with Vote2U Online. The steps to submit are summarised below:

Procedure	Action
Submission of Proxy Form	• Individual shareholders to log in to Vote2U with your email address and password that you have registered with Vote2U. • Click "**Register Proxy Now**" for e-Proxy registration. • Select the General Meeting event: "**BOX-PAK (MALAYSIA) BHD. 48TH AGM**" • Select/ add your Central Depository System ("CDS") account number and number of shares. • Select "**Appoint Proxy**". • Fill-in the details of your proxy(ies) – ensure proxy(ies) email address(es) is/are valid or appoint Chairman as your proxy. • Indicate your voting instructions should you prefer to do so, otherwise your proxy(ies) will decide on your votes. • Thereafter, select "**Submit**". • Your submission will be verified. • After verification, proxy(ies) will receive email notification with temporary credentials, i.e. email address and password, to login to Vote2U. *Note:* *You need to register as a shareholder before you can register a proxy and submit the e-Proxy Form. Please refer above 'Step 1 : Registration as User'*

ADMINISTRATIVE DETAILS FOR THE FORTY-EIGHTH ANNUAL GENERAL MEETING ("AGM")

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

Only a shareholder whose name appears on the General Meeting Record of Depositors as at 20 June 2022 may submit questions for the Board of Directors ("Board") in advance of the Forty-Eighth AGM. The steps are as follows:

Procedure	Action
Pre-meeting submission of questions to the Board	• Login to https://web.vote2u.my with your email address and password. • Select the General Meeting event: "**BOX-PAK (MALAYSIA) BHD. 48TH AGM**" *(Please take note that the event will only be made available on 21 June 2022, a day after the ROD cut-off for the AGM.)* • Check your details. • Click the "**Ask Question**" button to post questions. • Type in your question and click "**Submit**". • The Board will endeavor to answer the questions received at the AGM.

NO DOOR GIFT/FOOD VOUCHER

There will be no distribution of door gift or food voucher for the Forty-Eighth 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 Agmo Digital Solutions Sdn. Bhd. at +603-7664 8520 / +603-7664 8521 or e-mail to vote2u@agmostudio.com during office hours on Mondays to Fridays from 9.00 a.m. to 5.00 p.m. (except on public holidays).

BOX-PAK (MALAYSIA) BHD.
[Registration No. 197401004216 (21338-W)]
(Incorporated in Malaysia)

PROXY FORM

*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
Telephone No.	**Email Address**		

and/or

Full Name (in block letters)	NRIC/Passport No.	No. of Shares	% of Shareholdings
Telephone No.	**Email Address**		

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-Eighth Annual General Meeting ("AGM") of the Company to be conducted fully virtual and live-streamed from the broadcast venue at the Conference Room, Lot 6, Jalan Perusahaan Satu, 68100 Batu Caves, Selangor Darul Ehsan, Malaysia ("Broadcast Venue") on Tuesday, 28 June 2022 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 RM630,000 payable to the Directors of the Company and its subsidiaries in respect of the financial year ended 31 December 2021.		
2	To approve the payment of benefits of up to RM400,000 payable to the Non-Executive Directors of the Company and its subsidiaries for the financial year ending 31 December 2022.		
3	To re-elect Tan Kim Seng as Director.		
4	To re-elect Sharifah Nadia Aljafri as Director.		
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.		
	Special Business		
6	Proposed authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016.		
7	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 -------------------------------- , 2022.

**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 20 June 2022 shall be entitled to participate at the Forty-Eighth AGM of the Company or appoint proxy(ies) to participate and vote in his/her stead.

(ii) The venue of the Forty-Eighth AGM of the Company is strictly a Broadcast Venue as the conduct of the Forty-Eighth 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-Eighth 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-Eighth AGM of the Company via the Remote Participation and Voting ("RPV") facilities provided by Agmo Digital Solutions Sdn. Bhd. ("Agmo") through its Vote2U Online website at https://web.vote2u.my. Please follow the Procedures for RPV facilities in the Administrative Details for the Forty-Eighth AGM.

(v) A member of the Company entitled to participate at the Forty-Eighth 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-Eighth 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.

(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) *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 or Agmo, not less than 48 hours before the time appointed for holding the Forty-Eighth 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.*

(ix) *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 the Company at 2B-4, Level 4, Jalan SS 6/6, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia.*

(x) *In the case of appointment by electronic form, the Proxy Form must be electronically lodged with Agmo via Vote2U Online website at https://web.vote2u.my. Please refer to the Administrative Details for the Forty-Eighth AGM on the procedures for electronic lodgement of Proxy Form via Vote2U Online.*

(xi) *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.*

(xii) *By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the forthcoming Forty-Eighth 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-Eighth AGM of the Company dated 28 April 2022.*

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AFFIX
STAMP

The Company Secretaries
BOX-PAK (MALAYSIA) BHD.
[Registration No. 197401004216 (21338-W)]
2B-4, Level 4
Jalan SS 6/6, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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Fold This Flap For Sealing

BOX-PAK (MALAYSIA) BHD.
[Registration No. 197401004216 (21338-W)]
Lot 4, Jalan Perusahaan Dua
68100 Batu Caves
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