

ANNUAL REPORT 2022

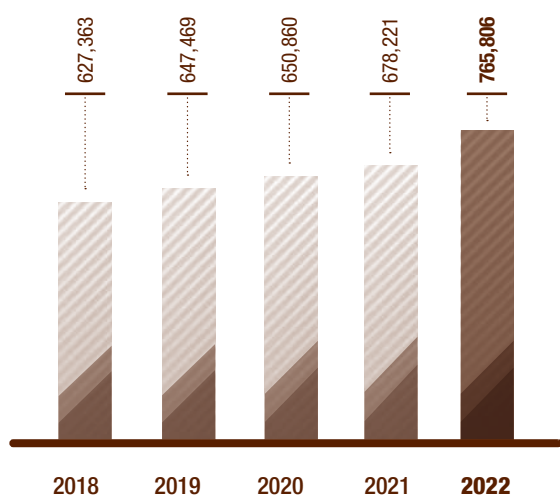


BOX-PAK (MALAYSIA) BHD.
[Registration No. 197401004216 (21338-W)]
(Incorporated in Malaysia)

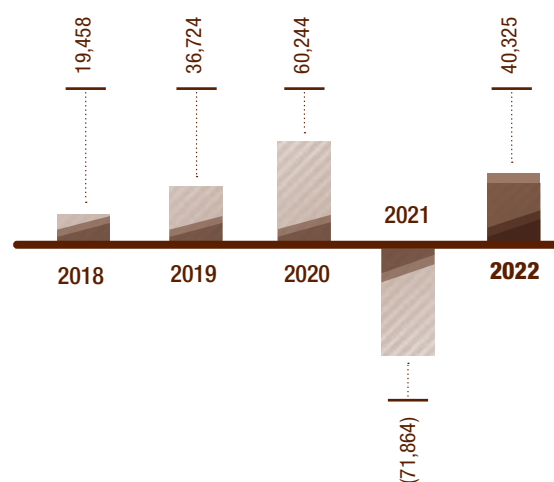
FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

	2022	2021	2020	2019	2018
Revenue (RM'000)	765,806	678,221	650,860	647,469	627,363
Earnings Before Interest, Tax, Depreciation and Amortisation (RM'000)	40,325	(71,864)	60,244	36,724	19,458
(Loss)/Profit Before Taxation (RM'000)	(2,889)	(126,822)	15,705	(8,284)	(13,411)
(Loss)/Profit After Taxation (RM'000)	(6,042)	(128,779)	11,948	(10,508)	(14,881)
Total Assets (RM'000)	539,636	567,879	624,149	629,907	703,023
Paid-Up Capital (RM'000)	167,363	167,363	167,363	167,363	167,363
Shareholders' Equity (RM'000)	120,152	125,266	244,274	236,213	250,171
Return on Equity (%)	(5.03)	(102.80)	4.89	(4.45)	(5.95)
Total Borrowings and Lease Liabilities (RM'000)	209,873	250,750	210,428	243,554	289,863
(Loss)/Profit Per Share - basic and diluted (Sen)	(5.03)	(107.27)	9.95	(8.75)	(12.40)
Net Assets Per Share (RM)	1.00	1.04	2.03	1.97	2.08
Debt/Equity Ratio (times)	1.75	2.00	0.86	1.03	1.16

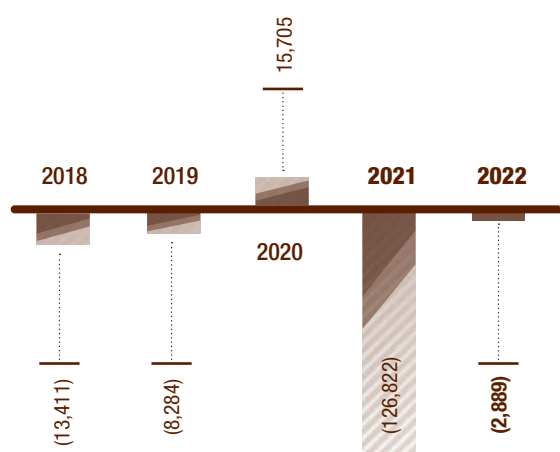
Revenue
(RM'000)



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



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



Total Assets
(RM'000)

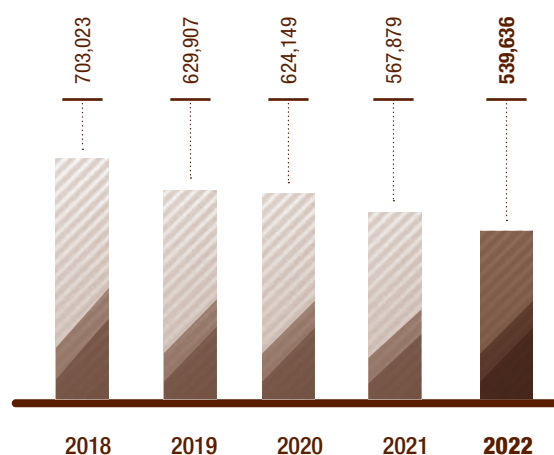


TABLE OF CONTENTS

2	Corporate Information
3	Corporate Structure
4	Management Discussion and Analysis
13	Profile of Directors
17	Profile of Key Senior Management
20	Sustainability Report
43	Corporate Governance Overview Statement
58	Audit and Risk Management Committee Report
61	Statement on Risk Management and Internal Control
65	Other Compliance Information
66	Responsibility Statement by the Board of Directors

Directors' Report and Financial Statements

67	Directors' Report
73	Statement by Directors
73	Statutory Declaration
74	Independent Auditors' Report
79	Statements of Financial Position
81	Statements of Profit or Loss
82	Statements of Comprehensive Income
83	Consolidated Statement of Changes in Equity
84	Statement of Changes in Equity
85	Statements of Cash Flows
91	Notes to the Financial Statements
150	List of Properties
151	Analysis of Shareholdings
154	Notice of Forty-Ninth Annual General Meeting
160	Administrative Details for the Forty-Ninth Annual General Meeting Proxy Form



BOX-PAK (MALAYSIA) BHD.
Registration No. 197401004216 (21338-W)

CORPORATE INFORMATION

AS AT 15 APRIL 2023

BOARD OF DIRECTORS

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

Yeoh Jin Hoe
(Group Managing Director)

Chee Khay Leong
(President cum Chief Executive Officer)

Tan Kim Seng
(Senior Independent Non-Executive Director)

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

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

Foo Kee Fatt
(Independent Non-Executive Director)

Sharifah Nadia Aljafri
(Independent Non-Executive Director)

AUDIT AND RISK MANAGEMENT COMMITTEE

Foo Kee Fatt (Chairman)
Tan Kim Seng
Tuan Ngah @ Syed Ahmad
Bin Tuan Baru

REMUNERATION COMMITTEE

Tuan Ngah @ Syed Ahmad
Bin Tuan Baru (Chairman)
Tan Kim Seng
Yeoh Jin Hoe

NOMINATION COMMITTEE

Tan Kim Seng (Chairman)
Sharifah Nadia Aljafri
Keith Christopher Yeoh Min Kit

SUSTAINABILITY COMMITTEE

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

COMPANY SECRETARIES

Lydia Tong Yiu Shyian-Shyian
SSM PC No. 202208000755
BC/L/1922

Kwong Shuk Fong
SSM PC No. 202008002178
MAICSA 7032330

REGISTERED OFFICE AND CORPORATE OFFICE

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

AUDITORS

BDO PLT
201906000013
(LLP0018825-LCA) & AF 0206
Chartered Accountants
Level 8, BDO @ Menara CenTara
360, Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Wilayah Persekutuan, Malaysia
T : +603-2616 2888
F : +603-2616 3190

SHARE REGISTRAR

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

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

PRINCIPAL BANKERS

AmBank Islamic Berhad
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

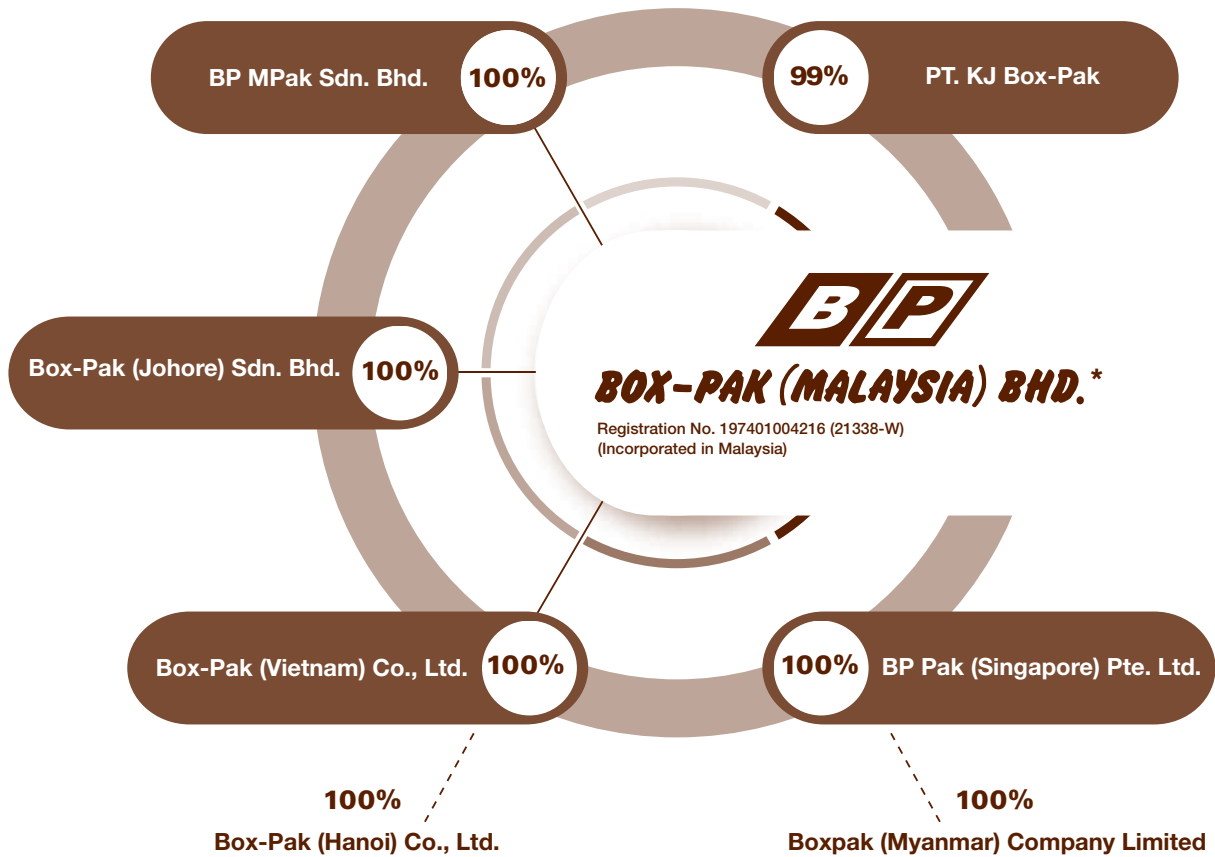
WEBSITE

www.boxpak.com.my



CORPORATE STRUCTURE

AS AT 15 APRIL 2023



* 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 2022 (“FYE 2022”). 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 79 to 149.

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 2022.

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 are subject to future uncertainties. Expressions (including but not limited to) such as “seek”, “projects”, “anticipates”, “expects”, “believes”, “estimates”, “could”, “intends”, “may”, “might”, “plans”, “will”, “would” and other similar expressions or the negative of these expressions, are generally indicative of the forward-looking statements.

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

OVERVIEW

The Group is principally involved in the manufacture and distribution of paper cartons in Malaysia, Vietnam and Myanmar. The Group also has non-active subsidiaries in Malaysia, Singapore and Indonesia. The Group’s business objective is to manufacture quality carton boxes that meet customers’ requirements in South East Asia.

The financial performance of the Group for FYE 2022 continues to be influenced by the effects of the prolonged pandemic which has added further pressure on the supply chain and labour market prospects situation causing the business operating climate to be extra demanding. Despite the host of challenges, the Group managed to achieve 12.9% growth in revenue in FYE 2022.



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

Summary of the financial performance of the Group for FYE 2022 as compared to the financial year ended 31 December 2021 (“FYE 2021”) are as follows:

	FYE 2022	FYE 2021	Increase/(Decrease)	
	RM'000	RM'000	RM'000	%
Revenue	765,806	678,221	87,585	12.9
Gross Profit (“GP”)	64,142	28,730	35,412	123.3
Loss Before Taxation (“LBT”)	(2,889)	(126,822)	(123,933)	(97.7)
Loss After Taxation (“LAT”)	(6,042)	(128,779)	(122,737)	(95.3)
Earnings Before Interest, Tax, Depreciation and Amortisation (“EBITDA”)	40,325	(71,864)	112,189	156.1
Total Assets	539,636	567,879	(28,243)	(5.0)
Shareholders’ Equity	120,152	125,266	(5,114)	(4.1)
No. of Shares in issue ('000)	120,047	120,047	–	–
Total Borrowings & Lease Liabilities	209,873	250,750	(40,877)	(16.3)
GP Margin (%)	8.38	4.24		
LBT Margin (%)	(0.38)	(18.70)		
LAT Margin (%)	(0.79)	(18.99)		
EBITDA Margin (%)	5.27	(10.60)		
Net Assets Per Share (RM)	1.00	1.04		
Loss Per Share (Sen)	(5.03)	(107.27)		
Debt/Equity Ratio (Times)	1.75	2.00		

Despite operating under continuing challenging circumstances, the revenue of the Group improved by 12.9% to RM765.8 million in FYE 2022 as compared to RM678.2 million recorded in FYE 2021. The increase in revenue was driven by higher selling price despite a lower sales volume which was brought on by inflationary cost increases in the prime raw material i.e paper rolls.

The Group registered an improved GP in FYE 2022 at RM64.1 million as compared to RM28.7 million in FYE 2021. The increase in GP was primarily attributable to recovery of production volume and increase in revenue generated by Vietnam and Myanmar operations as a result of the post 2019 Novel Coronavirus infection (“COVID-19”) pandemic uplifting of movement restrictions particularly in Vietnam.

Despite the improved revenue and GP, the Group registered a lower LBT of RM2.9 million in FYE 2022 as compared to a LBT of RM126.8 million in FYE 2021. The loss in FYE 2022 was due to increased cost of raw materials and higher marketing expenses. In FYE 2021, the Group had impairment loss on the Myanmar operating unit of RM95.8 million.



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE (continued)

Malaysian entities

Contributions from entities in Malaysia are as follows:

	FYE 2022 RM'000	FYE 2021 RM'000	Increase/(Decrease) RM'000	%
Revenue	181,087	196,090	(15,003)	(7.7)
LBT	(7,997)	(66,843)	(58,846)	(88.0)

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

Revenue decreased by 7.7% to RM181.1 million in FYE 2022 as compared to RM196.1 million in FYE 2021. The decrease in revenue was due to lower production volume as a result of manpower shortage and lower customer demand particularly from sheet board segment.

A lower LBT of RM8.0 million was recorded in FYE 2022 as compared to a LBT of RM66.8 million in FYE 2021. The loss in FY 2022 was due to inventories written off and impairment loss on receivables of RM6.0 million and RM1.0 million respectively. In FYE 2021, the manufacturing facilities in Malaysia had recognised impairment loss on investment in subsidiaries and receivables of RM53.3 and RM6.3 million respectively.

Vietnam entities

Contributions from entities in Vietnam are as follows:

	FYE 2022 RM'000	FYE 2021 RM'000	Increase/(Decrease) RM'000	%
Revenue	540,672	459,923	80,749	17.6
Profit before taxation ("PBT")/LBT	10,337	(9,686)	20,023	206.7

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

The Vietnam entities recorded higher revenue in FYE 2022 at RM540.7 million as compared to FYE 2021 at RM459.9 million which was driven by higher selling price and sales volume. The increase in sales volume in FYE 2022 was attributed to recovery of sales volume and production output following the uplifting of COVID-19 movements restrictions.

The Vietnam entities recorded a PBT of RM10.3 million in FYE 2022 as compared to a LBT of RM9.7 million. This was attributed to improved sales volume and production output resulting from the uplifting of movement restrictions.



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE (continued)

Myanmar entity

Contribution from entity in Myanmar is as follows:

	FYE 2022 RM'000	FYE 2021 RM'000	Increase/(Decrease)	
			RM'000	%
Revenue	44,047	22,208	21,839	98.3
LBT	(6,747)	(111,254)	(104,507)	(93.9)

In its fourth year of commercial operations, the Myanmar entity continued to expand its market penetration and registered a 98.3% increase in revenue from RM22.2 million in FYE 2021 to RM44.0 million in FYE 2022. The improved result was attributed to the increase in sales volume and the improved average selling price in FYE 2022.

Despite the increase in sales revenue, the entity recorded a LBT of RM 6.7 million in FYE 2022 as compared to RM111.3 million in FYE 2021. This was mainly due to the higher marketing expenses recorded in FYE 2022 in order to penetrate certain segment of the industry.

In FYE 2021, 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 had determined the future cash flows generated from the continuation of operation in Myanmar and recognised an impairment loss of RM95.8 million in FYE 2021.

STRATEGIC ANALYSIS

Overall market analysis and outlook

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

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

In Malaysia, the corrugated carton industry is a mature industry with numerous players. The Malaysian Corrugated Carton Manufacturers' Association which is the trade association representing the industry, has more than fifty (50) members and associate members.

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

In Malaysia, the Group focuses its sales effort on fast moving consumer products where high quality carton boxes are consistent in demand. The Group also sells its products to food and beverages, furniture, edible oil and other industries.



MANAGEMENT DISCUSSION AND ANALYSIS

STRATEGIC ANALYSIS (continued)

Overall market analysis and outlook (continued)

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

In Myanmar, there are more than ten (10) carton box manufacturers. Demand for corrugated cartons is expected to increase when its economy reaps benefits from foreign direct investment into the country. Currently, the entity in Myanmar focuses its attention on fast moving consumer products such as food and beverages and footwear which has a high demand and the quality standards expected are significantly higher.

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

Customer concentration

The revenue stream of the Group is quite diversified. In FYE 2022, none of the customers contributed more than 10% of the Group's revenue. However, a significant portion of the Group's revenue is concentrated in the food and beverage industry.

The Group also manufactures carton boxes for edible oil industry, electronic & electrical industry, footwear 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 and expand its customer base.

Credit risks

It is the industry norm to sell carton boxes to customers on credit. The Group typically grants credit terms 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 debts in a timely manner.

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

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

On a regular basis, evaluations will be carried out to write-off bad debts, if any, and to provide for impairment for debts exceeding their credit period, as appropriate. Please refer to Note 13 of the financial statements for receivables ageing analysis.

Direct materials

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

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



MANAGEMENT DISCUSSION AND ANALYSIS

STRATEGIC ANALYSIS (continued)

Direct materials (continued)

Similarly in Vietnam, the Group works with a handful of reliable local suppliers where the Group sources 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, was also able to procure domestic supplies of paper rolls to cater for production.

Cost of direct materials

The main cost component of corrugated carton is paper rolls.

Although majority of paper rolls are sourced locally by the Malaysian and Vietnam entities, the cost of paper rolls mirrors those of international markets 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 factories to ensure minimal disruption of carton supply to our customers. In 2022, the Group was able to manage its inventories to a reasonable level in all our factories to ensure sufficient inventories are on hand to meet the sales and production forecast.

Carton boxes are manufactured to order and specific to the customers, once produced. Excess quantities produced will be scrapped if there are no repeat orders from customers for the same item as cartons produced have a limited shelf life. However, to ensure efficiency in production, a certain minimum production quantity needs 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, skill and experience. The Group offers reasonable remuneration packages, tasked at attracting talents to join the Group and retaining the existing pool of experienced employees.

In Malaysia, the direct labour cost is affected by the minimum wage rate fixed by the Malaysian Government. The national monthly minimum wage has increased by 25% from RM1,200 to RM1,500 effective from 1 May 2022.



MANAGEMENT DISCUSSION AND ANALYSIS

STRATEGIC ANALYSIS (continued)

Human capital (continued)

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 factories, staff facilities and workers hostels. In FYE 2022, such safety measures were maintained, where appropriate, at a reasonable level to avoid production disruptions.

As the Malaysian entities rely on foreign workers from Nepal, Vietnam and Bangladesh to provide the labour required at the manufacturing facilities, additional expenses were incurred in ensuring compliance with Employee’ Minimum Standards of Housing, Accomodations and Amenities (Accomodation and Centralised Accomodation) Regulation 2020 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 City, it was VND3.92 million. The last revision was made in January 2020. In the year 2022, the Government of Vietnam withheld the minimum wage increase to cushion the impact to businesses and the economic conditions brought on by the pandemic.

Similar to Malaysia, our Vietnam entities incurred expenses for COVID-19 testing, test kits, PPE, sanitisation of the factories. 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 factory 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 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 facilities

Production facilities, plants, machinery and equipment are essential part of the business. They are subject to technological obsolescence and wear and tear. Hence, regular upgrades and maintenance are required to ensure that 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 machinery used in the operations are more than 25 years old. Apart from capacity limitation, the availability of the replacement parts and cost of repair and maintenance are the key challenges the Management needs to manage.

Plant and machinery are subject to continuous expansion, upgrades and improvements to cater for customers’ demand.

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

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.



MANAGEMENT DISCUSSION AND ANALYSIS

STRATEGIC ANALYSIS (continued)

Liquidity and capital management (continued)

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

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

As at 31 December 2022, the net debts and total equity of the Group are as follows:

	FYE 2022 RM'000	FYE 2021 RM'000
Loans and borrowings	199,514	244,539
Lease liabilities	10,359	6,211
Less: Cash and bank balances	(42,363)	(22,191)
Net debt	167,510	228,559
Total equity	120,152	125,266
Net debt-to-equity ratio	1.39	1.82

Net debts of the Group decreased by 26.7% in FYE 2022 due to the improvement of inventory management. In FY 2021, 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 fixed and floating market interest rates.

Warrants 2017/2022

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

The warrants 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 the 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 difference in functional currencies between the Malaysian entities and its foreign subsidiaries, the net assets value in Vietnam, Singapore and Myanmar are subject to foreign currency translation risks. The translation differences were accounted for as "foreign currency translation reserve".

As at 31 December 2022, there is a credit balance of RM16.7 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 20%.

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 unutilised 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 subsidiaries operate.

Retirement benefit

The Group operates an unfunded defined contribution retirement benefit program for its eligible employees. Actuarial valuation is carried out once in 3 years by an independent actuary to determine the cost of service to be accounted for. The last actuarial valuation was carried out in the FYE 2020.

Related parties transactions

The Group entered into related party transactions to:

- a. rent factory premises owned by a related company;
- b. borrow funds from and pay interest thereon to the immediate holding company and related companies; and
- c. sell products to its related parties in accordance with the mandate given by the shareholders in the Annual General Meeting held on 28 June 2022.

The related party transactions are subject to review regularly to ensure that they are 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 2022.

Political upheaval in Myanmar

The political upheaval in Myanmar which began in Feb 2021 had 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.



PROFILE OF DIRECTORS

AS AT 15 APRIL 2023

DATUK DR. ROSLAN BIN A. GHAFAR

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

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 Universiti 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 Mieco Chipboard Berhad which is 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 76

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 Kianjoo.

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 2023

CHEE KHAY LEONG

President cum
Chief Executive Officer
Malaysian, Male, Aged 62

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.

TAN KIM SENG

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

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. He was re-designated as Independent Non-Executive Director of the Company on 28 December 2018 and as Senior Independent Non-Executive Director of the Company on 23 November 2022. He is also the Chairman of the Nomination Committee and a member of the Audit and Risk Management Committee and Remuneration 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 71

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, United Kingdom (“UK”) and Masters in Business Administration from Manchester Business School, UK.

His experience is extensive and diversified 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 2023

FOO KEE FATT

Independent
Non-Executive Director
Malaysian, Male, Aged 57

Foo Kee Fatt was appointed to the Board of the Company on 28 June 2022. He is also the Chairman of the Audit and Risk Management Committee.

He is a Member of the Malaysian Institute of Certified Public Accountants and Malaysia Institute of Accountants. He is also an associate member of Chartered Tax Institute of Malaysia and an approved company auditor under the Companies Act, 2016. He has about 35 years of experience in public accountancy practice.

He began his career in 1987 when he joined and served his articleship with Messrs. Kassim Chan & Co. (now known as Messrs. Deloitte). In 1993,

he joined Messrs. Peter Chong & Co., a local accounting firm with international affiliation, as a Senior Associate where he worked his way up to become a Partner at the firm within the span of 13 years. In 2007, he established Messrs. KFF, an audit firm, and currently, he is in public practice.

He is an Independent Non-Executive Director of Padini Holdings Berhad, MMS Ventures Berhad and Can-One Berhad (penultimate holding company of Box-Pak (Malaysia) Bhd.), which are listed on Bursa Securities.

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 37

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

He holds a Bachelor of Laws (Honours) from Oxford Brookes University, Oxford, England. He was called to the Honourable Society of Middle Temple, UK in 2009. He joined Messrs. Shook Lin & Bok in 2010 and upon completion of pupillage in 2011, he was called to the Malaysian Bar as an Advocate and Solicitor of the High Court of Malaya in 2011. Thereafter, he commenced his legal practice in Messrs. Mah-

Kamariyah & Philip Koh in the Litigation and Alternative Dispute Resolution Department where he assisted in areas ranging from corporate and commercial dispute, injunctions to arbitration proceedings, and in a number of corporate exercises.

He is an Executive Director of the immediate holding company, Kian Joo Can Factory Berhad. 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.



PROFILE OF DIRECTORS

AS AT 15 APRIL 2023

SHARIFAH NADIA ALJAFRI

Independent
Non-Executive Director
Malaysian, Female, Aged 39

Sharifah Nadia Aljafri was appointed to the Board of the Company as Independent Non-Executive Director on 20 December 2021. She is also a member of the Nomination Committee.

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 2022 ("FYE 2022").*
- 3. Details of the Directors' attendance at Board meetings are set out in page 53 of this Annual Report.*



PROFILE OF KEY SENIOR MANAGEMENT

AS AT 15 APRIL 2023

CHAN KAM CHIEW

Group Finance Director
Malaysian, Male, Aged 58

Chan Kam Chiew is a member of the Malaysian Institute of Accountants (“MIA”), Malaysian Institute of Certified Public Accountants (“MICPA”) 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 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 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 MICPA.

He joined Can-One Group on 1 June 2021 in the capacity of Group Finance Director. He is an Independent Non-Executive Director of Kerjaya Prospek Group Berhad and LGMS Berhad, both of which are listed on the Main and ACE Markets of Bursa Malaysia Securities Berhad, respectively.

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 57

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.



PROFILE OF KEY SENIOR MANAGEMENT

AS AT 15 APRIL 2023

LYDIA TONG YIU SHYIAN-SHYIAN

Joint Company Secretary
Malaysian, Female, Aged 36

Lydia Tong Yiu Shyian-Shyian holds an LLM in Professional Legal Practice from City Law School, London (UK) (2010), and an LLB (Honours) degree from University of Reading, (UK) (2008). She was called to The Honourable Society of Lincoln's Inn, UK in 2009 and the Malaysian Bar in 2010 and is a member of Bar Council. She was a partner in a law firm from September 2015 to December 2022 in General Litigation and Conveying Practice.

From October 2014 to August 2015, she served as Legal, Risk & Compliance Officer at ZICO Allshores Trust (S) Pte. Ltd. (Singapore). She was appointed as Joint Company Secretary on 1 February 2023.

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.

CHAN HUAN CHEONG

Group Senior
General Director - Vietnam
Malaysian, Male, Aged 80

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 50

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.



PROFILE OF KEY SENIOR MANAGEMENT

AS AT 15 APRIL 2023

MA MY PHUONG

General Director - Vietnam
Vietnamese, Female, Aged 51

Ma My Phuong graduated from high school and has 31 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 as Deputy General Director on 1 September 2016 and promoted to current role on 1 January 2023.

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.

LE THI PHUONG LAN

Deputy General Director -
Vietnam
Vietnamese, Female, Aged 43

Le Thi Phuong Lan has 22 years of working experience in the corrugated carton industry. She holds a Master Degree in Finance and Banking and Bachelor of Economics degree majoring in Accounting and Auditing. She joined the Group's operations in Vietnam in September 2005 as a Chief Accountant and was promoted as Deputy General Director 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 57

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 2022.*



SUSTAINABILITY REPORT

ABOUT THIS REPORT

This Sustainability Report aims to communicate the commitments, initiatives, actions taken and performance in relating to Environmental Social and Governance issues by Box-Pak (Malaysia) Bhd. (“BPM” or “the Company”) and its subsidiaries (“BPM Group” or “the Group”) during the financial year ended 31 December 2022 (“FYE 2022”).

The report has been prepared in accordance with Paragraph 6.2, Practice Note 9 of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) and the third edition of the Bursa Malaysia Sustainability Reporting Guide.

This year, we enhanced our reporting approach by adopting the Global Reporting Initiative (GRI) Standards (“GRI Standards”), Core Option and aligning our initiatives with the United Nations Sustainable Development Goals.

This Report should be read together with the Company’s Annual Report 2022 (“AR 2022”) for a more comprehensive view of BPM Group’s financial and non-financial performance.

REPORTING SCOPE AND BOUNDARY

We report our sustainability initiatives and performance on an annual basis. This report covers the reporting period from 1 January 2022 to 31 December 2022. The last Sustainability Report was published in April 2022.

This report covers the Group’s active and significant operations in Malaysia and Vietnam.

Myanmar operation has not been included as it is not a significant operating segment. We will re-assess the materiality of our Myanmar operation in our next report.

ASSURANCE

The information and data of the Group are derived from our internal reporting systems and operations records. The Report has been reviewed by the Sustainability Committee and presented to the Board for approval. The Group has not sought any independent verification or assurance on the information disclosed in this Report.

FEEDBACK

We appreciate all comments and suggestions on our sustainability efforts and the contents of this Report. Please direct any questions pertaining to our sustainability initiatives or reporting, or comments and feedback to sustainability@boxpak.com.my.



SUSTAINABILITY REPORT

MESSAGE FROM GROUP MANAGING DIRECTOR

Dear Stakeholders,

It is my great pleasure to present to you our 6th Sustainability Report. This Report provides a detailed overview of what Sustainability means to us, how we handle material sustainability matters, what our goals and targets are, the strategy and management approaches we adopt to achieve them and our progress in delivering long term value to our stakeholders.

As we progress along our sustainability journey, we also improve our reporting and disclosures to be in-line with evolving expectations and requirements. This year, we prepared our report based on the Global Reporting Initiatives (GRI) Standards to reflect global best practices for sustainability reporting. In recognising the United Nations Sustainable Development Goals (“SDG”) as the blueprint to achieve a better and more sustainable future for all, we have aligned our sustainability initiatives to eight (8) SDGs to which we can contribute directly to support the global sustainability agenda.

We are also addressing Greenhouse Gas (“GHG”) emissions across our Group. We are working with our national electric utility company, Tenaga Nasional Berhad to subscribe for green energy under its Green Electricity Tariff program for our two (2) plants in Malaysia. As of February 2023, we have successfully obtained subscription of green energy for one (1) plant and hope to secure the remaining one in the coming months. Meanwhile, in Ho Chi Minh City, we have successfully converted one of its two boilers to operate on biomass waste wood during the year. This has reduced the plant’s GHG emission by 28%.

Health, safety, fair treatment, and development of our people remain the heart of our operations and we continue to safeguard them. Our workplaces are guided by our comprehensive safety and health policy and high standards in work ethics. Opportunities for career advancement, learning and development are also available and we continue to support local technical institutes and universities internship programs. We believe that by upholding a values-driven culture and an empowering work environment, we can attract and retain talents.

We thank you for your support and look forward to your valuable feedback on our sustainable journey.

Yeoh Jin Hoe
Group Managing Director

SUSTAINABILITY REPORT

SUSTAINABILITY APPROACH

The Group integrates sustainable thinking in its business processes, guided by the following sustainability principles:

- Ensuring compliance with all relevant laws and regulations applicable to the Group.
- 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.
- A robust governance structure to provide leadership, oversight, and accountability.

SUSTAINABILITY IN OUR BUSINESS PROCESSES

Planning and Development	Procurement	Manufacture	Sales and Delivery
<ul style="list-style-type: none"> • Research and development of sustainable packaging solutions • Co-develop products with customers 	<ul style="list-style-type: none"> • Sourcing of sustainable raw materials • Working with ethically compliant suppliers 	<ul style="list-style-type: none"> • Investment in energy-efficient machineries • Mindful management of waste, water, air, energy and effluent 	<ul style="list-style-type: none"> • Engaging with customers on their sustainability objectives • Efficient delivery and distribution
Expected Sustainability Outcomes			
<ul style="list-style-type: none"> • Fully recyclable packaging solutions • Products with lower carbon footprint • Increased availability of sustainable products solutions 	<ul style="list-style-type: none"> • Accessibility to sustainable raw materials • Elevate suppliers’ sustainability practices performance • Larger pool of ethically compliant suppliers 	<ul style="list-style-type: none"> • Reduced material usage, energy usage and waste generation • Compliance with relevant laws and regulations on Scheduled Wastes and Industrial Effluent management 	<ul style="list-style-type: none"> • Expansion of market base • Reduced energy usage and emission from product distribution

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 REPORT

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 continuously engage with them to understand their evolving expectations and how our business practices impact them. The insights obtained provide guidance to our materiality determination process, sustainability plans and the initiatives to be taken.

The method and frequency in which we engage our stakeholders and their expectations as follows:-

STAKEHOLDER	METHOD OF ENGAGEMENT	FREQUENCY	EXPECTATIONS
Shareholders and Investors	<ul style="list-style-type: none"> Annual General Meeting Annual Report Announcements on Bursa Malaysia 	<ul style="list-style-type: none"> Annually Periodically As and when required 	<ul style="list-style-type: none"> Sustainable business growth Financial returns Good corporate governance
Employees	<ul style="list-style-type: none"> Town Hall Meetings Performance appraisals Training 'Open door' feedback 	<ul style="list-style-type: none"> Annually As and when required 	<ul style="list-style-type: none"> Workplace safety and health Training and development Career advancement opportunities Fair remuneration practices with competitive benefits Inclusive and non-discriminatory workplace
Customers	<ul style="list-style-type: none"> Customer Satisfaction Survey Customers audit and site visits Customer feedbacks Face to face meetings 	<ul style="list-style-type: none"> Regularly As and when required 	<ul style="list-style-type: none"> Product expectations in terms of quality, price, and delivery Sustainable and innovative product Ethical labour practices
Suppliers	<ul style="list-style-type: none"> Supplier meetings Site visits and audits Suppliers' evaluations 	<ul style="list-style-type: none"> Regularly Periodically As and when required 	<ul style="list-style-type: none"> Price competitive Quality of product, services, and delivery Ethical labour practices
Governments and Regulators	<ul style="list-style-type: none"> Regular meetings and consultations Seminars, trainings and dialogue On-site inspections and audits 	<ul style="list-style-type: none"> As and when required 	<ul style="list-style-type: none"> Compliance with relevant laws, by-laws and regulations Corporate governance and compliances
Community	<ul style="list-style-type: none"> Community events Dialogue sessions Corporate Social Responsibilities events 	<ul style="list-style-type: none"> As and when required 	<ul style="list-style-type: none"> Providing employment opportunities Contributing to community initiatives Business has minimal environmental impact in terms of waste and emissions

MATERIALITY ASSESSMENT

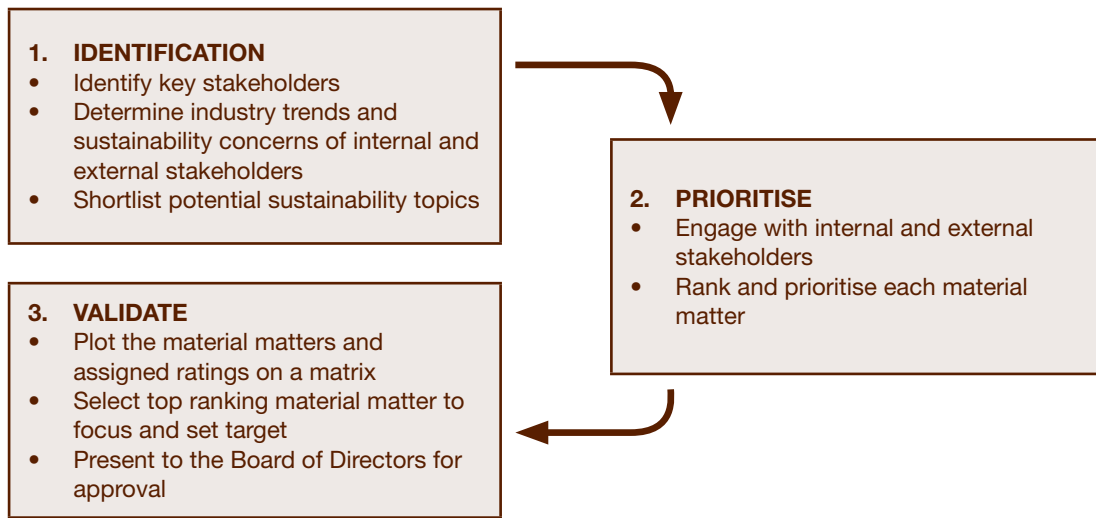
A broad cross section stakeholder assessment was conducted in Fourth Quarter FYE 2020 in the form of a survey to identify the Group's significant economic, environment and social matters that substantially impact and influence the decisions of our stakeholders.

SUSTAINABILITY REPORT

MATERIALITY ASSESSMENT PROCESS

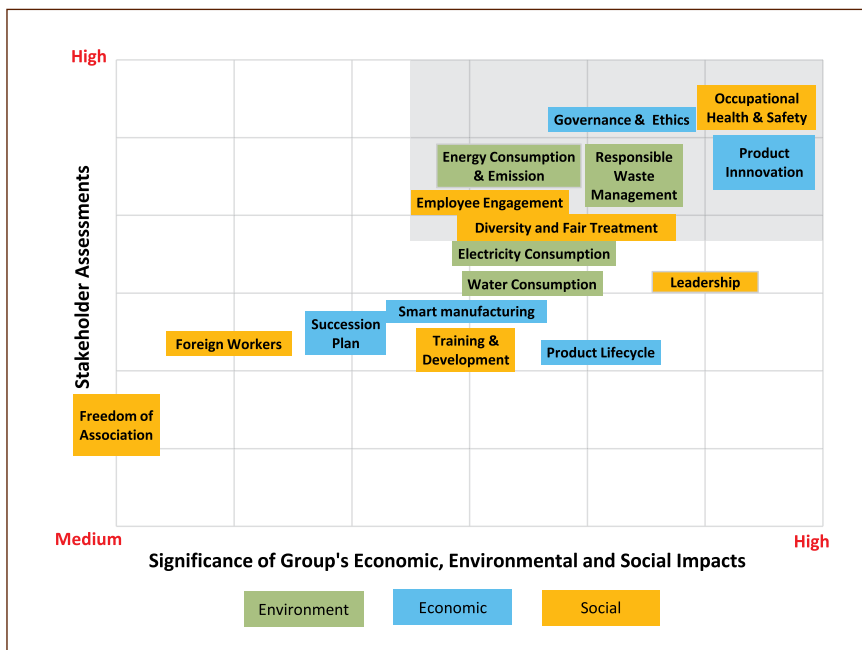
Our material assessment involves evaluating the significance of each sustainability issue based on its level of impact and influence on the Group. Factors taken into consideration include current economic, environmental, social and governance trends in geographical regions where the Group operates.

Our material assessment process typically involved:-



MATERIALITY MATRIX

The matrix below is the result of our materiality assessment process showing the significance of each materiality matter to the Group and to our stakeholders.



SUSTAINABILITY REPORT

MATERIALITY MATRIX (continued)

For FYE 2022, we have revisited the material topics from previous year for relevance and have refreshed the materiality matrix to reflect changes in the sustainability landscape and to streamline our initiatives.

We replaced Product Safety with Product Innovation to address a broader landscape that innovation is necessary to remain relevant in business besides producing products that meet quality and safety standards. Business Ethics and Ethical Sourcing grouped under Governance and Ethics while Safety at Workplace is replaced by a broader scope under Occupational Health and Safety. And lastly, Air Quality and Energy and Carbon Emission grouped under Energy Consumption and Emission.

With the above realignment, our efforts are now focused on 7 key material matters in terms of ranking as previously determined.

SUSTAINABILITY TARGETS







The key material matters together with their targets has been reviewed and approved by the Sustainability Committee. The targets will be measured against the FYE 2020 baseline and progress and achievement will be updated in our annual Sustainability Report.

Sustainability Pillar	Key Material Matters	Sustainability Targets
Economic	<ul style="list-style-type: none"> Product Innovation Governance and Ethics 	<ul style="list-style-type: none"> Zero product recall from packaging material defects Zero bribery and corruption cases reported Procure from suppliers who are ethically compliant
Environmental	<ul style="list-style-type: none"> Responsible Waste Management Energy Consumption and Emission 	<ul style="list-style-type: none"> 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 plant, substitution of coal energy to greener source Energy efficiency will be given high consideration for future machinery and equipment investment
Social	<ul style="list-style-type: none"> Occupational Health and Safety Diversity & Fair Treatment Employee Engagement 	<ul style="list-style-type: none"> Zero employees and contractor fatality Increase female representation by 10% by 2025 Increase staff retention rate by 3% by 2025 Improve staff satisfaction rate by 5% by 2025

SUSTAINABILITY REPORT



OUR CONTRIBUTIONS TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (“UN SDGs”)

As a responsible business Group, we recognise the need to contribute to global efforts such as UN SDGs for sustainable development. For FYE 2022 we have identified eight (8) Sustainable Development Goals which are relevant to our operations and where we can directly contribute as they are consistent with our key material matters and initiatives.

UN SDGs	Goal	Our contribution and Initiatives
 <i>End Poverty in all its forms everywhere</i>	1.4	<ul style="list-style-type: none"> Provide long term employment opportunities to local communities and empowering greater income security. Undertake social and charitable initiatives to improve community livelihoods.
 <i>Ensure healthy lives and promote well-being for all at all ages</i>	3.9	<ul style="list-style-type: none"> Safety and preventive measures in managing safety and health risk at factory premise (ISO 45001 at Batu Caves plant) All our plants are ISO 14001 Environmental Management System certified. Employees access to medical care through company appointed panel of clinics.
 <i>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.</i>	4.4 4.7	<ul style="list-style-type: none"> Professional development and lifelong learning through training and development programs for our employees. Supporting local technical institutes and universities through Internship Program.
 <i>Achieve gender equality and empower all women and girls.</i>	5.5	<ul style="list-style-type: none"> Increasing female participation in leadership and decision-making. Commitment to provide equal employment opportunities and career progression that does not discriminate based on gender, ethnicity, nationality, marital status, disabilities, or age.
 <i>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.</i>	8.1 8.3 8.4 8.7 8.8	<ul style="list-style-type: none"> Sustainable business growth and deliver long term economic performance to stakeholders. Supporting local SMEs on goods and services. ISO 9001 Quality Management System continuous improvement processes to minimise and reduce waste and energy consumption. Employees’ Code of Conduct and Suppliers Code of Conduct on ethical labour practices.
 <i>Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.</i>	9.4	<ul style="list-style-type: none"> Sustainable business growth and deliver long term economic performance to stakeholders. Ensuring responsible resources consumption and production in our operations as part of our continuous improvement process.

SUSTAINABILITY REPORT

OUR CONTRIBUTIONS TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (“UN SDGs”) (continued)

UN SDGs	Goal	Our contribution and Initiatives
 <p>Ensure sustainable consumption and production patterns.</p>	12.2 12.4 12.5	<ul style="list-style-type: none"> Ensuring responsible resources consumption and production in our operations. Safety, Health and Environment (‘SHE’) officers along with the SHE committee at the respective plants ensure compliance with laws on Scheduled Wastes and Industrial Effluent management. All manufacturing plants are accredited with ISO 14001 Environmental Management System.
 <p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>	16.5	<ul style="list-style-type: none"> Anti-Corruption and Whistle-blowing policies in place. Compliance with MACC Act 2018. Responsible sourcing. Supply chain affirming their compliance with our Suppliers’ Code of Conduct.

ECONOMY

PRODUCT INNOVATION

Why it matters

Innovation gives a competitive advantage to meet customer needs and staying relevant while products meeting quality and safety standards are key in customer attraction and retention which is vital to sustainable financial performance.

Opportunities and Risks

- Reputation and promise to customers.
- Retain and increase market share with product offerings and portfolio diversity.
- Reputational risk arising from customers’ supply chain disruption.

Management approach

All operating entities in the Group are ISO 9001:2015 accredited. As an ISO 9001 certified manufacturer, the 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.

Primary raw materials are checked against Material Safety Data Sheet (“MSDS”) to ensure they meet specification standards and to identify potential hazards (health, fire, reactivity, and environment) before they are approved for use.

Audits are carried out by Internal Audit department to ensure operations comply with the policies and processes while independent certification bodies are engaged periodically to assess and verify ISO compliance.

All our plants are accredited under Forest Stewardship Council (“FSC”)-Chain of Custody which enable the offering of papers sourced from responsibly managed forests to our customers.



SUSTAINABILITY REPORT

ECONOMY (continued)

Our Performance

- There were no product recall cases reported or received for the FYE 2022.
- Demand for FSC paper has increased from 6% in FYE 2020 to 11% in FYE 2022.

FSC papers used in production in Metric Ton (MT)

FYE 2020	FYE 2021	FYE 2022
13,000	18,000	22,300

GOVERNANCE AND ETHICS

Why it matters

Operating a business with an ethical, transparent, and responsible governance provides a foundation for a sustainable business operation and raises market reputation.

Opportunities and Risks

- Uphold Group's reputation and maintain trust amongst its stakeholders.
- Reputational risks if transparency and governance is lacking.

Management approach

To establish a culture of integrity and high ethical standards in our Group throughout our value chain, the following policies are in place:-

- [Anti-Corruption policy](#)
- [Whistle-blowing policy](#)

The Group's Anti-Corruption policy is aligned with the Malaysian Anti-Corruption Commission (Amendment) Act 2018. Anti-Corruption policy reiterates our commitment to conduct business within anti-corruption laws in the countries we operate in and to cause our organisation, directors, officers and employees to comply accordingly.

Whistle-blowing policy and procedure provide a channel to further safeguard the Group and its stakeholders against unethical behavior. The channel enables any person to report any actual or suspected malpractices including unethical behaviour to the Group Managing Director with confidentiality and assurance of anonymity.

These policies and procedures have been made available to all employees through various channels and communicated to all our operating units. Periodic communications are also carried out.

All managerial and key employees are required to declare and sign-off an Annual Statement of Compliance to Independence and Anti-Corruption Behaviour. In addition, General Managers and Heads of Departments are required to confirm that they are not aware of any fraud or bribery in their respective business units.

- [Employees Code of Conduct](#)

This Code covers employees work ethics, professional conduct, respect for human rights and promoting a safe and healthy work environment.



SUSTAINABILITY REPORT

ECONOMY (continued)

- Suppliers Code of Conduct (“SCC”)

Our Suppliers Code of Conduct, developed with guidance from the 10 Principles of United Nations Global Compact, requires commitment from vendors to be socially responsible and practice lawful and ethical labour practices without violation of international human rights. Sign off on SCC is required to affirm their compliance while engaging in business with the Group.

Compliance audit would be carried out periodically to confirm their adherence.

Our Performance

- There were no cases of corruption, bribery or unethical business conduct reported or investigated in FYE 2022.
- A survey conducted by Internal Audit department in First Quarter 2022 revealed 60% of the employees interviewed were aware of the Anti-Corruption policy while 40% were aware of the Whistle-blowing policy. The lower awareness rate for the latter could be due to the policy being introduced only in FYE 2020. Following the survey, Human Resource department conducted further training and briefing to the employees.
- Suppliers audit on compliance with our Code of Conduct comprising self-assessments and physical visits commenced in FYE 2022 as COVID-19 moved into endemic phase. A checklist developed with Internal Audit department will be rolled out in 2023 to guide the operating companies.

ENVIRONMENT

RESPONSIBLE WASTE MANAGEMENT

Why it matters

As a responsible Group, we are mindful of the wastes that our business activities and operations generate, and that proper and responsible waste management is required to ensure the preservation and protection of the environment and the communities where we operate.

Opportunities and Risks

- Reputation, community support, certifications, and accreditations.
- Reprimand, fines and/or penalties by authorities and reputation loss.

Management approach

A Group Sustainability Policy provides clear guidance to all employees on their actions and practices towards the environment.

Governance procedures ensure our operations comply with all related environmental laws and regulations in the countries where we operate.

Safety, Health, and Environment (“SHE”) Committee is established at each plant to monitor compliance and provide oversight. The committee is further supported by SHE officers within the respective plants.

All our manufacturing plants are accredited with ISO 14001 Environmental Management System 2015 certification.



SUSTAINABILITY REPORT

ENVIRONMENT (continued)

Internal Auditors conduct compliance review periodically on the compliance. Independent certification bodies are engaged periodically to assess and verify ISO compliance.

Paper scraps forms bulk of the solid waste generated by the Group. These are collected by licensed collectors and fully recycled and re-use by the respective manufacturers.

Our plants use water for cleaning and cooling of machineries. As the wastewater generated may contain certain metal, chemicals, organic and inorganic compounds, the wastewater is treated on-site at the respective plants by the Wastewater Treatment Plant (“WWTP”). The operations of these WWTPs comply strictly with the local applicable laws and regulations.

Other wastes are largely water-based ink sludge from the WWTP and waste glue. These are classified as scheduled waste and are collected and stored in compliance with the Environmental Quality Regulations in the respective countries before they are sent to licensed waste management companies where they undergo treatment and recovery process. These wastes are classified as recoverable. Where recovery is not possible, they undergo proper disposal.

All scheduled waste disposed are reported to the Department of Environment (“DOE”) of the respective countries. In Malaysia, the reporting and monitoring of scheduled waste is through DOE’s Electronic Scheduled Waste Information System or e-SWIS.

Our Performance

- FYE 2022 management of scheduled waste at all our plants were in compliance with the Environmental Quality Regulations. There were no violations or summons received during the FYE 2022.
- To ensure our scheduled waste is managed properly and in accordance with the latest legal requirements, facilities personnel at our Malaysian plants attended the following programs during the year.
 - o Certified Environmental Professional in Scheduled Waste Management (CePSWaM).
 - o Certified Environmental Professional in The Operation of Industrial Effluent Treatment Systems (Biological Processes)
 - o Hazardous Chemical and Spills Management Training.
 - o Industrial Effluent Treatment Updates and Solutions.

Scheduled Waste	FYE 2020	FYE 2021	FYE 2022
MT	1,500	1,500	1,600
% of production usage	0.7%	0.7%	0.8%

Scheduled waste represents less than 1% of our production usage. We continually seek opportunities to adopt best practices in our processes to improve efficiency and minimise wastes generated.



SUSTAINABILITY REPORT

ENVIRONMENT (continued)

ENERGY CONSUMPTION AND EMISSION

Why it matters

We strive to minimise our environmental footprints in business and operations and contribute to the preservation and protection of the environment.

Opportunities and Risks

- Profitability, reputation, new markets, community support, certifications, and accreditations.
- Reprimand, fines and/or penalties by authorities and reputation loss.

Management approach

Air Quality

The nature of our industry does not have any significant air emission.

Combustion from our boiler systems emit nitrogen oxides (NO_x), carbon dioxide (CO₂), nitrous oxide (N₂O), trace amount of sulphur dioxide (SO₂) and particulate matter.

Our boiler systems are inspected daily and undergo periodic independent inspection as part of regulatory requirements to ensure the system is operating at optimum condition. We also monitor our air emissions regularly to ensure compliance with the local regulations wherever we operate.

Energy and Carbon Emission

Electricity which is sourced from the power grid is used extensively in the manufacturing operations of converting raw paper into corrugated boards which then undergo various converting and printing processes, where required, to form a corrugated carton box.

Boiler system provide steam and heating for the process of converting raw paper into corrugated boards. Boiler systems in our Malaysian plants are powered by natural gas while at Vietnam plants, coal is used as natural gas is not widely available and there are no natural gas infrastructures at the industrial parks where the plants are located. A cleaner fuel source is required.

Our aim is to manage our energy needs in a responsible manner. We are continuously looking at new technologies, upgrading our existing machinery and adopting good management practices to improve our energy efficiency.

All our plants are fitted with energy efficient LED lighting.

Our Performance

- The Ho Chi Minh City plant has converted one of its two coal-fired boilers to run on biomass-waste wood in FYE 2022. The plant would continue to operate the boilers on 2 fuel type system as part of its risk management plan until it can be assured that a stable and consistent biomass supply is readily available. Following the conversion, the plant reduced its GHG (CO₂e) emission by 2,500MT (28%) in FYE 2022.

SUSTAINABILITY REPORT

ENVIRONMENT (continued)

- The Malaysian plants are applying to subscribe for green energy from the national utility company, Tenaga Nasional Berhad (“TNB”) under its Green Electricity Tariff (“GET”) program. TNB currently fixed 30% of our total energy requirement as subscription limit. As demand is greater than supply, a quota system is in place. If the subscription for our two (2) plants are successful, it could potentially reduce our Group CO₂ emission by approximately 9%.

Electricity	FYE 2020	FYE 2021	FYE 2022
Consumption (Mwh)	22,500	21,500	21,900
Intensity (Mwh / RM'mil)	34.6	32.0	29.8

Gas	FYE 2020	FYE 2021	FYE 2022
Consumption (MMBtu)	57,500	58,700	54,800
Intensity (MMBtu / RM'mil)	319.0	291.6	291.1

Fewer production disruptions following COVID-19 endemicity led to better energy efficiency.

Water	FYE 2020	FYE 2021	FYE 2022
Consumption (M ³)	251,900	240,100	244,300
Intensity (M ³ / RM'mil)	388.2	357.6	331.7

Water intensity similarly improved following less production disruption.

Direct (Scope 1) GHG Emissions	FYE 2020	FYE 2021	FYE 2022
Emissions (tCO ₂ e)	15,400	15,200	12,300
Intensity (tCO ₂ e / RM'mil)	44.5	42.1	33.7

Note:

- Scope 1: Emission source is natural gas, coal and biomass consumption.
- Emissions are calculated based on emission factors published by Intergovernmental Panel on Climate Change (IPCC) Guidelines for National Greenhouse Gas Inventories, GHG Protocol: Emission Factors from Cross-Sector Tools (April 2014) and GHG Protocol: Global Warming Potential Values (using IPCC Fifth Assessment Report, 2014 (AR5)).

Scope 2 GHG Emissions	FYE 2020	FYE 2021	FYE 2022
Emissions (tCO ₂)	17,300	16,500	16,900
Intensity (tCO ₂ / RM'mil)	26.7	24.6	22.9

Note:

- Scope 2: Emission source is purchased electricity from the national grid.
- Emissions are calculated based on emission factors published by the Malaysian Green Technology Corporation for the Peninsular Grid 2014 and Department of Climate Change on research and develop emission factor for Vietnam's electricity grid 2020.



SUSTAINABILITY REPORT

SOCIAL

OCCUPATIONAL HEALTH AND SAFETY

Why it matters

We pursue our commitment in protecting the health, safety and welfare of our people as they are the heart of our operations. We ensure the workplace comply with occupational health, safety, and environment regulations.

Opportunities and Risks

- Attract and retain talents, safety and health accreditation.
- Difficulties recruiting and retaining talents. Stop-work order and operations disruption.

Management approach

The Group's Safety and Health Policy helps to guide the employees and contractors in ensuring that the safety and health precautions are observed whilst working at our plant premise.

SHE Committees in the respective plants oversee the safety and health of employees at workplace. SHE committees have representation from various departments and seniority level to allow a balanced and well-informed approach towards all Occupational Health and Safety matters. They also allow employees to flag potential issues and escalate them to the committee's attention.

SHE Committees are supported by their safety officer who ensure the workplace meet safety and health laws and regulations.

Facility maintenance audits are carried out regularly to ensure facilities and equipment are working as intended and safety measures are in place to minimise injury.

Our Batu Caves plant is accredited with ISO 45001:2018 Occupational Health and Safety Standard certification. Two (2) other plants have also embarked on the process to seek similar accreditation.

Our Performance

- No fatalities were recorded for employees and contractors in FYE 2022. We maintained our record of zero fatalities in the last 3 years.
- To prevent injury and minimise property damage through accidents involving the operations of forklift trucks, our forklift drivers attended a refresher course on Forklift Safety Training during the year. This provides them with the knowledge on handling, daily inspection, proper maintenance, and safety in operations.
- Fire and evacuation drills are held annually to help prepare personnel for an emergency and letting them know what to expect and how to respond safely.
- SHE Committee meets on a quarterly basis as a minimum to discuss safety and health matters at the respective plants.

SUSTAINABILITY REPORT

SOCIAL (continued)

- Programs attended by SHE personnel during the year:
 - o First Aider Training
 - o Hazardous Chemical Handling
 - o Employee usage of Personal Protection Equipment

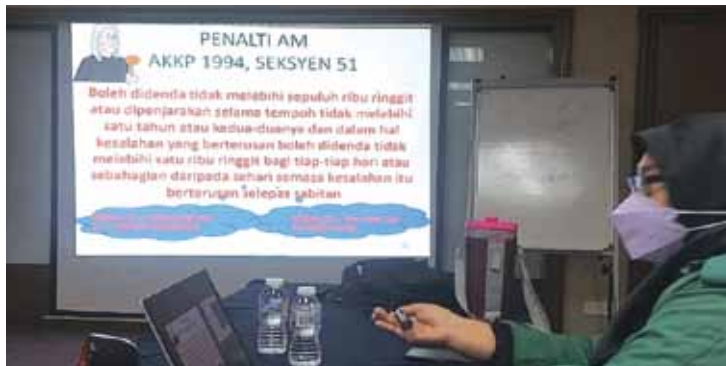
Work Related Injury by Case	FYE 2020	FYE 2021	FYE 2022
- Minor injury	65	41	36
- Major injury	12	6	-
- Fatality	-	-	-

Lost time injury (Days)	663	300	237
-------------------------	-----	-----	-----

Work Related Ill-health by Case	FYE 2020	FYE 2021	FYE 2022
- Minor injury	-	-	-
- Major injury	-	-	-
- Fatality	-	-	-



First Aider Training



Chemical Handling training by JKKP



SUSTAINABILITY REPORT

SOCIAL (continued)

DIVERSITY AND FAIR TREATMENT

Why it matters

We value diversity, equality, and inclusion. We respect the unique cultures, backgrounds, and talents of our workforce.

Opportunities and Risks

- Diversed perspectives and thought processes, attract and retain talents.
- Inability to attract and/or retain talents from diversified backgrounds may lead to cultural, age centric or gender centric gaps in knowledge or experience.

Management approach

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 (“Code”) contains policies and guidelines relating to the standards and ethics that all employees are expected to adhere to in the course of their work. This Code covers ethical behaviour, channel for grievances and ethical labour practices including prohibiting the employment of underaged workers, harassment or bullying, discrimination, forced labour, working hours, fair wages, and freedom of association.

The Group engages agents to assist in recruitment of migrant workers for the plants in Malaysia. Agents engaged are required to sign an agreement with us to confirm that the agent will not charge or claim any fee from the migrant worker arising from our employment. Our agreement also requires the agent to brief the terms and conditions of our employment to the potential migrant workers in their native language before they sign our employment contract. Retention of their personal documents are not allowed.

Employment of migrant workers in our Malaysian plants adhere to the Minimum Wages Order 2022 and the Employment Act 1955.

Accommodations provided to the migrant workers comply with The Workers’ Minimum Standards of Housing and Amenities (Amendment) Act 2020 (Act 446). Compliance audits are carried out periodically by our Internal Audit department to confirm adherence.

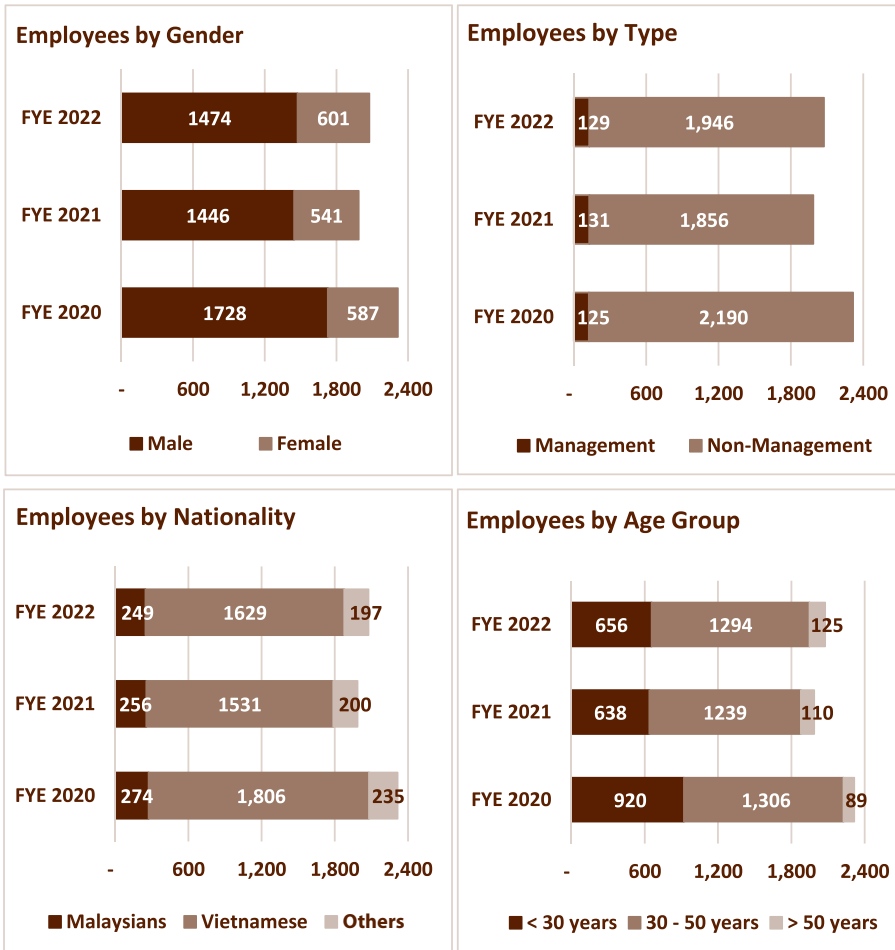
Three of our plants are members of SEDEX, a global membership organisation dedicated to driving improvements in ethical and responsible business practices.

SUSTAINABILITY REPORT

SOCIAL (continued)

Our Performance

- 2,075 employees in the Group (FYE 2020: 2,315 employees).
- 56% and 99% local employees in Malaysia and Vietnam plants respectively.
- 29% of workforce are female (FYE 2020: 25%). Female representation at management level is 49% (FYE 2020: 46%).
- 58% are millennial employees (FYE 2020: 62%)
- Our HR personnel attended the following programs during the year.
 - o Updates on Employment Act 1955 and Industrial Relations Act 1967.
 - o Managing the latest amendments to Employment Act, Minimum Wage Order & OSHA.





SUSTAINABILITY REPORT

SOCIAL (continued)

EMPLOYEE ENGAGEMENT

Why it matters

Continuous engagement with employees and hearing their views forge trust and create a more conducive working environment.

Continuous learning, upskilling, training and development programs enable our people to enhance their skills to achieve greater outcomes.

Management approach

We constantly strive to foster a holistic working environment and culture as part of building and retaining an engaged, skilled, and motivated workforce for sustainable business and growth.

Employee satisfaction

An employee satisfaction survey provides us with a better understanding of how employees assess their job satisfaction at the workplace and allow us better insight into how we can improve the systems and processes that are in place to achieve a healthier and more inclusive working environment. In a survey conducted in September 2021, the satisfaction score was 74% with 87% response rate. We plan to conduct such survey every 2 years.

Training and development

We invest in a life-long learning and development culture and offer opportunities for our employees to enhance their personal and professional growth. Training and development opportunities provided include technical, non-technical and on-the-job training to upskill our employees technically as well as develop soft-skills to enhance their leadership and personal competencies.

The Group supports its employees to pursue additional training and development under its continued education assistance program.

The Group also supports local Universities, Technical Institutes and other Institutes of Higher Learning on Internship programs.

Social relation

The Group organises various employee events ranging from festival celebrations to recreational activities to foster teamwork, cohesiveness, and engagement within our workforce.

Our Performance

- Staff turnover rate for FYE 2022 was 3.92% (FYE 2020: 3.29%).
- Training and development. 111,866 hours were spent on training in FYE 2022 where Malaysia operations made up 2,758 hours (6.2 hours per employee) and Vietnam operations 109,108 hours (66.9 hours per employee). The high training hours in Vietnam is attributed to inclusion of technical trainings held for supervisors and machine operators. These are conducted in-house. The Malaysian operations also conduct technical training for their supervisors and operators through on-the-job training. These hours invested however are not recorded.

SUSTAINABILITY REPORT

SOCIAL (continued)

- Community projects
 - Mangrove forests are important part of the ecosystem as they capture carbon dioxide emissions and greenhouse gases from the atmosphere and then trap and store them in the soil providing nutrient-rich habitats besides protecting retreating shorelines. In December 2022, we participated in the 'Malaysia's Greening Program – 100 Million Tree Planting Campaign' organised by Forestry Department of Malaysia at Jimah Beach Coast, Port Dickson, Negeri Sembilan. The Group joined hands and planted 150 *Rhizophora mucronate* or "Bakau Kurap" saplings.





SUSTAINABILITY REPORT

GRI CONTENT INDEX

Box-Pak Group's Sustainability Report 2022 has been prepared in accordance with the Global Reporting Initiative (GRI) Standards : Core Option.

The following table presents the GRI Content Index for this Report.

GRI Standard	Disclosure	Page	Brief Information on Disclosures
GRI 102 General Disclosure 2016			
102-1	Name of organisation		Box-Pak (Malaysia) Bhd
102-2	Activities, brands, products and services	4	Refer to AR2022 – Management Discussion and Analysis ('MDA')
102-3	Location of headquarters	2	Refer to Corporate Information in AR 2022
102-4	Location of operations		Malaysia, Vietnam, Singapore, Myanmar. Only Malaysia and Vietnam are covered in this report
102-5	Ownership and legal form		A Bursa Listed company
102-6	Markets served	4	Refer to AR 2022 MDA
102-7	Scale of organisation	3	Refer to Corporate Structure in AR 2022 and 102-8 and 201-1 below
102-8	Information on employees and other workers	35,36	Refer to Diversity and Fair Treatment section
102-9	Supply chain		Malaysian plants spent RM65.1 million on local suppliers. Vietnam plants spending will be included in next report.
102-10	Significant changes to the organisation and its supply chain		No changes
102-11	Precautionary principle or approach	43-57	Refer to Corporate Governance Overview Statement in AR2022
102-12	External initiatives		None
102-13	Membership of associations		Member of Federation of Malaysian Manufacturers.
102-14	Statement from senior decision maker	21	Refer to Message from Group Managing Director
102-16	Values, principles, standards and norms of behaviour	28,29	Refer to Governance and Ethics section
102-18	Governance structure	22	Refer to Governance Structure section
102-40	List of stakeholder groups	23	Refer to Stakeholders engagement section
102-41	Collective bargaining agreements		48% (214 employees) of total employees in our Malaysia plants are covered by Collective Agreement
102-42	Identifying and selecting stakeholders	23	Refer to Stakeholders engagement section
102-43	Approach to stakeholder engagement	23	Refer to Stakeholders engagement section
102-44	Key topics and concerns raised	23	Refer to Stakeholders engagement section



SUSTAINABILITY REPORT

GRI Standard	Disclosure	Page	Brief Information on Disclosures																								
102-45	Entities included in the consolidated financial statements	4	Refer to AR 2022 MDA																								
102-46	Defining report content and topic boundaries	20	Refer to Reporting Scope and Boundary section																								
102-47	List of material topics	24	Refer to Materiality Matrix section																								
102-48	Restatements of information		No restatement during reporting period																								
102-49	Changes in reporting	24,25	Refer to Materiality Matrix section																								
102-50	Reporting period	20	Refer to Reporting Scope and Boundary section																								
102-51	Date of most recent report		Last report dated 5 April 2022																								
102-52	Reporting cycle		Annually																								
102-53	Contact point for questions regarding the report	20	Refer to Feedback section																								
102-54	Claims of reporting in accordance to GRI Standards		Core Option GRI Standards 2020																								
102-55	GRI content index	39-42	Published index page																								
102-56	External assurance		No external assurance conducted																								
GRI 201 Economic Performance 2016																											
201-1	Direct economic value generated and distributed	81	<table border="1"> <thead> <tr> <th>RM ' million</th> <th>2020</th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>650.9</td> <td>678.2</td> <td>765.8</td> </tr> <tr> <td>Operating Cost</td> <td>512.7</td> <td>555.6</td> <td>646.1</td> </tr> <tr> <td>Payment to Capital provider</td> <td>11.4</td> <td>11.4</td> <td>12.5</td> </tr> <tr> <td>Employee wages and benefits</td> <td>79.6</td> <td>81.3</td> <td>86.3</td> </tr> <tr> <td>Payment to Government</td> <td>3.7</td> <td>3.4</td> <td>2.0</td> </tr> </tbody> </table>	RM ' million	2020	2021	2022	Revenue	650.9	678.2	765.8	Operating Cost	512.7	555.6	646.1	Payment to Capital provider	11.4	11.4	12.5	Employee wages and benefits	79.6	81.3	86.3	Payment to Government	3.7	3.4	2.0
			RM ' million	2020	2021	2022																					
			Revenue	650.9	678.2	765.8																					
			Operating Cost	512.7	555.6	646.1																					
			Payment to Capital provider	11.4	11.4	12.5																					
			Employee wages and benefits	79.6	81.3	86.3																					
Payment to Government	3.7	3.4	2.0																								
Refer to AR 2022 and AR 2021 for further details.																											
GRI 205 Anti-Corruption 2016																											
205-1	Operations assessed for risks related to corruption	58-60	Refer to Audit and Risk Management Committee Report																								
205-2	Communication and training about anti-corruption policies and procedures	28	Training, memo, employee handbook. Refer to Governance and Ethics section.																								
205-3	Confirmed incidents of corruption and action taken	28	None. Refer to Governance and Ethics section.																								



SUSTAINABILITY REPORT

GRI Standard	Disclosure	Page	Brief Information on Disclosures																				
GRI 302 Energy 2016																							
302-1	Energy consumption within the organisation	31,32	Refer to Energy Consumption and Emission section																				
302-3	Energy intensity	31,32	Refer to Energy Consumption and Emission section																				
GRI 303 Water and Effluent 2018																							
303-4	Water and Effluent	29-30	Refer to Responsible Waste Management section																				
303-5	Water Consumption	32	Refer to Energy Consumption and Emission section																				
GRI 305 Emission 2016																							
305-1	Direct (Scope 1) GHG emissions	32	Refer to Energy Consumption and Emission section																				
305-2	Energy indirect (Scope 2) GHG emissions	32	Refer to Energy Consumption and Emission section																				
305-5	Reduction in GHG Emission	32	Refer to Energy Consumption and Emission section																				
GRI 306 Waste 2020																							
306-1	Waste generation and significant waste related impacts	29-30	Refer to Responsible Waste Management section																				
306-2	Management of significant waste-related impacts	29-30	Refer to Responsible Waste Management section																				
GRI 307 Environmental Compliance 2016																							
307-1	Non-compliance with environmental laws and regulations	30	None. Refer to Responsible Waste Management section																				
GRI 401 Employment 2016																							
401-1	New employee hires and employee turnover	36	<p>Malaysia plants new hires:-</p> <table border="1"> <thead> <tr> <th>Age Group</th> <th>Male</th> <th>Female</th> <th>total</th> </tr> </thead> <tbody> <tr> <td>< 30</td> <td>34</td> <td>13</td> <td>47</td> </tr> <tr> <td>30 – 50</td> <td>17</td> <td>6</td> <td>23</td> </tr> <tr> <td>>50</td> <td>-</td> <td>2</td> <td>2</td> </tr> <tr> <td>Total</td> <td>51</td> <td>21</td> <td>72</td> </tr> </tbody> </table> <p>Vietnam plants data will be included in the next report. Employee turnover for the Group was 3.92%</p>	Age Group	Male	Female	total	< 30	34	13	47	30 – 50	17	6	23	>50	-	2	2	Total	51	21	72
Age Group	Male	Female	total																				
< 30	34	13	47																				
30 – 50	17	6	23																				
>50	-	2	2																				
Total	51	21	72																				
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		All categories entitled to medical coverage, life insurance, social security, parental leave and paid annual leave.																				
401-3	Parental leave		Malaysia plants, total person entitled to parental leave was 418. Total taking maternity leave was 7 (6 female and 1 male). All returned to work following end of parental leave. Vietnam plants data will be included in the next report.																				



SUSTAINABILITY REPORT

GRI Standard	Disclosure	Page	Brief Information on Disclosures
GRI 403 Occupational Health and Safety 2018			
403-1	Occupational Health and Safety Management System	33,34	Refer to Occupational Health and Safety section
403-4	Workers participation, consultation and communication on occupational health and safety	33,34	Refer to Occupational Health and Safety section
403-5	Worker training on occupational health and safety	33,34	Refer to Occupational Health and Safety section
403-6	Promotion of worker health	33,34	Access to company panel of clinics and annual audiometric test
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		Supplier Code of Conduct in place and audits are carried out to ensure compliance
403-9	Work-related injuries	33,34	Refer to Occupational Health and Safety section
403-10	Work-related ill health	33,34	Refer to Occupational Health and Safety section
GRI 404 Training and Education 2016			
404-1	Average hours of training per year per employee	37	Refer to Employee Engagement section
404-2	Programs for upgrading employees' skills and transition assistance programs	37	Refer to Employee Engagement section
404-3	Percentage of employees receiving regular performance and career development reviews		Annual appraisals are conducted for all staff. Case-to-case basis is also carried out.
GRI 405 Diversity & Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	35, 51,52	Refer to Diversity and Fair Treatment section and Corporate Governance Overview Statement
GRI 408 Child Labour 2016			
408-1	Operations and suppliers at significant risk for incidents or child labour	29,35	Code of Conduct for Employees and Suppliers Code of Conduct
GRI 409 Forced or Compulsory Labour 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	29,35	Code of Conduct for Employees and Suppliers Code of Conduct
GRI 416 Customer Health and Safety 2016			
416-1	Assessment of the health and safety impacts of products and services	27	Refer to Product Innovation section. Plants are ISO 9001, 18001 and 14001 accredited. In-house QC laboratory at site.
416-2	Incidents of non-compliance concerning the health and safety impacts of products and service	28	Refer to Product Innovation section. There were no incidents of non-compliance for the year



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 Box-Pak and its subsidiary companies (“the Group”) 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 2022 (“FYE 2022”):

- (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 the Group. The Board 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 (“MD”)/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;



CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Roles and Responsibilities of the Board (continued)

- (vii) Ensuring that the statutory financial statements of the Company and Group are fairly stated and otherwise conform with the relevant regulations including acceptable accounting policies that result in balanced and understandable financial statements;
- (viii) Ensuring that there is in place an appropriate succession plan for members of the Board and Senior Management;
- (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 procedures 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 MCGG.

A. Executive Committee ("EXCO")

The EXCO which comprises the Group 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 2022, please refer to the ARMC Report on pages 58 to 60 of this Annual Report.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

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-Executive Director (“NED”):

Tuan Ngah @ Syed Ahmad Bin Tuan Baru (*Chairman/Independent NED*)

Tan Kim Seng (*Member/Senior Independent NED*) ⁽¹⁾

Yeoh Jin Hoe (*Member/Group MD*)

Gong Wooi Teik (*Member/Independent NED*) ⁽²⁾

Notes:

⁽¹⁾ Appointed on 28 June 2022.

⁽²⁾ Ceased to hold office on 28 June 2022.

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 2022, 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 2022	Percentage of Attendance
Tuan Ngah @ Syed Ahmad Bin Tuan Baru	2 out of 2 meetings	100
Tan Kim Seng ⁽¹⁾	1 out of 1 meeting	100
Yeoh Jin Hoe	2 out of 2 meetings	100
Gong Wooi Teik ⁽²⁾	1 out of 1 meeting	100

Notes:

⁽¹⁾ Appointed on 28 June 2022.

⁽²⁾ Ceased to hold office on 28 June 2022.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 2022 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	66.0	9.0	615.6	90.0	-	-	780.6	66.0	9.0	615.6	90.0	-	-	780.6	
2.	Chee Khay Leong	60.0	9.0	616.5	90.0	-	-	775.5	60.0	9.0	616.5	90.0	-	-	775.5	
Non-Executive Directors																
3.	Datuk Dr. Roslan Bin A. Ghaffar	72.0	9.0	-	-	-	-	81.0	72.0	9.0	-	-	-	-	81.0	
4.	Tuan Ngah @ Syed Ahmad Bin Tuan Baru	90.0	9.0	-	-	-	-	99.0	90.0	9.0	-	-	-	-	99.0	
5.	Tan Kim Seng	81.3	9.0	-	-	-	-	90.3	81.3	9.0	-	-	-	-	90.3	
6.	Foo Kee Fatt *	42.8	3.0	-	-	-	-	45.8	42.8	3.0	-	-	-	-	45.8	
7.	Keith Christopher Yeoh Min Kit	66.0	9.0	-	-	-	-	75.0	66.0	9.0	-	-	-	-	75.0	
8.	Sharifah Nadia Aljafri	63.1	9.0	-	-	-	-	72.1	63.1	9.0	-	-	-	-	72.1	
9.	Gong Wooi Teik **	44.1	6.0	-	-	-	-	50.1	44.1	6.0	-	-	-	-	50.1	
10.	Tee Keng Hoon **	44.1	6.0	-	-	-	-	50.1	44.1	6.0	-	-	-	-	50.1	
11.	Chua Put Moy ***	16.6	1.5	-	-	-	-	18.1	16.6	1.5	-	-	-	-	18.1	

Notes:

* Appointed as Director after the conclusion of the Forty-Eighth AGM of the Company held on 28 June 2022.

** Retired as Director at the conclusion of the Forty-Eighth AGM of the Company held on 28 June 2022.

*** Resigned as Director on 11 April 2022.

(1) Salary includes EIS, EPF and SOCSO.

(2) Allowances comprised meeting allowance and travelling allowance.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 2022 were categorised as follows:

Category	Company RM'000	Subsidiaries RM'000	Total RM'000
Salaries and bonuses ⁽¹⁾	1,155	1,259	2,414
Benefits ⁽²⁾	16	23	39
Benefits-in-kind ⁽³⁾	7	–	7
Total	1,178	1,282	2,460

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 RM250,001 - RM300,000	1
Between RM300,001 - RM350,000	1
Between RM450,001 - RM500,000	1
Between RM500,001 - RM550,000	1
Between RM850,001 - RM900,000	1

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

D. Nomination Committee (“NC”)

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

The NC currently comprises the following members:

Tan Kim Seng (*Chairman/Senior Independent NED*) ⁽¹⁾

Keith Christopher Yeoh Min Kit (*Member/Non-Independent NED*)

Sharifah Nadia Aljafri (*Member/Independent NED*) ⁽²⁾

Tee Keng Hoon (*Chairman/Senior Independent NED*) ⁽³⁾

Notes:

⁽¹⁾ Re-designated as Chairman on 28 June 2022.

⁽²⁾ Appointed on 28 June 2022.

⁽³⁾ Ceased to hold office on 28 June 2022.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 in 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 2022, the NC convened 3 meetings and the attendance of the meetings by the NC members were as follows:

Members	Number of meetings attended in FYE 2022	Percentage of Attendance
Tan Kim Seng	3 out of 3 meetings	100
Keith Christopher Yeoh Min Kit	3 out of 3 meetings	100
Sharifah Nadia Aljafri ⁽¹⁾	1 out of 1 meeting	100
Tee Keng Hoon ⁽²⁾	2 out of 2 meetings	100

Notes:

⁽¹⁾ Appointed on 28 June 2022.

⁽²⁾ Ceased to hold office on 28 June 2022.

Summary of the key activities undertaken by the NC in the discharge of its duties during the FYE 2022 were as follows:

- (i) Endorsed the re-election of Directors, Chua Put Moy and Sharifah Nadia Aljafri who were due to retire by rotation at the close of the Forty-Eighth AGM of the Company to be held on 28 June 2022 pursuant to Clause 86 of the Constitution of the Company;
- (ii) Reviewed and recommended the Directors’ Fit and Proper Policy of the Company for the Board’s approval;
- (iii) Reviewed and approved the revised Due Diligence Checklist for Candidates for Directorship;
- (iv) Assessed the suitability of Foo Kee Fatt for appointment on the Board and recommended his appointment as Independent NED of the Company;
- (v) Recommended the change of Board Committees of the Company after the Forty-Eighth AGM;
- (vi) Recommended the re-designation of Independent NED, Tan Kim Seng as Chairman of the NC in place of Tee Keng Hoon who retired at Forty-Eighth AGM of the Company;
- (vii) Evaluated the independence of the Independent Non-Executive Directors and their tenure as Independent Non-Executive Directors on the Board;



CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 2022 were as follows: (continued)

- (viii) 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 2022;
- (ix) 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 2022;
- (x) Endorsed the re-election of Directors, Chee Khay Leong and Keith Christopher Yeoh Min Kit who will be up for retirement pursuant to Clause 82 of the Constitution of the Company; and Foo Kee Fatt who was appointed during the FYE 2022, will be up for retirement pursuant to Clause 86 of the Constitution of the Company, at the close of the Forty-Ninth AGM of the Company to be held in June 2023; and
- (xi) Recommended the re-designation of Tan Kim Seng to Senior Independent NED of the Company.

The NC, after having conducted the abovementioned evaluation and assessment on 23 November 2022, 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 2022.
- (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 NED*)



CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 to the need for and benefits 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 2022 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.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 currently has 8 members, comprising 6 NEDs, a Group MD and a President cum CEO. Out of the 6 NEDs, 5 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 NEDs do not participate in the day-to-day management as well as the daily business of the Company. In staying clear of any potential conflicts of interest, the Independent NEDs 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.

Tan Kim Seng, 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.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

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.

Foo Kee Fatt was appointed as Independent NED of the Company on 28 June 2022. His appointment was in line with the Company's Board Charter states that the ARMC shall have at least 3 members, all of whom must be Independent NED and financially literate, and are able to understand matters under the purview of the ARMC including the financial reporting process. Paragraph 15.09(1)(c) of MMLR of Bursa Securities prescribes that at least 1 member of the audit committee must be, among others, a member of the Malaysian Institute of Accountants.

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.

President cum CEO, Chee Khay Leong and Non-Independent NED, Keith Christopher Yeoh Min Kit are due to retire by rotation at the conclusion of the forthcoming Forty-Ninth AGM of the Company on 27 June 2023 pursuant to Clause 82 of the Company's Constitution.

The Board, with Chee Khay Leong and Keith Christopher Yeoh Min Kit abstaining from voting, had endorsed their re-election at the said AGM, based on the recommendation of the NC. Chee Khay Leong and Keith Christopher Yeoh Min Kit had formally offered themselves for re-election at the aforesaid AGM.

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 NED, Foo Kee Fatt who was appointed in June 2022, is due to retire at the Forty-Ninth AGM pursuant to Clause 86 of the Company's Constitution. Foo Kee Fatt had formally offered himself for re-election at the said AGM.

The NC had on 23 November 2022 endorsed Foo Kee Fatt for re-election. The Board, with Foo Kee Fatt abstaining from voting, had endorsed his re-election at the said AGM.

Gender Diversity Policy

The Board had on 24 November 2021 adopted the revised Board Diversity Policy to set the target and timeframe for the Company to achieve at least 30% woman participation on the Board by 2023.

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.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

5 Board meetings were held during the FYE 2022 and the attendance of the meetings by the Board members were as follows:

Members	Number of meetings attended in FYE 2022	Percentage of Attendance
Datuk Dr. Roslan Bin A. Ghaffar	5 out of 5 meetings	100
Yeoh Jin Hoe	5 out of 5 meetings	100
Chee Khay Leong	5 out of 5 meetings	100
Keith Christopher Yeoh Min Kit	5 out of 5 meetings	100
Tee Keng Hoon **	3 out of 3 meetings	100
Gong Wooi Teik **	3 out of 3 meetings	100
Tan Kim Seng	5 out of 5 meetings	100
Tuan Ngah @ Syed Ahmad Bin Tuan Baru	5 out of 5 meetings	100
Chua Put Moy *	1 out of 2 meetings	50
Sharifah Nadia Aljafri	5 out of 5 meetings	100
Foo Kee Fatt ***	2 out of 2 meetings	100

Notes:

* Resigned as Director on 11 April 2022.

** Retired at the conclusion of the Forty-Eighth AGM of the Company held on 28 June 2022.

*** Appointed as Director after the conclusion of the Forty-Eighth AGM of the Company held on 28 June 2022.

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 2022. All the Directors do not hold directorships more than that prescribed under the MMLR of Bursa Securities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 2022 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	Program Kesedaran bersama Suruhanjaya Syarikat Malaysia, Lembaga Hasil Dalam Negeri Malaysia dan Jabatan Insolvency Malaysia.	22 March 2022
	Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers.	20 September 2022
	Corporate Liability for Commercial Organisation under Section 17A of the Malaysian Anti-Corruption Commission Act 2009.	21 November 2022
Yeoh Jin Hoe	KPMG Briefing on Transfer Pricing (“TP”): Expectation of Inland Revenue Board (“IRB”) during a TP Audit; and Environmental, Social and Governance (“ESG”): Understanding how it enhances corporate value.	25 August 2022
Chee Khay Leong	KPMG Briefing on TP: Expectation of IRB during a TP Audit; and ESG: Understanding how it enhances corporate value.	25 August 2022
Tuan Ngah @ Syed Ahmad Bin Tuan Baru	KPMG Briefing on TP: Expectation of IRB during a TP Audit; and ESG: Understanding how it enhances corporate value.	25 August 2022
	Audit Oversight Board Conversation with Audit Committees.	17 November 2022
Tan Kim Seng	KPMG Briefing on TP: Expectation of IRB during a TP Audit; and ESG: Understanding how it enhances corporate value.	25 August 2022
	Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers.	13 September 2022
	Human Rights Risk Management for Malaysian Companies.	27 September 2022
	Audit Oversight Board Conversation with Audit Committees.	17 November 2022
Keith Christopher Yeoh Min Kit	KPMG Briefing on TP: Expectation of IRB during a TP Audit; and ESG: Understanding how it enhances corporate value.	25 August 2022



CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Meetings and Time Commitment (continued)

Director	Webinars/Conferences/Dialogues	Date
Sharifah Nadia Aljafri	KPMG Briefing on TP: Expectation of IRB during a TP Audit; and ESG: Understanding how it enhances corporate value.	25 August 2022
	Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers	13 September 2022
Foo Kee Fatt #	Chartered Tax Institute of Malaysia Tax Audit and Investigation Roadshow 2022: Discussion Forum on Updates and Issues.	7 March 2022
	Integrated Reporting Workshop	30 May 2022
	Malaysian Institute of Accountants Webinar Series: Technical Updates Affecting Financial Reporting.	27 June 2022
	KPMG Briefing on TP: Expectation of IRB during a TP Audit; and ESG: Understanding how it enhances corporate value.	25 August 2022
	Audit Oversight Board Conversation with Audit Committees.	6 December 2022

Note:

Appointed as Director after the conclusion of the Forty-Eighth AGM of the Company held on 28 June 2022.

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.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (continued)

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 in order that any identifiable risk remains 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 pages 58 and 59 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 61 to 64 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 66 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.

A 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-Ninth AGM of the Company to be held in June 2023.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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's Administration and Polling Agent, KPMG Management & Risk Consulting Sdn. Bhd. at Concourse, KPMG Tower, No. 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia or their electronic Proxy Forms via ConveneAGM Meeting Platform at <https://conveneagm.my/boxpakagm2023> or email to support_conveneagm@kpmg.com.my 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 2022 except for the Practices below where the explanation for departure is disclosed in the Corporate Governance Report:

Practice 5.9 : The Board comprises of 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 4 April 2023. 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 2022 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 2022 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:

Foo Kee Fatt (*Chairman - appointed on 28 June 2022*)
Tan Kim Seng (*Member - appointed on 28 June 2022*)
Tuan Ngah @ Syed Ahmad Bin Tuan Baru (*Member*)
Gong Wooi Teik (*Chairman - ceased to hold office on 28 June 2022*)
Tee Keng Hoon (*Member - ceased to hold office on 28 June 2022*)

During the financial year ended 31 December 2022 (“FYE 2022”), the ARMC convened 5 meetings and the attendance of the meetings were follows:

Members	Number of meetings attended in FYE 2022	Percentage of Attendance
Foo Kee Fatt	2 out of 2 meetings	100
Tan Kim Seng	2 out of 2 meetings	100
Tuan Ngah @ Syed Ahmad Bin Tuan Baru	5 out of 5 meetings	100
Gong Wooi Teik *	3 out of 3 meetings	100
Tee Keng Hoon *	3 out of 3 meetings	100

Note:

* Ceased to hold office on 28 June 2022.

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

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION AND THE ARMC DURING THE FYE 2022

Internal Audit Function

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

The following activities were carried out by Internal Audit Department in the FYE 2022:

- Conducted periodic checks to determine the extent of compliance with established policies, procedures and statutory requirements.
- 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 2023.
- 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 2023.
- Prepared the ARMC Report and Statement of Risk Management and Internal Control for year 2022.



AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION AND THE ARMC DURING THE FYE 2022 (continued)

Internal Audit Function (continued)

The total costs incurred by the Internal Audit Department for the FYE 2022 were RM357,156.

During FYE 2022, the Group engaged RSM Vietnam Auditing and Consulting Co. Ltd. to independently verify and confirm the adequacy and effectiveness of the internal control systems in the Procurement to Pay, Order to Cash and Inventory Control and Management cycles in Box-Pak (Vietnam) Co., Ltd. and Box-Pak (Hanoi) Co., Ltd.. Total fees paid were RM87,037 (RM94,000 inclusive of VAT of 8%).

Except for the above outsourced work, all internal audit activities were conducted by the in-house audit team.

Summary of Activities of the ARMC

During the FYE 2022, 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 2021 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 2021 to the Board for its consideration and approval. The review was to ensure that the audited FS for FYE 2021 were drawn up accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 2016.
- Reviewed the recurrent related party transactions of a revenue or trading nature entered into by the Company and the Group, and the draft circular to seek shareholders’ mandate in respect thereof.
- Reviewed with the External Auditors, their scope of work and audit planning in respect of the audit of the financial statements for FYE 2022.
- 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 2022, April 2022 and November 2022.
- 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 and approved the outsourcing of Internal Audit work for Box-Pak (Vietnam) Co., Ltd. and Box-Pak (Hanoi) Co., Ltd. to RSM Vietnam Auditing and Consulting Co. Ltd.
- Reviewed with the Internal Auditors, their scope of work and the Group Internal Audit Plan for year 2023.
- 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.



AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION AND THE ARMC DURING THE FYE 2022 (continued)

Summary of Activities of the ARMC (continued)

During the FYE 2022, the main activities undertaken by the ARMC were as follows: (continued)

- Reviewed and approved the internal audit report presented by RSM Vietnam Auditing and Consulting Co. Ltd. on Box-Pak (Vietnam) Co., Ltd. and Box-Pak (Hanoi) Co., Ltd. on its 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 2023.
- Reviewed and recommended the Group Budget for year 2023 to the Board for its consideration and approval.

This Report was approved by the Board at the Board meeting held on 4 April 2023.



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 2022 (“FYE 2022”). 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 identify, 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 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 2022 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 2022 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. 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, Group Finance Director (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 internal audit plan.

The Group being ISO9001:2015 certified has adopted a risk-based approach to identifying and managing operational risks at the 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 24th 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 2022, internal audit reviews were carried out in accordance with the Group Internal Audit plan approved by the ARMC. Significant audit findings and Management's responses and proposed action plans were presented to ARMC. The internal audit function also followed up and reported to the ARMC on whether the corrective action plans to address the control weaknesses had been satisfactorily implemented by Management. During FYE2022, an external audit firm, Messrs RSM Vietnam Auditing and Consulting Co Ltd was engaged to assess and confirm the adequacy and effectiveness of the internal control system in the Procurement to Pay, Order to Cash and Inventory Control and Management cycles of the two subsidiaries in Vietnam.

There were no material losses incurred during the FYE 2022 as a result of weaknesses in internal control. The Group has complied with the relevant legislation and regulations. Management continues to be vigilant and take the necessary measures to strengthen the internal control environment from time to time.

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

There were a total of 8 auditors in the Internal Audit Department as at FYE 2022. 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 2022 amounted to RM357,156 (including outsourced internal audit services amounting to RM87,037).

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.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 budgets and capital expenditure proposals are approved by the Board.

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

(d) Human Resource and Code of Conduct Policies

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

- compliance with laws and regulations,
- prevention of conflicts of interest,
- zero tolerance on bribery and corruption,
- safeguarding of the Group's intellectual property and assets,
- 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 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.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL CONTROL (continued)

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

(h) ARMC

The ARMC comprises entirely of Independent Non-Executive members of the Board and provides direction and oversight over the internal audit function to enhance its independence from Management. The ARMC meets quarterly to review external audit findings, internal audit findings, discuss internal control issues, and 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 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 2022 has not been prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is the Statement on Risk Management and Internal Control factually inaccurate.

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

CONCLUSION

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

This Statement is made in accordance with a resolution of the Board on 4 April 2023.



OTHER COMPLIANCE INFORMATION

AUDIT AND NON-AUDIT FEES PAID/PAYABLE

During the financial year ended 31 December 2022, 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	290,235	104,000
Non-audit fees	25,800	19,200

MATERIAL CONTRACTS

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

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



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 positions 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 in 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 2022 for these purposes.

This Statement was approved by the Board at the Board meeting held on 4 April 2023.



DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activities of the Company are the manufacture and distribution of paper boxes, cartons, general paper and board printing and investment holding. The principal activities of the subsidiaries are mainly the manufacture of corrugated fibre board carton 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 of the Group and of the Company during the financial year.

ULTIMATE HOLDING COMPANY

The Directors regard Eller Axis Sdn. Bhd., which is incorporated in Malaysia as the ultimate holding company during the financial year and until the date of this report.

RESULTS

	Group RM	Company RM
Loss for the financial year, attributable to owners of the Company	6,042,181	6,754,261

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than the transfer of warrants reserve amounting to RM6,056,366 to retained earnings as recorded in the statements of changes in equity following the expiry of the warrants.

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
Tuan Ngah @ Syed Ahmad Bin Tuan Baru
Sharifah Nadia Aljafri



DIRECTORS' REPORT

DIRECTORS OF THE COMPANY (continued)

The Directors who served during the financial year until the date of this report are as follows (continued):

Foo Kee Fatt	(Appointed on 28 June 2022)
Gong Wooi Teik	(Retired on 28 June 2022)
Tee Keng Hoon	(Retired on 28 June 2022)
Chua Put Moy	(Resigned on 11 April 2022)

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
Shaun Patrick Yeoh Min Jin

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 2022 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 1.1.2022	Additions	Disposals	At 31.12.2022
Shares in the Company				
<u>Direct interest:</u>				
Tan Kim Seng	24,000	-	-	24,000
<u>Indirect interests:</u>				
Yeoh Jin Hoe	66,016,121 [#]	-	-	66,016,121 [#]
Tan Kim Seng	405,000 [£]	-	-	405,000 [£]
	[-----Number of Warrants 2017/2022-----]			
	At 1.1.2022	Granted	Expired	At 31.12.2022
Warrants in the Company				
<u>Direct interest:</u>				
Tan Kim Seng	3,000	-	(3,000)	-
<u>Indirect interests:</u>				
Yeoh Jin Hoe	8,276,530 [#]	-	(8,276,530)	-
Tan Kim Seng	25,000 [£]	-	(25,000)	-



DIRECTORS' REPORT

DIRECTORS' INTERESTS (continued)

	[-----Number of ordinary shares-----]			
	At 1.1.2022	Additions	Disposals	At 31.12.2022
Interests in the penultimate holding company, Can-One Berhad ("Can-One")				
<u>Direct interests:</u>				
Yeoh Jin Hoe	7,505,700	-	-	7,505,700
Chee Khay Leong	2,054,100	-	-	2,054,100
Tan Kim Seng	2,750,000	50,000	-	2,800,000
<u>Indirect interest:</u>				
Yeoh Jin Hoe	108,858,800*	-	-	108,858,800*
Interests in the ultimate holding company, Eller Axis Sdn. Bhd.				
<u>Direct interest:</u>				
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 Berhad.

£ 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 31(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 for any benefit which may be deemed to have been derived by virtue of the remuneration received and receivable by certain Directors from related corporations in their capacity as Directors or full-time employees of those related corporations and those transactions entered into in the ordinary course of business with companies in which certain Directors of the Company and its subsidiaries have substantial interests as disclosed in Note 31 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.



DIRECTORS' REPORT

DIRECTORS' REMUNERATION

Directors' remuneration of the Group and the Company for the financial year ended 31 December 2022 were as follows:

	Group RM	Company RM
Fees	684,310	646,027
Salaries and bonuses	1,403,238	1,260,000
Statutory contributions	152,099	152,099
Allowances	79,500	79,500
	<hr/> 2,319,147	<hr/> 2,137,626

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 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 Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose;
- (iii) The Warrant Holders shall not be entitled to participate in any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment and issuance of the new ordinary shares to be issued arising from the exercise of the Warrants; and
- (iv) The Warrant Holders are not entitled to any voting rights or participation in any form of distribution and/or offer of securities in the Company until and unless such Warrant Holders exercise their Warrants into new ordinary shares.

On 13 March 2022, the Warrants 2017/2022 expired. Consequently, the remaining unexercised number of Warrants of 15,005,861 warrants lapsed.

OPTIONS GRANTED OVER UNISSUED SHARES

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



DIRECTORS' REPORT

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 2022 was RM20,000.

There was no indemnity 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) no known bad debts to be 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) which would necessitate the writing 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, or
- (ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- (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.

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 (12) 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, the financial performance of the Group and of the Company for the financial year ended 31 December 2022 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transactions or event occurred in the interval between the end of that financial year and the date of this report.



DIRECTORS' REPORT

CONSOLIDATION OF A SUBSIDIARY WITH DIFFERENT FINANCIAL YEAR END

Pursuant to Section 247(7) of the Companies Act 2016, the Company has been granted approval by the Companies Commission of Malaysia for Boxpak (Myanmar) Company Limited, a wholly owned subsidiary to continue to have a financial year, which does not coincide with the Company in relation to the financial year ended 31 December 2022.

AUDITORS

The auditors, BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206), have expressed their willingness to continue in office.

Auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2022 were as follows:

	Group RM	Company RM
Statutory audit	130,000	104,000
Other services	5,000	5,000
	<hr/> 135,000	<hr/> 109,000

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
4 April 2023



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 79 to 149 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 2022 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
4 April 2023

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 79 to 149 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)
4 April 2023)

Chan Kam Chiew

Before me:

MARDHIYYAH ABDUL WAHAB
(W 729)
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 2022 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 79 to 149.

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 2022, 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 Matter 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(d) and Note 6.1(f) to the financial statements, the Company and certain subsidiaries have impairment indicators and they collectively held RM113,235,986 as the carrying amount of property, plant and equipment and RM39,589,108 as the carrying amount of right-of-use assets as at 31 December 2022.

Management used forecasted future cash flows in value-in-use model to determine the recoverable amounts of these property, plant and equipment and right-of-use assets (hereinafter referred to as Cash Generating Units ("CGUs")) to assess if there is any impairment loss required on the property, plant and equipment and right-of-use assets of the Company and these subsidiaries.

We determined this to be a key audit matter because it requires management to exercise significant judgement 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, taking into consideration the effects of increasing interest rates to the CGUs on the discount rates.



INDEPENDENT AUDITORS' REPORT

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

Key Audit Matter 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 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 relevant risk factors, taken into consideration the effects of increasing interest rates to the CGUs on the discount rates; and
- (d) performed sensitivity analysis to stress test the key assumptions in the impairment model.

Key Audit Matters of the Company

1. Impairment assessment of the carrying amounts of costs of investments in subsidiaries

As stated in Note 8(c) to the financial statements, certain subsidiaries have impairment indicators and the net carrying amount of costs of investments amounted to RM52,933,000 as at 31 December 2022.

Management had performed impairment assessments on these subsidiaries/Cash Generating Units ("CGUs") and used forecasted future cash flows in value-in-use model to compute the present value of forecasted future cash flows for these subsidiaries/CGUs to determine if there is any impairment loss required on the costs of investments in these subsidiaries.

We determined this to be a key audit matter because it requires management to exercise significant judgement and estimates about the future results and key assumptions applied to the cash flow projections of these subsidiaries/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, taking into consideration the effects of increasing interest rates to the CGUs on the discount rates.

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 relevant risk factors, taken into consideration the effects of increasing interest rates to the CGUs on the discount rates; and
- (d) performed sensitivity analysis to stress test the key assumptions in the impairment model.



INDEPENDENT AUDITORS' REPORT

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

(INCORPORATED IN MALAYSIA)

Key Audit Matters of the Company (continued)

2. Impairment assessment of amounts due from subsidiaries

As stated in Note 11(f) to the financial statements, certain subsidiaries have impairment indicators and the net carrying amount of the amounts due from these subsidiaries amounted to RM80,130,807 as at 31 December 2022.

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

Audit response

Our audit procedures included the following:

- (a) assessed the probability of default applied by the Company against external market sources of data;
- (b) assessed the appropriateness of the indicators of significant increase in credit risk applied by management and the resultant basis for classification of exposure into respective stages for the amounts owing by the subsidiaries; and
- (c) assessed actual loss events subsequent to the end of reporting period for its relationship with the indicators of significant increase in credit risk applied by management.

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.



INDEPENDENT AUDITORS' REPORT

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

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.
- (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.



BOX-PAK (MALAYSIA) BHD.
Registration No. 197401004216 (21338-W)

INDEPENDENT AUDITORS' REPORT

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

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

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
201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Chan Wai Leng
02893/08/2023 J
Chartered Accountant

Kuala Lumpur
4 April 2023



STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	189,668,272	198,432,767	23,791,940	23,775,680
Right-of-use assets	6	48,941,838	45,011,486	17,424,052	17,396,148
Intangible assets	7	397,814	991,013	380,361	849,920
Investments in subsidiaries	8	–	–	80,679,365	80,679,365
Deferred tax assets	9	–	205,000	–	205,000
Prepayments	10	877,846	726,340	–	–
Amounts due from subsidiaries	11	–	–	63,537,062	20,663,882
		239,885,770	245,366,606	185,812,780	143,569,995
Current assets					
Inventories	12	74,777,527	112,899,444	8,626,856	21,138,311
Trade and other receivables	13	172,418,231	186,279,408	12,527,554	20,561,304
Prepayments	10	3,528,953	1,130,747	132,604	755,316
Amounts due from subsidiaries	11	–	–	16,820,556	7,732,464
Current tax assets		5,910	11,605	–	6,178
Short-term fund	14	6,656,458	–	6,656,458	–
Cash and bank balances	15	42,362,861	22,191,050	3,380,898	4,582,039
		299,749,940	322,512,254	48,144,926	54,775,612
TOTAL ASSETS		539,635,710	567,878,860	233,957,706	198,345,607



STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 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	16,721,226	21,850,156	-	6,056,366
Accumulated losses		(63,932,462)	(63,946,647)	(39,280,414)	(38,582,519)
TOTAL EQUITY		120,151,667	125,266,412	128,082,489	134,836,750
LIABILITIES					
Non-current liabilities					
Other payables	18	43,953,791	38,689,551	-	-
Loans and borrowings	19	47,566,837	45,016,616	47,566,837	166,534
Retirement benefit obligations	20	1,196,771	1,232,567	1,196,771	1,232,567
Derivative financial liabilities	21	-	1,075,978	-	-
Lease liabilities	6	5,636,716	1,610,744	421,225	139,162
Deferred tax liabilities	9	782,677	814,374	-	-
		99,136,792	88,439,830	49,184,833	1,538,263
Current liabilities					
Trade and other payables	18	161,657,584	149,770,341	9,278,522	9,376,881
Loans and borrowings	19	151,946,706	199,521,968	45,845,097	52,264,293
Retirement benefit obligations	20	918,846	-	918,846	-
Derivative financial liabilities	21	-	279,975	-	-
Lease liabilities	6	4,722,690	4,600,330	398,329	329,420
Contract liabilities	22	130,590	-	130,590	-
Current tax liabilities		970,835	4	119,000	-
		320,347,251	354,172,618	56,690,384	61,970,594
TOTAL LIABILITIES		419,484,043	442,612,448	105,875,217	63,508,857
TOTAL EQUITY AND LIABILITIES		539,635,710	567,878,860	233,957,706	198,345,607

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



STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Revenue	23	765,806,143	678,221,118	94,833,398	87,070,979
Cost of sales		(701,664,130)	(649,491,070)	(88,297,860)	(80,449,392)
Gross profit		64,142,013	28,730,048	6,535,538	6,621,587
Other operating income	24	466,286	458,867	410,636	1,021,390
Selling and marketing expenses		(15,242,844)	(10,276,188)	(196,588)	(40,950)
Administrative expenses		(37,285,638)	(35,341,796)	(10,934,358)	(9,903,738)
Other expenses		(2,225,101)	(2,284,932)	(168,825)	(631,723)
Operating profit/(loss) before impairment losses		9,854,716	(18,714,001)	(4,353,597)	(2,933,434)
Net 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)
- Financial assets	27(b)	(350,090)	(335,475)	(866,017)	(6,244,574)
Results from operating activities		9,504,626	(115,469,215)	(5,219,614)	(62,583,545)
Interest income	25	113,965	24,528	2,082,231	1,047,718
Finance costs	26	(12,507,753)	(11,377,313)	(2,929,999)	(1,769,151)
Loss before tax	27	(2,889,162)	(126,822,000)	(6,067,382)	(63,304,978)
Tax expense	28	(3,153,019)	(1,956,739)	(686,879)	(250,073)
Loss for the financial year		(6,042,181)	(128,778,739)	(6,754,261)	(63,555,051)
Loss for the financial year attributable to owners of the parent		(6,042,181)	(128,778,739)	(6,754,261)	(63,555,051)

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



STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Loss for the financial year		(6,042,181)	(128,778,739)	(6,754,261)	(63,555,051)
Other comprehensive (loss)/ income					
Item that may be reclassified to profit or loss in subsequent periods:					
Foreign currency translations	28(d)	(428,513)	8,110,896	-	-
Fair value gain on cash flow hedge	28(d)	1,355,949	1,660,565	-	-
Total other comprehensive income for the financial year, net of tax		927,436	9,771,461	-	-
Total comprehensive loss for the financial year		(5,114,745)	(119,007,278)	(6,754,261)	(63,555,051)
Total comprehensive loss attributable to owners of the parent:		(5,114,745)	(119,007,278)	(6,754,261)	(63,555,051)
Loss per ordinary share attributable to owners of the parent (sen):					
Basic	29	(5.03)	(107.27)		
Diluted	29	(5.03)	(107.27)		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Group	Non-distributable					Total equity RM
	Share capital RM	Foreign currency translation reserve RM	Cash flow hedge reserve RM	Warrants reserve RM	Total other reserves RM	
Balance as at 1 January 2022	167,362,903	17,149,739	(1,355,949)	6,056,366	21,850,156	125,266,412
Loss for the financial year	-	-	-	-	-	(6,042,181)
Other comprehensive (loss)/income, net of tax	-	(428,513)	1,355,949	-	927,436	927,436
Total comprehensive (loss)/income for the financial year	-	(428,513)	1,355,949	-	927,436	(5,114,745)
Transaction with owners: Expiry of unexercised warrants	-	-	-	(6,056,366)	(6,056,366)	-
Balance as at 31 December 2022	167,362,903	16,721,226	-	-	16,721,226	120,151,667
Balance as at 1 January 2021	167,362,903	9,038,843	(3,016,514)	6,056,366	12,078,695	244,273,690
Loss for the financial year	-	-	-	-	-	(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	(119,007,278)
Balance as at 31 December 2021	167,362,903	17,149,739	(1,355,949)	6,056,366	21,850,156	125,266,412

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



STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Company	[----- Non-distributable -----]			Total equity RM
	Share capital RM	Warrants reserve RM	(Accumulated losses)/ Retained earnings RM	
Balance as at 1 January 2022	167,362,903	6,056,366	(38,582,519)	134,836,750
Loss for the financial year	-	-	(6,754,261)	(6,754,261)
Other comprehensive loss, net of tax	-	-	-	-
Total comprehensive loss for the financial year	-	-	(6,754,261)	(6,754,261)
Transaction with owners: Expiry of unexercised warrants	-	(6,056,366)	6,056,366	-
Balance as at 31 December 2022	167,362,903	-	(39,280,414)	128,082,489
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 loss, 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

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Cash flows from operating activities					
Loss before tax		(2,889,162)	(126,822,000)	(6,067,382)	(63,304,978)
Adjustments for:					
Depreciation of:					
- property, plant and equipment	5	24,334,387	36,958,638	2,279,283	2,998,596
- right-of-use assets	6.1	5,623,010	5,944,590	793,793	721,539
Amortisation of intangible assets	7	867,969	798,695	737,581	470,256
Net (gain)/loss on disposal of property, plant and equipment	27	(57,506)	268,562	(19,959)	(3,837)
Fair value adjustment on non-current amount due from a subsidiary	27	-	-	-	126,064
Gain on modifications/reassessments of lease contracts	27	-	(6,049)	-	(6,049)
Gain on termination of lease contracts	27	(3,365)	(1,721)	(984)	-
Interest expenses on:					
- loans and borrowings		12,255,684	11,121,442	2,907,218	1,624,263
- lease liabilities	6.2(b)	252,069	255,871	22,781	18,824
Interest income	25	(113,965)	(24,528)	(2,082,231)	(1,047,718)
Income distribution from short-term fund	24	(5,230)	(96,882)	(5,230)	(68,311)
Impairment losses on:					
- property, plant and equipment	5	-	79,694,090	-	99,316
- right-of-use assets	6.1	-	16,725,649	-	-
- trade receivables	13(c)	360,883	361,032	119,539	-
- amounts due from subsidiaries	11(f)	-	-	748,578	6,248,713
- investment in a subsidiary	8	-	-	-	53,306,221
Reversal of impairment losses on trade receivables	13(c)	(10,793)	(25,557)	(2,100)	(4,139)
Retirement benefit obligations	20	1,024,840	100,314	1,024,840	100,314
Net unrealised loss/(gain) on:					
- foreign exchange	27	267,056	1,108,960	(52,629)	497,925
- derivative financial instruments		-	4	-	-
Usage of spare parts in property, plant and equipment	5	-	870,281	-	582,872
(Reversal of inventories written down)/Write-down of inventories	12	(7,056,295)	15,641,347	(2,367,176)	3,807,659
Write off in respect of:					
- property, plant and equipment	27	47,729	53,041	12,603	52,537
- inventories	12	6,018,307	-	6,018,307	-
Operating profit before changes in working capital		40,915,618	42,925,779	4,066,832	6,220,067



STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Cash flows from operating activities (continued)					
Changes in working capital:					
Inventories		39,159,905	(57,433,105)	8,860,324	(15,539,809)
Trade and other receivables		10,339,181	(28,711,679)	8,266,512	(12,904,845)
Trade and other payables		1,002,883	27,342,563	(138,752)	(2,197,341)
Contract liabilities		130,590	–	130,590	–
Cash generated from/(used in) operations					
		91,548,177	(15,876,442)	21,185,506	(24,421,928)
Retirement benefits paid	20	(141,790)	–	(141,790)	–
Tax paid		(2,003,190)	(3,423,327)	(356,701)	(250,001)
Net cash from/(used in) operating activities					
		89,403,197	(19,299,769)	20,687,015	(24,671,929)
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment		465,056	499,983	84,337	40,000
Acquisition of:					
- property, plant and equipment	(a)	(12,266,583)	(21,540,961)	(2,372,524)	(2,081,740)
- intangible assets	7	(273,264)	(1,155,008)	(268,022)	(1,043,702)
Interest received	25	113,965	24,528	2,082,231	1,047,718
Income distribution short-term fund	24	5,230	96,882	5,230	68,311
Repayments from immediate holding company		40,118	2,727	–	–
Advances to subsidiaries		–	–	(52,758,683)	(10,235,846)
Net change in short-term fund		(6,656,458)	13,884,061	(6,656,458)	7,938,972
Net cash used in investing activities					
		(18,571,936)	(8,187,788)	(59,883,889)	(4,266,287)



STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Cash flows from financing activities					
Drawdown of term loans		54,887,105	–	54,887,105	–
Repayments of term loans		(63,887,139)	(24,538,163)	(1,427,196)	–
Trade financing, net		(32,755,629)	23,762,021	(7,502,970)	8,577,999
Revolving credits, net		(7,524,000)	34,000,000	(4,524,000)	22,000,000
Payments of finance lease liabilities		(37,466)	–	(37,466)	–
Payments of lease liabilities	6.2(b)	(5,010,919)	(4,873,252)	(492,522)	(423,360)
Interest paid		(12,255,684)	(11,121,442)	(2,907,218)	(1,750,327)
(Repayments to)/Advances from immediate holding company	(b)	(23,511)	(21,533)	–	224
Advances from/(Repayments to) related companies	(b)	13,812,470	(3,506,743)	–	–
Net cash (used in)/from financing activities		(52,794,773)	13,700,888	37,995,733	28,404,536
Net increase/(decrease) in cash and cash equivalents		18,036,488	(13,786,669)	(1,201,141)	(533,680)
Effect of exchange rate changes		2,629,494	5,103,387	–	–
Cash and cash equivalents at 1 January		21,696,879	30,380,161	4,582,039	5,115,719
Cash and cash equivalents at 31 December	15(a)	42,362,861	21,696,879	3,380,898	4,582,039

Notes to statements of cash flows

(a) Reconciliation of acquisition of property, plant and equipment

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Additions of property, plant and equipment	5	12,115,077	21,802,376	2,372,524	2,285,740
Net movement in prepayments for acquisition of property, plant and equipment		151,506	(57,415)	–	–
Finance through finance lease liabilities		–	(204,000)	–	(204,000)
		12,266,583	21,540,961	2,372,524	2,081,740



STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Notes to statements of cash flows (continued)

(b) Reconciliation of liabilities arising from financing activities

	At 1 January	Addition of new lease	Modifications/ reassessments/ of lease contracts	Termination of lease contracts	Net changes from financing cash flows	Unrealised foreign exchange (gain)/loss	Unwinding of interest expenses	Effect of exchange rate changes	At 31 December
	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group 2022									
Term loans	63,536,996	-	-	-	(9,000,034)	(598,821)	-	3,044,668	56,982,809
Trade financings	133,303,417	-	-	-	(32,755,629)	160,455	-	2,155,957	102,864,200
Revolving credits	47,000,000	-	-	-	(7,524,000)	24,000	-	-	39,500,000
Finance lease liabilities	204,000	-	-	-	(37,466)	-	-	-	166,534
Lease liabilities	6,211,074	2,125,341	6,884,845	(137,575)	(5,010,919)	-	252,069	34,571	10,359,406
Amount due to immediate holding company	147,034	-	-	-	(23,511)	-	-	-	123,523
Amounts due to related companies	40,805,508	-	-	-	13,812,470	-	-	2,411,797	57,029,775
	291,208,029	2,125,341	6,884,845	(137,575)	(40,539,089)	(414,366)	252,069	7,646,993	267,026,247

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Notes to statements of cash flows (continued)

(b) Reconciliation of liabilities arising from financing activities (continued)

	At 1 January RM	Addition of new lease RM	Modifications/ reassessments of lease contracts RM	Drawdown of finance lease liabilities RM	Termination of lease contracts RM	Net changes from financing cash flows RM	Unwinding of interest expenses RM	Effect of exchange rate changes RM	At
									31 December RM
Group									
2021									
Term loans	82,546,768	-	-	-	-	(24,538,163)	-	5,528,391	63,536,996
Trade financings	107,874,050	-	-	-	-	23,762,021	-	1,667,346	133,303,417
Revolving credits	13,000,000	-	-	-	-	34,000,000	-	-	47,000,000
Finance lease liabilities	-	-	-	204,000	-	-	-	-	204,000
Lease liabilities	7,007,430	825,960	3,005,009	-	(61,258)	(4,873,252)	255,871	51,314	6,211,074
Amount due to immediate holding company	168,567	-	-	-	-	(21,533)	-	-	147,034
Amounts due to related companies	43,857,308	-	-	-	-	(3,506,743)	-	454,943	40,805,508
	254,454,123	825,960	3,005,009	204,000	(61,258)	24,822,330	255,871	7,701,994	291,208,029

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Notes to statements of cash flows (continued)

(b) Reconciliation of liabilities arising from financing activities (continued)

	At 1 January RM	Addition of new lease RM	Modifications/ reassessments of lease contracts RM	Drawdown of finance lease liabilities RM	Termination of lease contracts RM	Net changes from financing cash flows RM	Unrealised foreign exchange (gain)/loss RM	Unwinding of interest expenses RM	At 31 December RM
Company 2022									
Term loans	-	-	-	-	-	53,459,909	(598,821)	-	52,861,088
Trade financings	17,226,827	-	-	-	-	(7,502,970)	160,455	-	9,884,312
Revolving credits	35,000,000	-	-	-	-	(4,524,000)	24,000	-	30,500,000
Finance lease liabilities	204,000	-	-	-	-	(37,466)	-	-	166,534
Lease liabilities	468,582	550,044	297,590	-	(26,921)	(492,522)	-	22,781	819,554
	52,899,409	550,044	297,590	-	(26,921)	40,902,951	(414,366)	22,781	94,231,488
2021									
Trade financings	8,648,828	-	-	-	-	8,577,999	-	-	17,226,827
Revolving credits	13,000,000	-	-	-	-	22,000,000	-	-	35,000,000
Finance lease liabilities	-	-	-	204,000	-	-	-	-	204,000
Lease liabilities	684,340	-	188,778	-	-	(423,360)	-	18,824	468,582
Amount due to immediate holding company	-	-	-	-	-	224	-	-	224
	22,333,168	-	188,778	204,000	-	30,154,863	-	18,824	52,899,633

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



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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 Eller Axis Sdn. Bhd., which is incorporated in Malaysia as the ultimate holding company during the financial year and until the date of this report.

The Directors regard Can-One Berhad and Kian Joo Can Factory Berhad, both of which are incorporated in Malaysia, as the penultimate and immediate holding companies respectively, during the financial year and 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 2022 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 4 April 2023.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are the manufacture and distribution of paper boxes, cartons, general paper and board printing and investment holding. The principal activities of the subsidiaries are mainly the manufacture of corrugated fibre board carton 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 of the Group and of the Company during the financial year.

3. BASIS OF PREPARATION

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

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are set out in Note 35(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 RM6,042,181 and RM6,754,261 respectively during the financial year ended 31 December 2022 and, as of that date, the current liabilities of the Group and of the Company exceeded their current assets by RM20,597,311 and RM8,545,458 respectively. The Group and the Company have carried out cash flow reviews for the next twelve (12) 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.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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 were no material uncertainties 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 going concerns 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

4. OPERATING SEGMENTS (continued)

(d) Geographical information (continued)

	Malaysia		Vietnam		Myanmar		Others		Adjustments and eliminations		Per consolidated financial statements	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Revenue	181,086,915	196,090,267	540,672,108	459,923,069	44,047,120	22,207,782	-	-	-	-	765,806,143	678,221,118
Results												
Depreciation and amortisation	(10,958,639)	(10,885,150)	(19,181,399)	(27,365,487)	(646,889)	(5,451,286)	(38,439)	-	-	-	(30,825,366)	(43,701,923)
Net impairment losses 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	(265,748)	(98,792)	(67,176)	(235,943)	(17,166)	(740)	-	-	-	-	(350,090)	(335,475)
- amounts due from subsidiaries	(748,578)	(6,248,713)	-	-	-	-	-	(125,130,224)	748,578	131,378,937	-	-
Reversal of inventories written down/(inventories written down)	2,986,548	(5,890,404)	3,416,063	(8,235,299)	653,684	(1,515,644)	-	-	-	-	7,056,295	(15,641,347)
Interest income	2115,190	1,055,731	535,744	339,266	46,919	21	4,952,518	(7,500,929)	(6,323,008)	113,965	24,528	
Interest expense	(4,946,997)	(3,512,287)	(5,985,346)	(5,496,586)	(5,221,717)	(5,468,521)	(3,854,622)	(3,222,927)	7,500,929	6,323,008	(12,507,753)	(11,377,313)
Segment (loss)/profit	(7,997,047)	(66,843,098)	10,336,919	(9,685,808)	(6,747,354)	(111,254,390)	769,742	(150,809,065)	748,578	211,770,361	(2,889,162)	(126,822,000)
Tax expense	(689,089)	(252,478)	(1,973,971)	(1,207,905)	-	-	(489,959)	(496,356)	-	-	(3,153,019)	(1,956,739)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

4. OPERATING SEGMENTS (continued)

(d) Geographical information (continued)

	Malaysia		Vietnam		Myanmar		Others		Adjustments and eliminations		Per consolidated financial statements	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Assets:												
Additions to non-current assets												
- Property, plant and equipment	3,900,842	7,505,568	7,678,712	13,454,966	535,523	841,842	-	-	-	-	12,115,077	21,802,376
- Right-of-use assets	2,125,341	-	-	825,960	-	-	-	-	-	-	2,125,341	825,960
- Intangible assets	268,022	1,155,008	-	-	5,242	-	-	-	-	-	273,264	1,155,008
	6,294,205	8,660,576	7,678,712	14,280,926	540,765	841,842	-	-	-	-	14,513,682	23,783,344
Segment assets	368,472,931	346,695,022	438,445,600	443,202,244	48,573,791	40,863,174	196,376,738	184,674,815	(512,233,350)	(447,761,395)	539,635,710	567,673,860
Deferred tax assets											-	205,000
Total assets											539,635,710	567,878,860
Segment liabilities	173,496,716	144,122,265	231,370,217	247,222,325	154,385,906	135,023,954	106,084,087	97,593,137	(246,635,560)	(182,163,607)	418,701,366	441,798,074
Deferred tax liabilities											782,677	814,374
Total liabilities											419,484,043	442,612,448

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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 2022						
At cost						
At 1 January 2022, restated	175,742,804	284,794,327	52,302,265	1,681,211	4,411,681	518,932,288
Additions	84,190	1,702,591	7,721,809	-	2,606,487	12,115,077
Disposals	-	(1,059,815)	(152,189)	(140,617)	-	(1,352,621)
Written off	-	(99,693)	(690)	-	-	(100,383)
Exchange differences	5,443,569	5,601,560	1,112,819	20,594	96,260	12,274,802
At 31 December 2022	181,270,563	290,938,970	60,984,014	1,561,188	7,114,428	541,869,163
Accumulated depreciation and impairment losses						
At 1 January 2022, restated	44,306,379	148,272,985	46,255,675	1,117,025	853,367	240,805,431
- Accumulated depreciation, restated	51,985,502	26,902,755	-	-	805,833	79,694,090
- Accumulated impairment losses	96,291,881	175,175,740	46,255,675	1,117,025	1,659,200	320,499,521
Depreciation charge for the financial year	2,539,849	13,265,622	7,154,824	112,110	1,261,982	24,334,387
Disposals	-	(652,267)	(152,187)	(140,617)	-	(945,071)
Written off	-	(52,459)	(195)	-	-	(52,654)
Exchange differences on accumulated depreciation	623,073	2,444,434	993,391	13,309	18,348	4,092,555
Exchange differences on accumulated impairment losses	2,808,340	1,453,331	-	-	10,482	4,272,153
At 31 December 2022	47,469,301	163,278,315	54,251,508	1,101,827	2,133,697	268,234,648
- Accumulated depreciation	54,793,842	28,356,086	-	-	816,315	83,966,243
- Accumulated impairment losses	102,263,143	191,634,401	54,251,508	1,101,827	2,950,012	352,200,891
Net carrying amount	79,007,420	99,304,569	6,732,506	459,361	4,164,416	189,668,272
At 31 December 2022						

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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	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, restated	-	12,669,380	6,238,780	458,624	2,435,592	21,802,376
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, restated	175,742,804	284,794,327	52,302,265	1,681,211	4,411,681	518,932,288
Accumulated depreciation and impairment losses						
At 1 January 2021	31,302,901	131,106,060	37,948,498	1,181,569	-	201,539,028
- Accumulated depreciation	-	-	-	-	-	-
- Accumulated impairment losses	-	-	-	-	-	-
Depreciation charge for the financial year, restated	31,302,901	131,106,060	37,948,498	1,181,569	-	201,539,028
Impairment losses for the financial year	12,263,643	15,991,149	7,753,419	97,060	853,367	36,958,638
Disposals	51,985,502	26,902,755	-	-	805,833	79,694,090
Written off	-	(671,327)	-	(156,987)	-	(828,314)
Exchange differences	739,835	(1,910,345)	(1,047,319)	(34,716)	-	(2,992,380)
		3,757,448	1,601,077	30,099	-	6,128,459
At 31 December 2021, restated	44,306,379	148,272,985	46,255,675	1,117,025	853,367	240,805,431
- Accumulated depreciation, restated	51,985,502	26,902,755	-	-	805,833	79,694,090
- Accumulated impairment losses	96,291,881	175,175,740	46,255,675	1,117,025	1,659,200	320,499,521
Net carrying amount						
At 31 December 2021, restated	79,450,923	109,618,587	6,046,590	564,186	2,752,481	198,432,767

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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 2022						
At cost						
At 1 January 2022, restated	21,721,944	47,900,602	2,178,668	655,515	1,228,943	73,685,672
Additions	84,190	1,145,528	184,702	-	958,104	2,372,524
Disposals	-	(181,000)	(152,189)	(140,617)	-	(473,806)
Written off	-	(19,149)	-	-	-	(19,149)
At 31 December 2022	21,806,134	48,845,981	2,211,181	514,898	2,187,047	75,565,241
Accumulated depreciation and impairment loss						
At 1 January 2022, restated	11,635,752	36,013,281	1,592,631	425,776	143,236	49,810,676
- Accumulated depreciation, restated	-	-	-	-	99,316	99,316
- Accumulated impairment loss	-	-	-	-	-	-
Depreciation charge for the financial year	11,635,752	36,013,281	1,592,631	425,776	242,552	49,909,992
Disposals	431,083	1,249,904	233,439	46,252	318,605	2,279,283
Written off	-	(116,624)	(152,187)	(140,617)	-	(409,428)
	-	(6,546)	-	-	-	(6,546)
At 31 December 2022	12,066,835	37,140,015	1,673,883	331,411	461,841	51,673,985
- Accumulated depreciation	-	-	-	-	99,316	99,316
- Accumulated impairment loss	-	-	-	-	-	-
Net carrying amount						
At 31 December 2022	9,739,299	11,705,966	537,298	183,487	1,625,890	23,791,940

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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, restated	-	889,326	146,348	231,260	1,018,806	2,285,740
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, restated	21,721,944	47,900,602	2,178,668	655,515	1,228,943	73,685,672
Accumulated depreciation and impairment loss						
At 1 January 2021	10,327,050	36,734,515	2,419,494	458,971	-	49,940,030
- Accumulated depreciation	-	-	-	-	-	-
- Accumulated impairment loss	-	-	-	-	-	-
Depreciation charge for the financial year, restated	10,327,050	36,734,515	2,419,494	458,971	-	49,940,030
Impairment loss for the financial year	1,308,702	1,324,948	220,189	1,521	143,236	2,998,596
Disposals	-	-	-	-	99,316	99,316
Written off	-	(135,837)	-	-	-	(135,837)
	-	(1,910,345)	(1,047,052)	(34,716)	-	(2,992,113)
At 31 December 2021, restated	11,635,752	36,013,281	1,592,631	425,776	143,236	49,810,676
- Accumulated depreciation, restated	-	-	-	-	99,316	99,316
- Accumulated impairment loss	-	-	-	-	-	-
	11,635,752	36,013,281	1,592,631	425,776	242,552	49,909,992
Net carrying amount						
At 31 December 2021, restated	10,086,192	11,887,321	586,037	229,739	986,391	23,775,680



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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% - 10%
Furniture, fittings and office equipment	10% - 50%
Motor vehicles	10% - 20%
Spare parts	10% - 50%

- (b) Spare parts, which are held for use in the production and supply of goods are expected to be used in more than one period, and thus are classified as property, plant and equipment. The spare parts are depreciated over their useful lives from the date of acquisition.

In the previous financial year, the cost of spare parts utilised by the Group and the Company are charged out to profit or loss. The spare parts consumed out of the Group's and the Company's property, plant and equipment amounted to RM870,281 and RM582,872 respectively. These were classified as upkeep of machinery under "cost of sales" in the statements of profit or loss in the previous financial year.

- (c) Security

In the previous financial year, the carrying amounts of plant, machinery and equipment collateralised for banking facilities granted to a subsidiary were RM18,104,187 (see Note 19(b)).

- (d) 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 the Company and certain operating subsidiaries in the current financial year as impairment indicators. The Company and these subsidiaries collectively held RM113,235,986 (2021: RM196,118,966) as the carrying amount of property, plant and equipment as at the end of the reporting period.

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 is used, management has exercised significant judgement and 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 rates, which are, among others, dependent on forecasted economic conditions, after taking into consideration the effect of increasing interest rates to the CGUs on the discount rates.

Pre-tax discount rates ranging from 8.6% to 12% (2021: 8.46% to 11%) were applied over the projection periods in determining the recoverable amounts of the CGUs.

In the current financial year, the 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.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

5. PROPERTY, PLANT AND EQUIPMENT (continued)

(d) Impairment testing of property, plant and equipment (continued)

In the previous financial year, the management had determined that the recoverable amount of the CGU of its subsidiary in Myanmar, Boxpak (Myanmar) Company Limited (“BP Myanmar”) was less than its net carrying amount. 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 might be impaired.

The Group had calculated the recoverable amount of the property, plant and equipment of BP Myanmar to be RM23,743,852 based on the 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 right-of-use assets 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% per annum.
- (ii) Profit margins were projected based on the historical profit margin achieved for the products.
- (iii) Pre-tax discount rate used of 11.0% was applied over the projection periods and was based on the Group 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 one (1) year base financial budget approved by the Board of Directors.

Consequently, the Group had recognised an impairment losses of RM79,694,090 in the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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 2022					
At cost					
At 1 January 2022, restated	69,458,441	6,959,531	3,930,560	591,463	80,939,995
Additions	-	473,388	1,651,953	-	2,125,341
Modifications/Reassessments	-	6,522,983	135,546	-	6,658,529
Expiration of lease contracts	-	(5,967,091)	(368,484)	-	(6,335,575)
Termination of lease contracts	-	-	(337,768)	(168,860)	(506,628)
Exchange differences	1,815,104	1,277	41,100	6,035	1,863,516
At 31 December 2022	71,273,545	7,990,088	5,052,907	428,638	84,745,178
Accumulated depreciation and impairment					
At 1 January 2022, restated					
- Accumulated depreciation, restated	13,735,265	3,350,764	1,748,467	368,364	19,202,860
- Accumulated impairment loss	16,725,649	-	-	-	16,725,649
	30,460,914	3,350,764	1,748,467	368,364	35,928,509
Depreciation charge for the financial year	870,896	3,358,987	1,325,024	68,103	5,623,010
Modification/ Reassessments	-	(108,737)	(117,579)	-	(226,316)
Expiration of lease contracts	-	(5,967,091)	(368,484)	-	(6,335,575)
Termination of lease contracts	-	-	(203,558)	(168,860)	(372,418)
Exchange differences on accumulated depreciation	261,681	861	16,695	3,346	282,583
Exchange differences on accumulated impairment loss	903,547	-	-	-	903,547
At 31 December 2022					
- Accumulated depreciation	14,867,842	634,784	2,400,565	270,953	18,174,144
- Accumulated impairment loss	17,629,196	-	-	-	17,629,196
	32,497,038	634,784	2,400,565	270,953	35,803,340
Net carrying amount					
At 31 December 2022	38,776,507	7,355,304	2,652,342	157,685	48,941,838

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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					
At cost					
At 1 January 2021	67,638,559	9,338,598	3,243,636	684,807	80,905,600
Additions, restated	-	-	825,960	-	825,960
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, restated	69,458,441	6,959,531	3,930,560	591,463	80,939,995
Accumulated depreciation and impairment					
At 1 January 2021					
- Accumulated depreciation	12,128,507	5,245,998	973,944	266,672	18,615,121
- Accumulated impairment loss	-	-	-	-	-
	12,128,507	5,245,998	973,944	266,672	18,615,121
Depreciation charge for the financial year, restated	1,348,716	3,331,546	1,051,507	212,821	5,944,590
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, restated					
- Accumulated depreciation, restated	13,735,265	3,350,764	1,748,467	368,364	19,202,860
- Accumulated impairment loss	16,725,649	-	-	-	16,725,649
	30,460,914	3,350,764	1,748,467	368,364	35,928,509
Net carrying amount					
At 31 December 2021, restated	38,997,527	3,608,767	2,182,093	223,099	45,011,486

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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	Total RM
At 31 December 2022				
At cost				
At 1 January 2022, restated	23,272,550	623,145	493,935	24,389,630
Additions	–	18,135	531,909	550,044
Modifications/Reassessments	–	41,667	29,607	71,274
Expiration of lease contracts	–	(177,170)	(137,455)	(314,625)
Termination of lease contracts	–	–	(109,710)	(109,710)
At 31 December 2022	23,272,550	505,777	808,286	24,586,613
Accumulated depreciation				
At 1 January 2022, restated	6,339,861	322,504	331,117	6,993,482
Depreciation charge for the financial year	317,266	206,343	270,184	793,793
Expiration of lease contracts	–	(177,170)	(137,455)	(314,625)
Modifications/Reassessments	–	(108,737)	(117,579)	(226,316)
Termination of lease contracts	–	–	(83,773)	(83,773)
At 31 December 2022	6,657,127	242,940	262,494	7,162,561
Net carrying amount				
At 31 December 2022	16,615,423	262,837	545,792	17,424,052
At 31 December 2021				
At cost				
At 1 January 2021	23,272,550	605,409	624,229	24,502,188
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, restated	23,272,550	623,145	493,935	24,389,630
Accumulated depreciation				
At 1 January 2021	6,022,077	292,222	265,029	6,579,328
Depreciation charge for the financial year, restated	317,784	207,373	196,382	721,539
Expiration of lease contracts	–	(177,091)	–	(177,091)
Termination of lease contracts	–	–	(130,294)	(130,294)
At 31 December 2021, restated	6,339,861	322,504	331,117	6,993,482
Net carrying amount				
At 31 December 2021, restated	16,932,689	300,641	162,818	17,396,148



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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 tenures of 24 to 52 (2021: 25 to 53) years and 52 (2021: 53) years respectively.
- (c) The Group and the Company have certain leases of forklifts and hostels with lease terms 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	
	2022 RM	2021 RM	2022 RM	2021 RM
Addition of right-of-use assets	2,125,341	825,960	550,044	–
Financed by lease liabilities	(2,125,341)	(825,960)	(550,044)	–
Cash paid for right-of-use assets	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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	
	2022 RM	2021 RM	2022 RM	2021 RM
Included in cost of sales:				
- Expense relating to short-term leases	114,497	36,594	52,421	19,200
- Depreciation charge of right-of-use assets	4,994,308	4,702,830	793,793	721,539
Included in administrative expense:				
- Expense relating to short-term leases	911,473	1,451,654	-	-
- Depreciation charge of right-of-use assets	628,702	1,241,760	-	-
- Gain on modifications/ reassessments of lease contracts	-	(6,049)	-	(6,049)
- Gain on termination of lease contracts	(3,365)	(1,721)	(984)	-
Included in finance costs:				
- Interest expense on lease liabilities	252,069	255,871	22,781	18,824
	6,897,684	7,680,939	868,011	753,514

(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 the Company and certain operating subsidiaries in the current financial year as impairment indicators. The Company and these subsidiaries collectively held RM39,589,108 (2021: RM51,796,215) as the carrying amount of right-of-use assets as at the end of reporting period.

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 is used, management has exercised significant judgement and 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, after taking into consideration the effect of increasing interest rates to the CGUs on the discount rates.

Pre-tax discount rates ranging from 8.6% to 12% (2021: 8.46% to 11%) were applied over the projection periods in determining the recoverable amounts of the CGUs.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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)

In the current financial year, the 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 previous financial year, the management had determined that the recoverable amount of the right-of-use assets for BP Myanmar was less than its net carrying amount. 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 had calculated that the recoverable amount of the right-of-use assets of BP Myanmar was 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(d).

Consequently, the Group had recognised an impairment loss of RM16,725,649 in the previous financial year.

6.2 Lease liabilities

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Represented by:				
Lease liabilities owing to non-financial institutions				
Current liabilities	4,722,690	4,600,330	398,329	329,420
Non-current liabilities	5,636,716	1,610,744	421,225	139,162
	10,359,406	6,211,074	819,554	468,582

- (a) The Group and the Company leased a number of buildings, equipment and motor vehicles that run between 2 years to 6 years (2021: 2 years to 6 years), with an option to renew the lease after that date.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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	
	2022 RM	2021 RM	2022 RM	2021 RM
At 1 January	6,211,074	7,007,430	468,582	684,340
Additions	2,125,341	825,960	550,044	–
Modifications/ Reassessments	6,884,845	3,005,009	297,590	188,778
Termination of lease contracts	(137,575)	(61,258)	(26,921)	–
Lease payments	(5,010,919)	(4,873,252)	(492,522)	(423,360)
Interest expense	252,069	255,871	22,781	18,824
Exchange differences	34,571	51,314	–	–
At 31 December	10,359,406	6,211,074	819,554	468,582

(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 - 2	2 - 5	More than	Total RM
		1 year RM	years RM	years RM	5 years RM	
Group						
31 December 2022						
Lease liabilities						
- Fixed rates	2.77 - 6.70	4,722,690	4,450,664	1,159,114	26,938	10,359,406
31 December 2021						
Lease liabilities						
- Fixed rates	2.08 - 6.70	4,600,330	1,052,782	557,962	–	6,211,074

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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	More than 5 years RM	Total RM
Company						
31 December 2022						
Lease liabilities						
- Fixed rates	2.77 - 4.41	398,329	385,467	35,758	-	819,554
<hr/>						
31 December 2021						
Lease liabilities						
- Fixed rates	2.08 - 4.45	329,420	96,366	42,796	-	468,582

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	More than 5 years RM	Total RM
Group				
31 December 2022				
Lease liabilities	4,979,976	5,759,083	27,000	10,766,059
<hr/>				
31 December 2021				
Lease liabilities	4,729,571	1,666,963	-	6,396,534
<hr/>				
Company				
31 December 2022				
Lease liabilities		408,970	439,909	848,879
<hr/>				
31 December 2021				
Lease liabilities		337,300	148,560	480,860

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

7. INTANGIBLE ASSETS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Computer Software				
At cost				
At 1 January	4,979,514	4,017,850	1,819,131	1,053,070
Additions	273,264	1,155,008	268,022	1,043,702
Written off	–	(277,641)	–	(277,641)
Exchange differences	69,632	84,297	–	–
At 31 December	5,322,410	4,979,514	2,087,153	1,819,131
Accumulated amortisation and impairment loss				
At 1 January	3,988,501	3,395,981	969,211	776,596
Amortisation charge for the financial year	867,969	798,695	737,581	470,256
Written off	–	(277,641)	–	(277,641)
Exchange differences	68,126	71,466	–	–
At 31 December	4,924,596	3,988,501	1,706,792	969,211
Net carrying amount				
At 31 December	397,814	991,013	380,361	849,920

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	
	2022 RM	2021 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		
At 1 January	(54,306,221)	(1,000,000)
Impairment loss	–	(53,306,221)
At 31 December	(54,306,221)	(54,306,221)
	80,679,365	80,679,365

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

8. INVESTMENTS IN SUBSIDIARIES (continued)

- (a) Investments in subsidiaries are stated at cost less accumulated impairment losses in the financial statements of the Company.
- (b) The details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity ⁽¹⁾		Principal activities
		2022 %	2021 %	
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⁾⁽⁴⁾	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

⁽⁴⁾ The accounting year end of this subsidiary is 31 March (2021: 30 September). The Company has been granted approval by the Companies Commission of Malaysia for the subsidiary to continue to have a financial year, which does not coincide with the Company in relation to the financial year ended 31 December 2022.

- (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 subsidiaries/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 costs of investments in these direct and indirect subsidiaries amounted to RM52,933,000 (2021: RM106,239,211) as at the end of the reporting period.

Management has exercised significant judgement and 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 forecasted 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, after taking into consideration the effect of increasing interest rates to the CGUs on the discount rates.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

8. INVESTMENTS IN SUBSIDIARIES (continued)

(c) Impairment assessment (continued)

Pre-tax discount rates ranging from 8.6% to 12% (2021: 8.46% to 11%) were applied over the projection periods in determining the recoverable amounts of the CGUs.

In the current financial year, the management has determined that the recoverable amounts of these subsidiaries are in excess of the net carrying amounts of cost of investment and no impairment has been recorded.

In the previous financial year, the Company recognised an impairment loss of RM53,306,221 on the cost of investment in BP Myanmar as it was unlikely to turn profitable in the foreseeable future.

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% per annum.
- (ii) Profit margins were projected based on the historical profit margin achieved for the products.
- (iii) Pre-tax discount rate of 11.0% was applied over the projection periods in determining the recoverable amount of the CGU.
- (iv) Cash flows were projected based on one (1) year base financial budget approved by the Board of Directors.

9. DEFERRED TAX ASSETS/(LIABILITIES)

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

Group	Assets		Liabilities		Net	
	2022 RM	2021 RM	2022 RM	2021 RM	2022 RM	2021 RM
Capital allowances and depreciation differences	-	-	(7,539,475)	(7,794,543)	(7,539,475)	(7,794,543)
Unabsorbed reinvestment allowances	432,635	432,635	-	-	432,635	432,635
Unabsorbed capital allowances	1,993,776	1,345,415	-	-	1,993,776	1,345,415
Unabsorbed tax losses	3,740,977	4,009,059	-	-	3,740,977	4,009,059
Provisions and other temporary differences	589,410	1,398,060	-	-	589,410	1,398,060
Deferred tax assets/(liabilities)	6,756,798	7,185,169	(7,539,475)	(7,794,543)	(782,677)	(609,374)
Off-setting	(6,756,798)	(6,980,169)	6,756,798	6,980,169	-	-
Deferred tax assets/(liabilities), net	-	205,000	(782,677)	(814,374)	(782,677)	(609,374)



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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

Company	Assets/(Liabilities)	
	2022 RM	2021 RM
Capital allowances and depreciation differences	(6,756,798)	(6,980,169)
Unabsorbed reinvestment allowances	432,635	432,635
Unabsorbed capital allowances	1,993,776	1,373,801
Unabsorbed tax losses	3,740,977	4,009,059
Provisions and other temporary differences	589,410	1,369,674
Deferred tax assets	-	205,000

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	
	2022 RM	2021 RM	2022 RM	2021 RM
Unabsorbed tax losses:				
- Malaysian entities	11,253,471	5,881,505	4,381,942	-
- Foreign entities	27,376,914	45,422,166	-	-
Unabsorbed capital allowances	26,585,129	24,423,060	-	-
Unabsorbed reinvestment allowances	17,981,114	15,736,328	-	-
Provisions and other temporary differences	(13,246,775)	(5,457,434)	-	4,331,808
	69,949,853	86,005,625	4,381,942	4,331,808

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 utilise the benefits therefrom.

For the Malaysian entities, 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 ("YA 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 with effect from YA 2019, 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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

	Unabsorbed reinvestment allowances		Unabsorbed tax losses	
	2022 RM	2021 RM	2022 RM	2021 RM
Group				
Expires by:				
- 31 December 2024	-	-	5,794,297	5,794,297
- 31 December 2025	-	-	10,259,773	10,259,773
- 31 December 2026	-	-	6,203	6,203
- 31 December 2027	-	-	9,602,528	9,602,568
- 31 December 2028	-	-	25,290,056	25,290,056
- 31 December 2029	-	-	3,264,933	-
- 31 December 2036	19,783,759	19,783,759	-	-
	19,783,759	19,783,759	54,217,790	50,952,897
Company				
Expires by:				
- 31 December 2028	-	-	16,704,412	16,704,412
- 31 December 2036	1,802,645	1,802,645	3,264,933	-
	1,802,645	1,802,645	19,969,345	16,704,412

10. PREPAYMENTS

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



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

11. AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2022 RM	2021 RM
Non-current		
Other receivables		
Amounts due from subsidiaries	70,348,185	22,206,070
Less: Impairment losses	(6,811,123)	(1,542,188)
Total amounts due from subsidiaries (non-current)	63,537,062	20,663,882
Current		
Trade receivables		
Amounts due from subsidiaries	165,506	214,339
	165,506	214,339
Other receivables		
Amounts due from subsidiaries	16,834,494	12,217,926
Less: Impairment losses	(179,444)	(4,699,801)
	16,655,050	7,518,125
Total amounts due from subsidiaries (current)	16,820,556	7,732,464
Total amounts due from subsidiaries (non-current and current)	80,357,618	28,396,346

- (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 twelve (12) months in cash and cash equivalents, except for non-trade amounts due from subsidiaries of RM15,934,494 (2021: RM11,873,689) that bear interest at 3.42% to 6.13% (2021: 3.16% to 3.54%).
- (c) Non-trade non-current amounts due from subsidiaries of RM70,348,185 (2021: RM22,206,070) represent the present value of advances and payments made on behalf, which are unsecured, interest-free and repayable within next twelve (12) years in cash and cash equivalents except for non-trade non-current amounts due from subsidiaries of RM67,432,079 (2021: RM18,975,041) that bear interest at 3.42% to 6.13% (2021: 3.16% to 3.54%).
- (d) Foreign currency exposure profile of amounts due from subsidiaries of the Company are as follows:

	Company	
	2022 RM	2021 RM
USD	58,537,745	3,283,533

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

11. 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	
	2022 RM	2021 RM
Effects of 3% changes to RM against foreign currency		
Loss after tax - USD	1,334,661	74,865

- (f) 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 subsidiaries/CGUs. Management had assessed the amounts due from certain subsidiaries amounting to RM80,130,807 (2021: RM28,052,109) at the end of the reporting date with impairment indicators.

Impairment for receivables from subsidiaries are recognised based on the general approach as disclosed in Note 13(h) to the financial statements.

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

The probability of non-payment by the subsidiaries is adjusted by forward-looking information as stated in Note 13(c) and multiplied by the amount of the expected loss arising from default to determine the twelve (12) month or lifetime expected credit loss for the subsidiaries.

Amounts due from subsidiaries are considered as in 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 to have increased significantly since initial recognition by the Company when contractual payments are more than 30 days past due.

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

	Lifetime expected credit loss - not credit impaired RM	Lifetime expected credit loss - credit impaired RM	Total RM
Company			
Other receivables			
At 1 January 2022	2,048,300	4,193,689	6,241,989
Charge for the financial year	748,578	-	748,578
At 31 December 2022	2,796,878	4,193,689	6,990,567

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

11. 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 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

(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.

12. INVENTORIES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Raw materials	56,747,632	90,639,178	6,740,097	15,819,399
Work-in-progress	6,736,877	11,775,078	773,974	4,063,642
Finished goods	11,293,018	10,485,188	1,112,785	1,255,270
	74,777,527	112,899,444	8,626,856	21,138,311
Recognised in profit or loss:				
Inventories recognised as cost of sales	701,664,130	649,491,070	88,297,860	80,449,392
(Reversal of inventories written down)/Write-down to net realisable value	(7,056,295)	15,641,347	(2,367,176)	3,807,659
Write off of inventories	6,018,307	–	6,018,307	–

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

12. INVENTORIES (continued)

- (a) Cost of raw materials, work-in-progress and finished goods are determined on first in, first out basis.
- (b) During the financial year, a reversal of write-down of inventories of the Group and the Company amounting to RM7,056,295 and RM2,367,176 respectively (2021: Nil) was made as the Group and the Company were able to sell those inventories above their carrying amounts.

13. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Trade receivables					
Third parties		150,101,063	165,286,537	13,713,719	20,914,969
Amount due from immediate holding company		24,430	15,132	24,430	15,132
Amounts due from related companies		563,058	1,411,260	426,416	1,274,100
		150,688,551	166,712,929	14,164,565	22,204,201
Less: Impairment losses	(c)	(3,195,876)	(2,845,786)	(2,365,263)	(2,247,824)
Trade receivables, net	(d)	147,492,675	163,867,143	11,799,302	19,956,377
Other receivables					
Other receivables		23,610,904	21,179,246	554,197	445,872
Refundable deposits		1,314,652	1,192,901	174,055	159,055
Amount due from immediate holding company	(e)	-	40,118	-	-
		24,925,556	22,412,265	728,252	604,927
Total trade and other receivables		172,418,231	186,279,408	12,527,554	20,561,304
Financial instruments classification:					
Total trade and other receivables		172,418,231	186,279,408	12,527,554	20,561,304
Cash and bank balances	15	42,362,861	22,191,050	3,380,898	4,582,039
Amounts due from subsidiaries	11	-	-	80,357,618	28,396,346
Total financial assets at amortised cost		214,781,092	208,470,458	96,266,070	53,539,689



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

13. TRADE AND OTHER RECEIVABLES (continued)

- (a) Total trade and other receivables are classified as financial assets measured at amortised cost.
- (b) During the financial year, the Group and the Company have entered into a non-recourse receivables financing arrangement with a financial institution where rights of collection and significantly all risk and rewards over the receivables under the financing arrangement have been transferred to the financial institution. Consequently, RM12,809,775 (2021: RM4,545,734) and RM8,663,233 (2021: RM1,915,091) respectively have been de-recognised from the trade receivables balances of the Group and of the Company as at 31 December 2022.
- (c) 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 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 a customer does not perform their obligation to make payment within the period granted or allowed.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

13. TRADE AND OTHER RECEIVABLES (continued)

(c) (Continued)

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

Group	Lifetime expected credit loss allowance RM	Credit impaired RM	Total allowance RM
At 1 January 2022	350,190	2,495,596	2,845,786
Charge for the financial year	134,759	226,124	360,883
Reversal of impairment losses	(8,693)	(2,100)	(10,793)
At 31 December 2022	476,256	2,719,620	3,195,876
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 losses	(22,557)	(3,000)	(25,557)
Written off	–	(63,318)	(63,318)
At 31 December 2021	350,190	2,495,596	2,845,786
Company			
At 1 January 2022	5,809	2,242,015	2,247,824
Charge for the financial year	34,834	84,705	119,539
Reversal of impairment losses	–	(2,100)	(2,100)
At 31 December 2022	40,643	2,324,620	2,365,263
At 1 January 2021	6,948	2,308,333	2,315,281
Reversal of impairment losses	(1,139)	(3,000)	(4,139)
Written off	–	(63,318)	(63,318)
At 31 December 2021	5,809	2,242,015	2,247,824

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.

- (d) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group ranges from 14 to 93 (2021: 14 to 93) days while for the Company, it ranges from 30 to 90 (2021: 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.
- (e) Non-trade amount due from immediate holding company is unsecured, interest-free and repayable within the next twelve (12) months in cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

13. 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	
	2022 RM	2021 RM	2022 RM	2021 RM
Maximum exposure	150,688,551	166,712,929	14,164,565	22,204,201
Impairment losses	(3,195,876)	(2,845,786)	(2,365,263)	(2,247,824)
Collateral obtained	(15,624,765)	(26,813,288)	(9,787,552)	(16,035,151)
Net exposure to credit risk	131,867,910	137,053,855	2,011,750	3,921,226

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	Gross carrying amount RM	Total allowance RM	Balance RM
2022			
Current	123,772,987	(29,103)	123,743,884
Past due			
1 to 30 days	11,323,637	(9,772)	11,313,865
31 to 60 days	4,021,426	(67,097)	3,954,329
61 to 90 days	4,518,859	(16,065)	4,502,794
91 to 120 days	3,192,759	(6,179)	3,186,580
More than 121 days	3,858,883	(3,067,660)	791,223
	26,915,564	(3,166,773)	23,748,791
	150,688,551	(3,195,876)	147,492,675
2021			
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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

13. TRADE AND OTHER RECEIVABLES (continued)

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

Company	Gross carrying amount RM	Total allowance RM	Balance RM
2022			
Current	8,024,609	-	8,024,609
Past due			
1 to 30 days	2,601,080	(7,235)	2,593,845
31 to 60 days	769,722	(12,174)	757,548
61 to 90 days	291,476	(9,063)	282,413
91 to 120 days	108,646	(3,242)	105,404
More than 121 days	2,369,032	(2,333,549)	35,483
	6,139,956	(2,365,263)	3,774,693
	14,164,565	(2,365,263)	11,799,302
2021			
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

(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 (12) months 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 of 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.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

13. TRADE AND OTHER RECEIVABLES (continued)

(h) (continued)

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the twelve (12) months after the end of the reporting period. 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 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 for forward-looking information as stated in Note 13(c) and multiplied by the amount of the expected loss arising from default to determine the twelve (12) months 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 3 (2021: 2) trade debtors constituting approximately 21% (2021: 12%) of the total receivables of the Group.

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
United States Dollar ("USD")	18,377,085	17,142,834	241,562	656,908

(k) 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	
	2022 RM	2021 RM	2022 RM	2021 RM
Effects of 3% changes to RM against foreign currency				
Loss after tax - USD	418,998	390,857	5,508	14,978

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

14. SHORT-TERM FUND

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
At fair value through profit or loss				
Short-term fund	6,656,458	–	6,656,458	–

- (a) Short-term fund with a non-financial institution is an investment in income trust fund in Malaysia. The trust fund is invested in highly liquid assets, which is readily convertible to cash.
- (b) The management assessed that the fair value of the short-term fund approximated its carrying amount largely due to the short-term maturity of this instrument.
- (c) Short-term fund of the Group and of the Company is stated at Level 1 fair value.
- (d) Short-term fund is denominated in RM.

15. CASH AND BANK BALANCES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash and bank balances	41,910,861	19,791,050	2,928,898	2,182,039
Deposit with a licensed bank	452,000	2,400,000	452,000	2,400,000
	42,362,861	22,191,050	3,380,898	4,582,039

- (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	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash and bank balances	41,910,861	19,791,050	2,928,898	2,182,039
Deposit with a licensed bank (not more than three (3) months)	452,000	2,400,000	452,000	2,400,000
	42,362,861	22,191,050	3,380,898	4,582,039
Less: Bank overdraft included in loans and borrowings (Note 19)	–	(494,171)	–	–
Cash and cash equivalents included in the statements of cash flows	42,362,861	21,696,879	3,380,898	4,582,039



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

15. CASH AND BANK BALANCES (continued)

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

	Group		Company	
	2022 %	2021 %	2022 %	2021 %
Weighted average effective interest rate				
- Fixed rate	2.25	1.73	2.25	1.73

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	
	2022 Days	2021 Days	2022 Days	2021 Days
Licensed bank	1	5	1	5

- (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 currency exposure profile of cash and bank balances are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
USD	6,386,455	3,104,950	37,193	52,314

- (f) 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	
	2022 RM	2021 RM	2022 RM	2021 RM
Effects of 3% changes to RM against foreign currency				
Loss after tax				
- USD	145,611	70,793	848	1,193

- (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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

16. SHARE CAPITAL

	Group and Company			
	2022	2021		
	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	
	2022 RM	2021 RM	2022 RM	2021 RM
Foreign currency translation	16,721,226	17,149,739	-	-
Cash flow hedge reserve	-	(1,355,949)	-	-
Warrants reserve	-	6,056,366	-	6,056,366
	16,721,226	21,850,156	-	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 free detachable warrants ("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 Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose;
- (iii) The Warrant Holders shall not be entitled to participate in any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment and issuance of the new ordinary shares to be issued arising from the exercise of the Warrants; and
- (iv) The Warrant Holders are not entitled to any voting rights or participation in any form of distribution and/or offer of securities in the Company until and unless such Warrant Holders exercise their Warrants into new ordinary shares.

On 13 March 2022, the Warrants 2017/2022 expired. Consequently, the remaining unexercised number of Warrants of 15,005,861 warrants lapsed.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

18. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Non-current					
Other payables					
Amounts due to related companies	(b)	43,953,791	38,689,551	-	-
		43,953,791	38,689,551	-	-
Current					
Trade payables					
Third parties		125,295,185	122,325,062	3,201,150	3,390,614
Amount due to a subsidiary		-	-	393,274	136,840
	(c)	125,295,185	122,325,062	3,594,424	3,527,454
Other payables					
Other payables	(d)	9,043,077	10,830,272	1,834,946	2,053,610
Accruals		14,104,815	14,345,855	3,833,928	3,789,432
Amount due to immediate holding company	(e)	123,523	147,034	224	224
Amounts due to related companies	(f)	13,075,984	2,115,957	-	-
Provisions	(g)	15,000	6,161	15,000	6,161
		36,362,399	27,445,279	5,684,098	5,849,427
Total trade and other payables (current)		161,657,584	149,770,341	9,278,522	9,376,881
Total trade and other payables (non-current and current)		205,611,375	188,459,892	9,278,522	9,376,881
Financial instruments classification:					
Trade and other payables, net of provisions	(a)	205,596,375	188,453,731	9,263,522	9,370,720
Loans and borrowings	19	199,513,543	244,538,584	93,411,934	52,430,827
Total financial liabilities carried at amortised cost		405,109,918	432,992,315	102,675,456	61,801,547

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

18. TRADE AND OTHER PAYABLES (continued)

- (a) Trade and other payables, net of provisions are classified as financial liabilities measured at amortised cost.
- (b) Non-current amounts due to related companies, which are unsecured, bear interest at 3.42% to 4.50% (2021: 2.08% to 3.40%) and are not repayable within the next twelve (12) months.
- (c) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company ranges from 30 to 90 (2021: 30 to 90) days.
- (d) Other payables are non-interest bearing and are normally settled within an average term of six (6) months (2021: average term of six (6) months).
- (e) 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.
- (f) Current non-trade amounts due to related companies are unsecured, interest-free and repayable on demand.
- (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	
	2022	2021
	RM	RM
Provision for solid waste disposal		
At 1 January	6,161	8,644
Additional provision during the financial year	189,869	98,362
Utilisation of provision during the financial year	(181,030)	(100,845)
<hr/>		
At 31 December	15,000	6,161
<hr/>		

- (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(l) to the financial statements.
- (i) The foreign currency exposure profile of payables are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
USD	73,480,951	58,523,972	63,216	17,579
<hr/>				

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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	
	2022 RM	2021 RM	2022 RM	2021 RM
Effects of 3% changes to RM against foreign currency				
Loss after tax				
- USD	(1,675,366)	(1,334,347)	(1,441)	(401)

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

Group	2022		2021	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Other payables (non-current)				
- at fixed rate	43,953,791	42,513,635	38,689,551	37,669,452

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	
	2022 RM	2021 RM	2022 RM	2021 RM
Current				
Trade facilities	102,864,200	133,303,417	9,884,312	17,226,827
Revolving credits	39,500,000	47,000,000	30,500,000	35,000,000
Term loans	9,543,371	18,686,914	5,421,650	-
Finance lease liabilities	39,135	37,466	39,135	37,466
Bank overdraft	-	494,171	-	-
	151,946,706	199,521,968	45,845,097	52,264,293
Non-current				
Term loans	47,439,438	44,850,082	47,439,438	-
Finance lease liabilities	127,399	166,534	127,399	166,534
	47,566,837	45,016,616	47,566,837	166,534

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

19. LOANS AND BORROWINGS (continued)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Total				
Trade facilities	102,864,200	133,303,417	9,884,312	17,226,827
Revolving credits	39,500,000	47,000,000	30,500,000	35,000,000
Term loans	56,982,809	63,536,996	52,861,088	–
Finance lease liabilities	166,534	204,000	166,534	204,000
Bank overdraft	–	494,171	–	–
	199,513,543	244,538,584	93,411,934	52,430,827

(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
Type 3	OCBC Bank’s cost of fund (“COF”) + 1.0%	August 2022	40 equal quarterly instalments after 3 months of drawdown

During the financial year, the Group has arranged for an early settlement for Type 2 term loan.

- (b) In the previous financial year, certain loans and borrowings amounting to RM12,000,000 were secured against legal charges over plant, machinery and equipment of a subsidiary (see Note 5(c)).
- (c) In the current financial year, term loans of the Group amounting to RM52,861,088 and RM4,121,721 are supported by corporate guarantees from the penultimate holding company and immediate holding company respectively. In the previous financial year, term loans of the Group amounting to RM63,536,996 were supported by corporate guarantees from the immediate holding company.
- (d) Trade facilities of the Group amounting to RM71,422,694 and RM12,169,635 (2021: RM87,875,339 and RM14,787,428) are supported by corporate guarantees from the immediate holding company and the Company respectively. The remaining trade facilities of RM19,271,871 (2021: RM30,640,650) are supported by joint corporate guarantee by the immediate holding company and the Company.

Trade facilities of the Company amounting to RM9,884,312 (2021: RM17,226,827) are supported by corporate guarantees from the immediate holding company.

- (e) Revolving credits of the Group amounting to RM30,500,000 and RM9,000,000 (2021: RM35,000,000 and RM12,000,000) are supported by corporate guarantees from the immediate holding company and joint corporate guarantees from the penultimate holding company and the Company.

Revolving credits of the Company amounting to RM30,500,000 (2021: RM35,000,000) are supported by corporate guarantees from the immediate holding company.

- (f) In previous financial year, the bank overdraft of the Group was supported by corporate guarantee from immediate holding company.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

19. LOANS AND BORROWINGS (continued)

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
- Fixed rates	166,534	204,000	166,534	204,000
- Floating rates	199,347,009	244,334,584	93,245,400	52,226,827
	199,513,543	244,538,584	93,411,934	52,430,827

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

	Group		Company	
	2022 %	2021 %	2022 %	2021 %
<u>Floating rates:</u>				
Term loans	7.80	4.86	6.13	-
Trade facilities	4.69	3.73	2.91	1.89
Revolving credits	4.50	3.36	4.50	3.32
Bank overdraft	-	7.64	-	-
<u>Fixed rates:</u>				
Finance lease liabilities	2.08	2.08	2.08	2.08

- (i) 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		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Effects of 50bp changes to loss after tax				
Floating rate instruments	(757,519)	(928,471)	(354,333)	(198,462)

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
USD	53,140,400	55,762,577	53,140,400	4,324,827

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

19. LOANS AND BORROWINGS (continued)

- (k) 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	
	2022 RM	2021 RM	2022 RM	2021 RM
Effects of 3% changes to RM against foreign currency				
Loss after tax				
- USD	(1,211,601)	(1,271,387)	(1,211,601)	(98,606)

- (l) 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	1 to 5 years	More than 5 years	Total
	RM	RM	RM	RM
At 31 December 2022				
Financial liabilities				
Trade and other payables, net of provisions	161,642,584	45,931,712	–	207,574,296
Loans and borrowings	155,557,747	31,315,680	29,766,841	216,640,268
Total undiscounted financial liabilities	317,200,331	77,247,392	29,766,841	424,214,564
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
Company				
At 31 December 2022				
Financial liabilities				
Trade and other payables, net of provisions	9,263,522	–	–	9,263,522
Loans and borrowings	49,062,176	31,304,186	29,847,539	110,213,901
Total undiscounted financial liabilities	58,325,698	31,304,186	29,847,539	119,477,423



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

19. LOANS AND BORROWINGS (continued)

- (l) 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 (continued):

Company	On demand or within 1 year RM	1 to 5 years RM	More than 5 years RM	Total RM
At 31 December 2021				
Financial liabilities				
Trade and other payables, net of provisions	9,370,720	–	–	9,370,720
Loans and borrowings	52,289,794	180,168	–	52,469,962
Total undiscounted financial liabilities	61,660,514	180,168	–	61,840,682

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 (2021: 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	
	2022	2021
	RM	RM
Retirement benefit obligations representing net liability	2,115,617	1,232,567
Analysed as:		
Not later than 1 year	918,846	–
Later than 1 year but not later than 2 years	–	–
Later than 2 years but not later than 5 years	161,846	282,338
Later than 5 years	1,034,925	950,229
	2,115,617	1,232,567
Analyses as:		
Current liabilities	918,846	–
Non-current liabilities	1,196,771	1,232,567
	2,115,617	1,232,567

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

20. RETIREMENT BENEFIT OBLIGATIONS (continued)

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	
	2022	2021
	RM	RM
At 1 January	1,232,567	1,132,253
Current service cost	978,508	57,639
Interest cost	46,332	42,675
Items recognised in profit or loss (Note 30)	1,024,840	100,314
Benefits paid by the Scheme	(141,790)	–
At 31 December	2,115,617	1,232,567

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

The principal actuarial assumptions used are as follows:

	Group and Company	
	2022	2021
	%	%
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	
	2022	2021
	RM	RM
A 1% increase/decrease in discount rate will decrease/increase the retirement benefit obligations by	88,313	91,629

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.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

21. DERIVATIVE FINANCIAL LIABILITIES

Group	Contract/Notional amount		Liabilities	
	2022 RM	2021 RM	2022 RM	2021 RM
Hedging derivative:				
Interest rate swap contract	-	51,437,750	-	1,355,953
Current			-	279,975
Non-current			-	1,075,978
			-	1,355,953

- (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.
- During the financial year, the Group has fully repaid the borrowing that would mature in March 2023. Consequently, the interest rate swap contract was terminated.
- (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 2022				
Hedging derivative:				
- Interest rate swap contract	-	-	-	-
At 31 December 2021				
Hedging derivative:				
- Interest rate swap contract	1,355,953	-	1,355,953	-

The fair value of the derivatives is determined by using mark-to-market values at the end of the reporting period 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(l) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

22. CONTRACT LIABILITIES

The contract liabilities primarily relate to the advance consideration received from customers. The contract liabilities are expected to be recognised as revenue in the next twelve (12) months.

23. REVENUE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<i>Revenue from contracts with customers</i>				
Sale of goods	765,806,143	678,221,118	94,833,398	87,070,979

(a) Sale 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 are no significant financing components in the revenue arising from sale of goods as the sales are made on normal credit terms not exceeding twelve (12) months.

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

24. OTHER OPERATING INCOME

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Gain on disposal of property, plant and equipment	57,506	–	19,959	3,837
Gain on termination of lease contracts	3,365	1,721	984	–
Gain on modifications/ reassessments of lease contracts	–	6,049	–	6,049
Insurance compensation	120,000	–	–	–
Income distribution from short-term fund	5,230	96,882	5,230	68,311
Rental income	59,480	308,213	57,750	306,638
Realised foreign exchange gain	–	–	–	603,621
Unrealised foreign exchange gain	–	–	52,629	–
Miscellaneous	220,705	46,002	274,084	32,934
	466,286	458,867	410,636	1,021,390

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



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

25. INTEREST INCOME

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Interest income from:				
- loan and advances to subsidiaries	-	-	2,053,965	1,036,630
- deposits with licensed banks	34,087	16,494	28,266	11,088
- others	79,878	8,034	-	-
	113,965	24,528	2,082,231	1,047,718

Interest income is recognised using the effective interest method.

26. FINANCE COSTS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Interest expense on:				
- term loans	6,016,189	5,912,281	1,058,158	-
- trade facilities	2,360,691	2,710,374	481,104	330,553
- revolving credits	1,678,413	999,858	1,217,234	999,858
- lease liabilities	252,069	255,871	22,781	18,824
- amount due to immediate holding company	-	96,410	-	33,817
- amounts due to related companies	1,915,403	1,031,851	-	-
- others	284,988	370,668	150,722	386,099
	12,507,753	11,377,313	2,929,999	1,769,151

27. LOSS BEFORE TAX

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Auditors' remuneration:				
- Audit fees				
- BDO PLT	130,000	123,700	104,000	98,500
- Affiliates of BDO PLT	160,235	122,695	-	-
- Other auditors	16,546	13,628	-	-
- Non-audit fees				
- BDO PLT	5,000	5,000	5,000	5,000
- Affiliate of BDO PLT	20,800	19,000	14,200	13,000

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

27. LOSS BEFORE TAX (continued)

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Fair value adjustment on non-current amount due from a subsidiary	-	-	-	126,064
Net foreign exchange loss/(gain):				
- realised	1,684,443	555,319	66,976	(603,621)
- unrealised	267,056	1,108,960	(52,629)	497,925
Net (gain)/loss on disposal of property, plant and equipment	(57,506)	268,562	(19,959)	(3,837)
Gain on modifications/ reassessments of lease contracts	-	(6,049)	-	(6,049)
Gain on termination of lease contracts	(3,365)	(1,721)	(984)	-
Rental of:				
- land and building	609,933	685,904	14,211	-
- motor vehicles	377,827	345,145	-	-
- forklift	38,210	457,199	38,210	19,200
Written off of property, plant and equipment	47,729	53,041	12,603	52,537

- (b) Net impairment losses on financial assets recognised in profit or loss were as follows:

		Group		Company	
Note	2022 RM	2021 RM	2022 RM	2021 RM	
Impairment losses on:					
- trade receivables	13(c)	360,883	361,032	119,539	-
- amounts due from subsidiaries	11(f)	-	-	748,578	6,248,713
		360,883	361,032	868,117	6,248,713
Reversal of impairment losses on trade receivables	13(c)	(10,793)	(25,557)	(2,100)	(4,139)
Net impairment losses on financial assets		350,090	335,475	866,017	6,244,574



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

28. TAX EXPENSE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Current income tax:				
- Malaysian income tax	493,001	244,688	493,001	244,688
- foreign income tax	2,495,627	1,735,018	-	-
- (over)/under provision in prior years	(8,912)	7,578	(11,122)	5,385
	2,979,716	1,987,284	481,879	250,073
Deferred tax:				
- relating to origination and reversal of temporary differences	173,303	(30,545)	205,000	-
	173,303	(30,545)	205,000	-
	3,153,019	1,956,739	686,879	250,073

- (a) Malaysian income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated taxable 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% (2021: 15% to 24%) corporate tax rates.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

28. TAX EXPENSE (continued)

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Loss before tax	(2,889,162)	(126,822,000)	(6,067,382)	(63,304,978)
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	(693,399)	(30,437,280)	(1,456,172)	(15,193,195)
Tax effects in respect of:				
- different tax rates in foreign jurisdiction	(413,769)	(823,765)	-	-
- non-allowable expenses	8,496,654	27,081,961	2,162,896	15,036,499
- non-taxable income	(864,129)	(894,894)	(20,928)	(27,837)
- deferred tax assets not recognised	-	6,526,571	(12,205)	429,221
- Utilisation of previously unrecognised deferred tax assets	(3,853,385)	-	-	-
	2,671,972	1,452,593	698,001	244,688
Withholding tax in foreign jurisdiction	489,959	496,568	-	-
(Over)/Under provision of tax expense in prior years	(8,912)	7,578	(11,122)	5,385
	3,153,019	1,956,739	686,879	250,073

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

	Before tax RM	Tax effect RM	After tax RM
Group			
<i>Item that may be reclassified to profit or loss in subsequent periods:</i>			
At 31 December 2022			
Foreign currency translations	(428,513)	-	(428,513)
Fair value gain on cash flow hedge	1,355,949	-	1,355,949
	927,436	-	927,436
At 31 December 2021			
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



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

29. LOSS PER SHARE

(a) Basic

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

	2022 RM	Group 2021 RM
Loss net of tax attributable to owners of the parent (RM)	(6,042,181)	(128,778,739)
Weighted average number of ordinary shares in issue	120,046,980	120,046,980
Basic loss per ordinary share (sen)	(5.03)	(107.27)

(b) Diluted

As at 31 December 2022 and 2021, the diluted loss per share was the same as the basic loss per share because the effect of the assumed conversion of warrants outstanding would be anti-dilutive and the Company has no other dilutive potential ordinary shares in issue as at the end of the reporting period.

30. EMPLOYEE BENEFITS

	2022 RM	Group 2021 RM	2022 RM	Company 2021 RM
Wages and salaries	76,363,791	72,896,465	14,103,055	14,350,695
Social security contributions	1,830,299	995,206	141,547	133,428
Statutory contributions	5,064,704	5,284,568	839,232	836,795
Increase in liability for retirement benefit obligations (Note 20)	1,024,840	100,314	1,024,840	100,314
Other benefits	1,987,503	2,059,289	928,163	857,990
	86,271,137	81,335,842	17,036,837	16,279,222

Included in employee benefits expense of the Group and of the Company are Executive Directors' remuneration amounting to RM1,699,337 (2021: RM1,878,916) and RM1,556,099 (2021: RM1,754,640) respectively, as further disclosed in Note 31(c) to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

31. RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

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	Related company
Kian Joo Canpack (Shah Alam) Sdn. Bhd.	Related company
Kian Joo Canpack Sdn. Bhd.	Related company
KJM Aluminium Can Sdn. Bhd.	Related company
Bintang Seribu Sdn. Bhd.	Related company
KJ Can (Selangor) Sdn. Bhd.	Related company
KJ Can (Johore) Sdn. Bhd.	Related company
Kian Joo Cans Distribution Sdn. Bhd.	Related company
Kian Joo Can (Vietnam) Co., Ltd.	Related company
Aik Joo Can Factory Sdn. Berhad	Related 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	
	2022 RM	2021 RM	2022 RM	2021 RM
Sale of finished goods to:				
- immediate holding company	(125,337)	(122,713)	(125,337)	(122,713)
- related companies	(7,149,066)	(5,660,490)	(6,601,450)	(4,915,754)
- subsidiary	-	-	(4,453,101)	(3,615,200)
Purchase of finished goods from a subsidiary	-	-	2,688,097	1,970,077
Rental income received from a related company	-	(231,660)	-	(231,660)
Rental paid/payable to a related company	3,173,771	2,959,476	-	-
Interest income received from subsidiaries	-	-	(2,053,965)	(1,036,630)
Interest paid to:				
- immediate holding company	-	96,410	-	33,817
- related companies	1,915,403	1,031,851	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

31. RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel

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

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Executive Directors' remuneration:				
Salaries	1,080,000	1,080,000	1,080,000	1,080,000
Fees	126,000	141,000	126,000	141,000
Bonuses	180,000	270,000	180,000	270,000
Other short-term employee benefits	18,000	93,000	18,000	93,000
Statutory contributions	152,099	170,640	152,099	170,640
	1,556,099	1,754,640	1,556,099	1,754,640
Non-executive Directors' remuneration:				
Fees	520,027	488,569	520,027	488,569
Other short-term employee benefits	61,500	274,500	61,500	274,500
	581,527	763,069	581,527	763,069
	2,137,626	2,517,709	2,137,626	2,517,709
Other Directors of the Group:				
Executive:				
Salaries	143,238	124,276	-	-
Non-executive:				
Fees	38,283	37,025	-	-
Total Directors' remuneration	2,319,147	2,679,010	2,137,626	2,517,709



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

31. RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel (continued)

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

	Number of Directors	
	2022	2021
Executive Directors:		
RM850,001 - RM900,000	-	2
RM600,001 - RM650,000	2	-
<hr/>		
Non-executive Directors:		
RM100,001 - RM150,000	7	6
RM0 - RM50,000	2	2
<hr/>		

32. CONTINGENT LIABILITIES

	Company	
	2022	2021
	RM	RM
Unsecured:		
Financial guarantees given to banks for credit facilities granted to subsidiaries	40,441,506	57,428,078
<hr/>		

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.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

33. CAPITAL COMMITMENTS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Approved and contracted for:				
- property, plant and equipment	352,168	567,067	59,068	367,067
- intangible assets	-	46,000	-	-
	352,168	613,067	59,068	367,067

34. 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 2022, 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 2022 and 31 December 2021 were as follows:

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Loans and borrowings	19	199,513,543	244,538,584	93,411,934	52,430,827
Lease liabilities	6.2	10,359,406	6,211,074	819,554	468,582
Less: Cash and bank balances	15	(42,362,861)	(22,191,050)	(3,380,898)	(4,582,039)
Net debt		167,510,088	228,558,608	90,850,590	48,317,370
Total equity		120,151,667	125,266,412	128,082,489	134,836,750
Net debt-to-equity ratio		1.39	1.82	0.71	0.36

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 2022.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

34. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors review and agree 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.

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 and other receivables while the primary exposure of the Company is through the amounts due from subsidiaries. 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 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 RM15,624,765 (2021: RM26,813,288) and RM9,787,552 (2021: RM16,035,151) respectively are secured by the credit insurance.

The credit risk concentration profile has been disclosed in Note 13 to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

34. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(ii) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. 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.

(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.

In the previous financial year, the Group also entered into interest rate swap contract to manage exposures to hedge the floating rate interest payable on certain borrowings.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

34. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(iii) Interest rate risk (continued)

The notional amount and maturity date of the interest rate swap contract outstanding as at 31 December 2021 were as follows:

	Contractual amount in Foreign Currency USD	Equivalent amount in Ringgit Malaysia RM	Expiry date
Group			
At 31 December 2021			
Hedging derivative			
Interest rate swap contract			
Type 3	12,350,000	51,437,750	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 11, 13, 15, 18 and 19 to the financial statements respectively.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

35. 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
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022

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 2023

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
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendment to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 16 <i>Lease liability in a sale and leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

36. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year presentation.

	Note	As previously reported RM	Reclassifications RM	As restated RM
Group				
Statement of financial position				
2021				
<u>Non-current assets</u>				
Property, plant and equipment	5	198,203,028	229,739	198,432,767
Right-of-use assets	6.1	45,241,225	(229,739)	45,011,486
<hr/>				
<u>Non-current liabilities</u>				
Loans and borrowings	19	44,850,082	166,534	45,016,616
Lease liabilities	6.2	1,777,278	(166,534)	1,610,744
<hr/>				
<u>Current liabilities</u>				
Loans and borrowings	19	199,484,502	37,466	199,521,968
Lease liabilities	6.2	4,637,796	(37,466)	4,600,330
<hr/>				
Company				
Statement of financial position				
2021				
<u>Non-current assets</u>				
Property, plant and equipment	5	23,545,941	229,739	23,775,680
Right-of-use assets	6.1	17,625,887	(229,739)	17,396,148
<hr/>				
<u>Non-current liabilities</u>				
Loans and borrowings	19	–	166,534	166,534
Lease liabilities	6.2	305,696	(166,534)	139,162
<hr/>				
<u>Current liabilities</u>				
Loans and borrowings	19	52,226,827	37,466	52,264,293
Lease liabilities	6.2	366,886	(37,466)	329,420
<hr/>				



LIST OF PROPERTIES

AS AT 31 DECEMBER 2022

Location	Description	Year of Last Revaluation/ Acquisition	Land Area (square metres)	Tenure	Expiry Date of Lease	Age of Buildings (Years)	2022 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	30	21,204
Lot 7 Jalan Perusahaan 2 Batu Caves Selangor Darul Ehsan Malaysia	Land & Building	1993	12,840	Leasehold	05.09.2074	38	5,150
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	19	15,689
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	7	24,768
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	10	21,267
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	4	24,043



ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2023

Total number of issued shares	:	120,046,980
Class of share	:	Ordinary share
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	2.35	612	*
100 to 1,000 shares	108	9.06	69,699	0.06
1,001 to 10,000 shares	849	71.22	3,085,148	2.57
10,001 to 100,000 shares	148	12.42	3,870,400	3.22
100,001 to 6,002,348 shares	58	4.87	47,005,000	39.16
6,002,349 shares and above	1	0.08	66,016,121	54.99
Total	1,192	100.00	120,046,980	100.00

Note: * Negligible

SUBSTANTIAL SHAREHOLDERS

(According to the Register of Substantial Shareholders)

No.	Name	← Direct →		← Indirect →		← Total →	
		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 2023

DIRECTORS' SHAREHOLDINGS

(According to the Register of Directors' Shareholdings)

No.	Name	← Direct →		← Indirect →		← Total →	
		No. of shares held	%	No. of shares held	%	No. of shares held	%
1.	Datuk Dr. Roslan Bin A. Ghaffar	-	-	-	-	-	-
2.	Yeoh Jin Hoe	-	-	66,016,121 ^(a)	54.99 ^(a)	66,016,121	54.99
3.	Chee Khay Leong	-	-	-	-	-	-
4.	Tan Kim Seng	24,000	0.02	405,000 ^(b)	0.34 ^(b)	429,000	0.36
5.	Tuan Ngah @ Syed Ahmad Bin Tuan Baru	-	-	-	-	-	-
6.	Keith Christopher Yeoh Min Kit	-	-	-	-	-	-
7.	Foo Kee Fatt	-	-	-	-	-	-
8.	Sharifah Nadia Aljafri	-	-	-	-	-	-

Notes:

^(a) Deemed interest through KJCFB, an indirect wholly-owned subsidiary company of Can-One Berhad.

^(b) Deemed interest through his spouse.

The rest of this page is intentionally left blank



ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2023

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.	Kenanga Nominees (Tempatan) Sdn. Bhd. - <i>Rakuten Trade Sdn. Bhd. for Pui Cheng Wui</i>	5,600,000	4.66
4.	Y.A.M. Tunku Nadzaruddin Ibni Tuanku Ja'afar @ Tunku Nadzaruddin	4,659,000	3.88
5.	Teo Kwee Hock	4,601,600	3.83
6.	HSBC Nominees (Asing) Sdn. Bhd. - <i>Exempt An for Credit Suisse (SG BR-TST-Asing)</i>	4,371,800	3.64
7.	UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. - <i>Pledged Securities Account for Teo Siew Lai</i>	2,957,300	2.46
8.	Pui Boon Hean	1,888,700	1.57
9.	Kenanga Nominees (Tempatan) Sdn. Bhd. - <i>Pledged Securities Account for Y.A.M. Tunku Naquiyuddin Ibni Tuanku Jaafar</i>	1,490,400	1.24
10.	Wong Yoke Fong @ Wong Nyok Fing	1,355,400	1.13
11.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. - <i>Y.A.M. Tunku Nadzaruddin Ibni Tuanku Ja'afar @ Tunku Nadzaruddin Raden (Account 1)</i>	1,057,700	0.88
12.	Kenanga Nominees (Tempatan) Sdn. Bhd. - <i>Pledged Securities Account for Lim Kuan Gin</i>	1,052,600	0.88
13.	Leong Kok Khoon	915,800	0.76
14.	Pui Boon Keng	693,900	0.58
15.	Lim Gaik Bway @ Lim Chiew Ah	653,000	0.54
16.	Wong Yoke Fong @ Wong Nyok Fing	593,600	0.49
17.	Lee Chee Beng	541,000	0.45
18.	Ng Boo Kean @ Ng Beh Kian	430,000	0.36
19.	Lim Siew Jong	405,000	0.34
20.	Geo-Mobile Asia Sdn. Bhd.	400,000	0.33
21.	Pui Cheng Wui	385,200	0.32
22.	Teo Ah Seng	330,000	0.27
23.	Amsec Nominees (Tempatan) Sdn. Bhd. - <i>Pledged Securities Account for Tan Siow Heng</i>	328,000	0.27
24.	UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. - <i>Pledged Securities Account for Lim Ching Neoh</i>	327,200	0.27
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. - <i>Pledged Securities Account for Wong Yoke Fong @ Wong Nyok Fing (M)</i>	277,500	0.23
28.	Eu Mui @ Ee Soo Mei	262,000	0.22
29.	Lim Kuan Seng	250,000	0.21
30.	RHB Nominees (Tempatan) Sdn. Bhd. - <i>Ng Joo How</i>	250,000	0.21
Total		108,649,921	90.47



NOTICE OF FORTY-NINTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-Ninth Annual General Meeting (“AGM”) of Box-Pak (Malaysia) Bhd. (“the Company”) will be conducted virtually 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, 27 June 2023 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 2022 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 RM646,100 payable to the Directors of the Company and its subsidiaries in respect of the financial year ended 31 December 2022. **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 2023. **Resolution 2**
4. To re-elect Director, Chee Khay Leong who retires pursuant to Clause 82 of the Company’s Constitution. **Resolution 3**
5. To re-elect Director, Keith Christopher Yeoh Min Kit who retires pursuant to Clause 82 of the Company’s Constitution. **Resolution 4**
6. To re-elect Director, Foo Kee Fatt who retires pursuant to Clause 86 of the Company’s Constitution. **Resolution 5**
7. To re-appoint BDO PLT, Chartered Accountants as Auditors of the Company to hold office until the conclusion of the next AGM of the Company and to authorise the Directors to fix the remuneration of the Auditors. **Resolution 6**

AS SPECIAL BUSINESS

8. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

Proposed authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016 **Resolution 7**

“THAT subject to the Companies Act, 2016, the Constitution of the Company and the approvals of the relevant governmental and/or regulatory authorities, if applicable, the Board of Directors of the Company (“Board”) be and is hereby empowered pursuant to Sections 75 and 76 of the Companies Act, 2016, to allot and issue shares in the Company at any time at such issue price which is at a not more than a ten per centum (10%) discount to the 5-day volume weighted average market price of the shares of the Company immediately before the relevant price fixing date to such Qualified Placee(s) as the Board may in its absolute discretion deem fit or appropriate, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares in the Company for the time being (excluding treasury shares), and upon such other additional terms and conditions (if any) to be determined by the Board. For the purposes of this resolution, “Qualified Placee(s)” shall refer to persons who are not (in accordance with Paragraph 6.04(c) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad) (a) a director, major shareholder or chief executive of the Company or a holding company of the Company (if applicable), or person(s) connected with such director, major shareholder or chief executive; or (b) nominee corporations, unless the names of the ultimate beneficiaries are disclosed. Qualified Placees shall also be person(s) or party(ies) who/which qualify under Schedules 6 and 7 of the Capital Markets and Services Act, 2007;



NOTICE OF FORTY-NINTH ANNUAL GENERAL MEETING

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 in connection with the above, pursuant to Section 85 of the Companies Act, 2016 to be read together with Clause 50(1) of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company;

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."

9. 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 8

"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(a) of the Company's Circular to Shareholders dated 27 April 2023 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) 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



NOTICE OF FORTY-NINTH ANNUAL GENERAL MEETING

- (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.”

10. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

Proposed new mandate for the Company and its subsidiaries to enter into additional recurrent related party transactions of a revenue or trading nature

Resolution 9

“THAT subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and its subsidiaries to enter into additional recurrent related party transactions of a revenue or trading nature as set out in Section 2.4(b) of the Company’s Circular to Shareholders dated 27 April 2023 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) 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 a 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 Board of 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.”

11. 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.



NOTICE OF FORTY-NINTH ANNUAL GENERAL MEETING

By Order of the Board of Directors

Lydia Tong Yiu Shyian-Shyian
SSM PC No. 202208000755
(BC/L/1922)

Kwong Shuk Fong
SSM PC No. 202008002178
(MAICSA 7032330)
Company Secretaries

Batu Caves
Selangor Darul Ehsan
Malaysia
27 April 2023

Notes:

(A) GENERAL MEETING RECORD OF DEPOSITORS

Only a depositor whose name appears on the General Meeting Record of Depositors as at 19 June 2023 shall be entitled to participate at the Forty-Ninth 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-Ninth AGM of the Company is strictly a Broadcast Venue as the conduct of the Forty-Ninth AGM of the Company will be conducted virtually 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-Ninth AGM of the Company in person at the Broadcast Venue on the day of the Meeting.

Members are to attend, ask questions to the Board of Directors ("Board") via real time submission of typed texts and vote remotely (collectively, "participate") at the Forty-Ninth AGM of the Company via the Remote Participation and Electronic Voting ("RPEV") facilities provided by KPMG Management & Risk Consulting Sdn. Bhd. ("KPMG MRC") via its ConveneAGM Meeting Platform at <https://conveneagm.my/boxpakagm2023>. Please follow the Procedures for RPEV facilities in the Administrative Details for the Forty-Ninth AGM.

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



NOTICE OF FORTY-NINTH ANNUAL GENERAL MEETING

- (v) *The appointment of a proxy may be made in hard copy form or by electronic form and must be deposited with/received by KPMG MRC, not less than 48 hours before the time appointed for holding the Forty-Ninth 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 the office of our Administration and Polling Agent, KPMG MRC at Concourse, KPMG Tower, No. 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia.*
- (vii) *In the case of appointment by electronic form, the Proxy Form must be electronically lodged with KPMG MRC via its ConveneAGM Meeting Platform at <https://conveneagm.my/boxpakagm2023> or via email to support_conveneagm@kpmg.com.my. Please refer to the Administrative Details for the Forty-Ninth AGM on the procedures for electronic lodgement of Proxy Form via ConveneAGM Meeting Platform.*

(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, ask questions and vote at the forthcoming Forty-Ninth 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-Ninth 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-Ninth 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, 5 AND 6 OF THE AGENDA

The profiles of the retiring Directors are set out in the Profile of Directors on pages 14 and 15 of the Company’s Annual Report 2022. For the purpose of determining the eligibility of Directors, Chee Khay Leong and Keith Christopher Yeoh Min Kit, who are standing for re-election at the Forty-Ninth AGM, the Board through its Nomination Committee (“NC”) had assessed them using the Directors’ Evaluation Form, in order to assess their caliber and ability to understand the requirements, risk and management of the Group’s business; their contribution and performance; their character, integrity and professional conduct in dealing with conflict of interest situations; their ability to critically challenge and ask the right questions; their commitment and due diligence, their confidence to stand up for a point of view; their interaction at meetings and their training records for the financial year ended 31 December 2022. Based on the evaluation results, the aforesaid retiring Directors, Chee Khay Leong and Keith Christopher Yeoh Min Kit met the performance criteria required of an effective member of the Board.



NOTICE OF FORTY-NINTH ANNUAL GENERAL MEETING

The recommendation for the re-election of Foo Kee Fatt is based on the prior assessments of the NC and the Board before his appointment as Director. During the Directors' selection process, his attributes in competency, time commitment and potential contribution was assessed.

The Board based on the recommendation of the NC, endorsed that the Directors named under Resolutions 3, 4 and 5 who are retiring in accordance with the Company's Constitution are eligible to stand for re-election.

(G) EXPLANATORY NOTES ON SPECIAL BUSINESS

Ordinary Resolution 7 - Proposed authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016

Ordinary Resolution 7 proposed, if passed, will give a mandate to the Board, from the date of the forthcoming Forty-Ninth AGM of the Company, to allot and issue ordinary shares of the Company at any time at such issue price which is at a not more than a 10% discount to the 5-day volume weighted average market price of the shares of the Company immediately before the relevant price fixing date, to such Qualified Placee(s) as the Board may in its absolute discretion, consider to be in the interest of the Company and upon such other additional terms and conditions (if any) to be determined by the Board, without having to convene a general meeting provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares in the Company for the time being ("Mandate"). The Mandate from the shareholders will be effective immediately upon passing of the Ordinary Resolution and shall continue to be in force until:

- (i) the conclusion of the next AGM of the Company; or
- (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

The Mandate will provide flexibility to the Company to raise more capital expeditiously and efficiently during this challenging time, to meet its funding requirements including but not limited to working capital, operational expenditures, future investment(s), and/or acquisition(s).

The Board, having considered the current and prospective financial position, needs and capacity of the Group, is of the opinion that the Mandate is in the best interests of the Company and its shareholders.

As at the date of this Notice, no new ordinary shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM of the Company held on 28 June 2022. Hence, no proceeds were raised.

The waiver of the statutory pre-emptive rights pursuant to Section 85 of the Companies Act, 2016 read together with Clause 50(1) of the Constitution of the Company will allow the Directors to issue and allot new shares in the Company which rank *pari passu* in all respects with the existing shares, to any person without having to first offer the new shares to all existing shareholders prior to the issuance of new shares pursuant to the Mandate.

Ordinary Resolution 8 - 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 8 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(a) of the Circular to Shareholders dated 27 April 2023.

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 27 April 2023 which is made available together with the Company's Annual Report 2022 at <http://www.boxpak.com.my/2023AGM>.

Ordinary Resolutions 9 - Proposed new mandate for the Company and its subsidiaries to enter into additional recurrent related party transactions of a revenue or trading nature ("RRPTs")

The Ordinary Resolution 9 proposed, if passed, will give mandate to the Company and its subsidiary companies to enter into additional RRPTs with Can-One Berhad and/or its subsidiary companies, as set out in Section 2.4(b) of the Circular to Shareholders dated 27 April 2023.

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 27 April 2023 which is made available together with the Company's Annual Report 2022 at <http://www.boxpak.com.my/2023AGM>.



ADMINISTRATIVE DETAILS FOR THE FORTY-NINTH ANNUAL GENERAL MEETING (“AGM”)

Date of AGM	:	Tuesday, 27 June 2023
Time of AGM	:	10.00 a.m.
Broadcast Venue	:	Conference Room Lot 6, Jalan Perusahaan Satu 68100 Batu Caves Selangor Darul Ehsan Malaysia
Meeting Platform	:	Convene AGM at https://conveneagm.my/boxpakagm2023

MODE OF COMMUNICATION

Pose questions to the Board via real time submission of typed texts at ConveneAGM Meeting Platform at <https://conveneagm.my/boxpakagm2023> during live streaming of the Forty-Ninth AGM.

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

ENTITLEMENT TO PARTICIPATE AND VOTE

Only shareholders whose names appear on the Record of Depositors as at **19 June 2023** shall be eligible to attend, ask question (in the form of real time submission of typed texts) and vote remotely (collectively, “participate”) at the Forty-Ninth AGM or appoint a proxy(ies) and/or the Chairman of the meeting to attend and vote on his/her behalf.

REMOTE PARTICIPATION AND ELECTRONIC VOTING (“RPEV”) FACILITIES

The RPEV facilities is provided by KPMG Management & Risk Consulting Sdn. Bhd. (“KPMG MRC”) via its ConveneAGM Meeting Platform at <https://conveneagm.my/boxpakagm2023>. Shareholders (individual/corporate/ authorised nominees/exempt authorised nominees) are to participate remotely at the Forty-Ninth AGM using RPEV facilities from ConveneAGM Meeting Platform.

Kindly refer to Procedures for RPEV facilities as set out below for the requirements and procedure.

PROCEDURES FOR RPEV FACILITIES

Shareholders who wish to participate at the Forty-Ninth AGM are required to register at ConveneAGM Meeting Platform at <https://conveneagm.my/boxpakagm2023> from **Thursday, 27 April 2023** until the day of the Forty-Ninth AGM on **Tuesday, 27 June 2023**. Shareholders are encouraged to register at least 48 hours before the commencement of the Forty-Ninth AGM to allow the Company to verify the shareholder status and to avoid any delay in registration.

Kindly read and follow the procedure below for registration at ConveneAGM Meeting Platform. Alternatively, you may refer to the AGM User Guide at <https://cdn.azeusconvene.com/wp-content/uploads/brochures/Getting-Started-with-ConveneAGM.pdf>:



ADMINISTRATIVE DETAILS FOR THE FORTY-NINTH ANNUAL GENERAL MEETING (“AGM”)

BEFORE THE DAY OF THE FORTY-NINTH AGM	
Procedures	Action
(a) Registration for Shareholders and/or Corporate Representatives	<ul style="list-style-type: none"> • Go to https://conveneagm.my/boxpakagm2023. • Select “Register Now” and choose “Register as Shareholder”. • Fill out the form with the required information and click to “Submit Registration”. • A confirmation will be displayed after a successful registration. • Check your registered email. • Open the email from AGM@Convene (agmaccounts@conveneagm.com). • Select “Verify Your Email”. • After the email verification, you will be redirected to create your own personalised password. • Upon system verification against the Record of Depositors as at 19 June 2023, you will receive email from AGM@Convene indicating that your registration is approved or rejected. <p><i>Please note that the corporate shareholders who require their corporate representative to participate and vote at the Forty-Ninth AGM must deposit their certificate of appointment of corporate representative to KPMG MRC not later than Sunday, 25 June 2023 at 10.00 a.m.</i></p>
(b) Registration for Proxyholders	<ul style="list-style-type: none"> • As Proxy, you will receive email from AGM@Convene (agmaccounts@conveneagm.com) with your proxy code once you are appointed by your shareholder. • Click on the link in the email or go to https://conveneagm.my/boxpakagm2023. • Select “Register Now” and choose “Register as Proxyholder”. • Fill out the form with the required information and click to “Submit Registration”. • A confirmation will be displayed after a successful registration. • Check your registered email. • Open the email from AGM@Convene (agmaccounts@conveneagm.com). • Select “Verify Your Email”. • After the email verification, you will be redirected to create your own personalised password. <p><i>Please note that in the event the shareholder who appointed you cannot be authenticated against the Record of Depositors as at 19 June 2023, your registration will not be valid.</i></p>
ON THE DAY OF THE FORTY-NINTH AGM	
Participation by Shareholders, Proxies and/or Corporate Representatives during AGM	<ul style="list-style-type: none"> • Login to https://conveneagm.my/boxpakagm2023 • Click to start live webcast. • Proceed to ask question and/or vote when permissible.



ADMINISTRATIVE DETAILS FOR THE FORTY-NINTH ANNUAL GENERAL MEETING (“AGM”)

APPOINTMENT OF PROXY

If you are unable to participate at the Forty-Ninth AGM, you are encouraged to appoint a proxy or the Chairman of the meeting as your proxy and indicate the voting instruction in the Proxy Form.

If you wish to participate in the Forty-Ninth AGM yourself, please do not submit any Proxy Form for the Forty-Ninth AGM. You will not be allowed to participate in the Forty-Ninth 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-Ninth AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than **Sunday, 25 June 2023 at 10.00 a.m.:**

(i) In hard copy:

Must be deposited at the office of our Administration and Polling Agent, KPMG MRC at Concourse, KPMG Tower, No. 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

(ii) By electronic means:

The proxy form can also be lodged electronically through ConveneAGM Meeting Platform at <https://conveneagm.my/boxpakagm2023> or email to support_conveneagm@kpmg.com.my. The steps to submit via ConveneAGM Meeting Platform are summarised below:

- Go to <https://conveneagm.my/boxpakagm2023>.
- Select “**Register Now**” and choose “**Register as Shareholder**”.
- Fill out the form with the required information and select “**Submit Registration**”.
- A confirmation will be displayed after a successful registration.
- Check your registered email.
- Open the email from AGM@Convene (agmaccounts@conveneagm.com).
- Select “**Verify Your Email**”.
- After the email verification, you will be redirected to create your own personalised password.
- Sign in to <https://conveneagm.my/boxpakagm2023>.
- Select “**Fill Out Proxy Form**”.

If you have submitted your Proxy Form prior to the meeting, and subsequently decide to participate at the Forty-Ninth AGM yourself, please write in to support_conveneagm@kpmg.com.my to revoke the appointment of your proxy(ies) at least 48 hours before the Forty-Ninth AGM.

Alternatively, you may register for RPEV facilities or appoint another proxy. In such an event, your earlier appointment of proxy shall be revoked. Please advise your proxy accordingly. Follow the steps listed in Procedures for RPEV facilities to register and/or withdraw Proxy Form.

VOTING PROCEDURE

The voting procedure will be conducted by poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed KPMG MRC as Poll Administrator to conduct the poll by way of electronic voting (“e-voting”) and Independent Scrutineer to verify and validate the poll results.

During the Forty-Ninth AGM, the Chairman of the meeting will invite the Poll Administrator to brief on the e-voting housekeeping rules. The e-voting session will commence as soon as the Chairman calls for the poll to be opened and until such time when the Chairman announces the closure of the poll.



ADMINISTRATIVE DETAILS FOR THE FORTY-NINTH ANNUAL GENERAL MEETING (“AGM”)

For the purposes of the virtual AGM, e-voting will be carried out via personal smart mobile phones, tablets or personal computers/laptops.

Upon the conclusion of the e-voting session, the Independent Scrutineer will verify the poll results followed by the declaration by the Chairman of the meeting whether the resolutions put to vote were successfully carried or not.

NO DOOR GIFT/E-VOUCHER/FOOD VOUCHER

There will be no door gift/e-voucher/food voucher for participating at the Forty-Ninth AGM since the meeting is being conducted on a virtual basis.

Box-Pak (Malaysia) Bhd. would like to thank all its shareholders for their kind co-operation and understanding in these challenging times.

RECORDING OR PHOTOGRAPHY AT THE AGM

Strictly no recording or photography of the Forty-Ninth AGM proceedings is allowed.

PRE-MEETING SUBMISSION OF QUESTIONS TO THE BOARD OF DIRECTORS

The shareholders may submit questions to the Company in advance via ConveneAGM Meeting Platform at <https://conveneagm.my/boxpakagm2023> prior to the AGM no later than **10.00 a.m. on Sunday, 25 June 2023**. The Chairman and the Board of Directors will endeavour their best to respond to the questions submitted by the shareholders which are related to the resolutions to be tabled at the Forty-Ninth AGM.

ENQUIRIES

Should you require any assistance on the RPEV facilities, kindly contact KPMG MRC, details as follows:

- (a) For matters relating to proxy processing and eligibility to participate at the Forty-Ninth AGM during office hours on Mondays to Fridays (except on public holidays) from 8.30 a.m. to 5.30 p.m.

Email : support_conveneAGM@kpmg.com.my
Telephone No. : 603-7721 3109/ 7329/ 7954/ 7780

- (b) For ConveneAGM Meeting Platform Technical Support (available 24/7)

Toll Free No : 1 800 817 240
Email : support@conveneagm.com
Live Chat : Click on the chat icon at the bottom right side of <https://conveneagm.my/boxpakagm2023>

This page is intentionally left blank

**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

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-Ninth Annual General Meeting ("AGM") of the Company to be conducted virtually 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, 27 June 2023 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 RM646,100 payable to the Directors of the Company and its subsidiaries in respect of the financial year ended 31 December 2022.		
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 2023.		
3	To re-elect Chee Khay Leong as Director.		
4	To re-elect Keith Christopher Yeoh Min Kit as Director.		
5	To re-elect Foo Kee Fatt as Director.		
6	To re-appoint BDO PLT, Chartered Accountants, as Auditors of the Company to hold office until the conclusion of the next AGM of the Company and to authorise the Directors to fix the remuneration of the Auditors.		
	Special Business		
7	Proposed authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016.		
8	Proposed renewal of mandate for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature.		
9	Proposed new mandate for the Company and its subsidiaries to enter into additional 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, 2023.

*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 19 June 2023 shall be entitled to participate at the Forty-Ninth AGM of the Company or appoint proxy(ies) to participate and vote in his/her stead.
- (ii) The venue of the Forty-Ninth AGM of the Company is strictly a Broadcast Venue as the conduct of the Forty-Ninth AGM of the Company will be conducted virtually 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-Ninth AGM of the Company in person at the Broadcast Venue on the day of the Meeting.
- (iv) Members are to attend, ask questions to the Board of Directors via real time submission of typed texts and vote remotely (collectively, "participate") at the Forty-Ninth AGM of the Company via the Remote Participation and Electronic Voting ("RPEV") facilities provided by KPMG Management & Risk Consulting Sdn. Bhd. ("KPMG MRC") via its ConveneAGM Meeting Platform at <https://conveneagm.my/boxpakagm2023>. Please follow the Procedures for RPEV facilities in the Administrative Details for the Forty-Ninth AGM.



- (v) A member of the Company entitled to participate at the Forty-Ninth 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-Ninth 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 KPMG MRC, not less than 48 hours before the time appointed for holding the Forty-Ninth 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 at the office of our Administration and Polling Agent, KPMG MRC at Concourse, KPMG Tower, No. 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
- (x) In the case of appointment by electronic form, the Proxy Form must be electronically lodged with KPMG MRC via its ConveneAGM Meeting Platform at <https://conveneagm.my/boxpakagm2023> or via email to support_conveneagm@kpmg.com.my. Please refer to the Administrative Details for the Forty-Ninth AGM on the procedures for electronic lodgement of Proxy Form via ConveneAGM Meeting Platform.
- (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 participate at the forthcoming Forty-Ninth 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-Ninth AGM of the Company dated 27 April 2023.

1st Fold Here

AFFIX
STAMP

The Administration and Polling Agent
KPMG MANAGEMENT & RISK CONSULTING SDN. BHD.
[Registration No. 198601000916 (150059-H)]
Concourse, KPMG Tower
No. 8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Malaysia

2nd Fold Here

Fold This Flap For Sealing

BOX-PAK (MALAYSIA) BHD.

[Registration No. 197401004216 (21338-W)]

Lot 4, Jalan Perusahaan Dua
68100 Batu Caves
Selangor Darul Ehsan, Malaysia

Tel +603 6189 6688

Fax +603 6189 2515

www.boxpak.com.my