

LAPORAN TAHUNAN

1997

ANNUAL REPORT



THE PACKAGING TO SERVE YOU BETTER

BOX-PAK (MALAYSIA) BERHAD (21338-W)

(Incorporated in Malaysia)

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Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of **Box-Pak (Malaysia) Berhad** will be held at the conference room, Lot 7, Jalan Perusahaan Dua, 68100 Batu Caves, Selangor, on Tuesday, 16 June 1998 at 11.00 a.m. for the following purposes:-

1. To receive and adopt the accounts for the financial year ended 31 December 1997 together with the Directors' and Auditors' Reports thereon. (Resolution 1)
2. To approve the payment of a first and final dividend of 10%, less 28% tax, in respect of year ended 31 December 1997. (Resolution 2)
3. To re-elect the following Directors retiring under the provision of the Articles of Association of the Company:-

See Teow Koon (Resolution 3)

Tan Kim Seng (Resolution 4)
4. To approve the payment of Directors' fees of RM95,000.00 for the year ended 31 December 1997 (1996: RM95,000.00). (Resolution 5)
5. To re-appoint Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 6)
6. To transact any other ordinary business.

By order of the Board

Chia Kwok Why
Secretary

Batu Caves, Selangor
29 May 1998

Notes:

1. *A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company.*
2. *If the member is a corporation this Proxy Form must be executed under its common seal or under the hand of an officer or attorney duly authorised in writing.*
3. *All Proxy Forms should be deposited at the Registered Office, Lot 10, Jalan Perusahaan Satu, 68100 Batu Caves, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time fixed for holding the meeting.*



DIRECTORS

- Y.A.M. Tunku Nadzaruddin Ibni DYMM Tuanku Ja'afar *(Chairman)*
- Dato' Anthony See Teow Guan *(Managing Director)*
- Tan Kim Seng *(General Manager)*
- See Teow Chuan
- See Teow Koon
- See Tiau Kee
- See Leong Chye @ Sze Leong Chai
- Peter Daniel Tan

AUDIT COMMITTEE

- Tan Kim Seng *(General Manager)*
- See Leong Chye @ Sze Leong Chai *(Non-executive director)*
- Peter Daniel Tan *(Non-executive director)*

SECRETARY

Chia Kwok Why

BANKERS

Hongkong Bank Malaysia Berhad
Bank of Commerce (M) Berhad
Public Bank Berhad
OCBC Malaysia Berhad

REGISTERED OFFICE

Lot 10, Jalan Perusahaan Satu
68100 Batu Caves
Selangor Darul Ehsan
Tel : 03-6896322
Fax : 03-6892515

AUDITORS

Ernst & Young
Public Accountants

REGISTRARS

Kian Joo Services Sdn. Bhd.
Lot 10, Jalan Perusahaan Satu
68100 Batu Caves
Selangor Darul Ehsan
Tel : 03-6896322
Fax : 03-6898185

SOLICITORS

Shearn Delamore & Co.
16th Floor, Wisma Hamzah-Kwong Hing
1, Leboh Ampang
50100 Kuala Lumpur



References Of The Audit Committee

The Audit Committee shall be governed by the following terms of reference.

Composition Of Audit Committee

The Committee shall be appointed by the Board from its members and shall consist of not less than 3 members of whom a majority shall not :

- a) be executive directors of the company or any related corporation;
- b) comprise a spouse, parent, brother, sister, son or adopted son, daughter or adopted daughter of an executive director of the company or of any related corporation; or
- c) comprise persons having a relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the functions of the Committee.

The Committee shall elect a chairperson from among its members who is not an executive director or employee of the company or any related corporation.

In the event that a member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below 3, the Board of Directors shall, within 3 months of that event, appoint such number of new members as may be required to make up the minimum number of 3 members.

Terms Of Membership

Members of the Committee shall be appointed for an initial term of 3 years after which they will be eligible for reappointment.

Meetings

The Committee shall meet at least three times a year. In addition, the chairperson shall convene a meeting of the Committee if requested to do so by any member, the management or the internal or external auditors to consider any matters within the scope and responsibilities of the Committee.

The minutes of the meetings of the Audit Committee shall be tabled at Board Meetings to inform the Board of the activities of the Audit Committee.

Attendance At Meetings

The group financial controller, the head of internal audit, and a representative of the external auditors shall normally attend meetings. However, the Committee may invite any person to be in attendance to assist in its deliberations.

Secretary To Audit Committee

Any one of the company secretaries shall be the secretary of the Committee and shall be responsible for drawing up the agenda in consultation with the chairperson. The agenda together with relevant explanatory papers and documents shall be circulated to committee members prior to each meeting. The secretary shall be responsible for keeping the minutes of the meeting of the Committee, circulating them to committee members and for ensuring compliance with KLSE requirements.

Quorum

A quorum shall consist of a majority of committee members who are non-executive directors.



References Of The Audit Committee(cont'd)

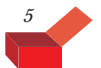
Authority

The committee is authorized by the Board to investigate any activity within its terms of reference. It has free access to all information and documents it requires for the purpose of discharging its functions and responsibilities. The audit committee is also authorized to obtain outside legal or other independent professional advice as it considers necessary.

Duties and Responsibilities

The duties and responsibilities of the committee shall be:

- to review the company's half-yearly and annual financial statements before submission to the Board. The review shall focus on:
 - any changes in accounting policies and practices
 - major judgmental areas
 - significant audit adjustments from the external auditors
 - the going-concern assumption
 - compliance with accounting standards
 - compliance with stock exchange and legal requirements.
- to review with the external auditors their plan, scope and nature of audit for the company.
- to assess the adequacy and effectiveness of the systems of internal control and accounting control procedures of the company by reviewing the external auditors' management letters and management response.
- to hear from the external auditors problems and reservations arising from their interim and final audits.
- to review the internal audit plan, consider the major findings of internal audit, fraud investigations and actions and steps taken by management in response to audit findings.
- to review any related party transactions that may arise within the company.
- to consider the appointment of the external auditors, the terms of reference of their appointment, and any question of resignation or dismissal.
- to undertake such other responsibilities as may be agreed to by the Committee and the Board.
- to report to the Board its activities, significant results and findings.



Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Accounts of Box-Pak (Malaysia) Berhad for the year ended 31st December 1997.

The Company achieved a pre-tax profit of RM11.633 million compared with RM12.353 million in the previous year, a decrease of 6%. The turnover was RM51.535 million, down 12% from the previous year of RM58.386 million. After deducting taxation of RM3.420 million, the Company's after tax profit attributable to shareholders is RM8.213 million, a decrease of 8% from previous year.

The net earnings per share for the year is 20.5 cents (29.8 cents in 1996).



COMPANY HIGHLIGHTS

The Company purchased another new complete line of high quality flexo printing rotary die-cutting machine from France in 1997 to enhance its production facilities. This is to produce high quality printed boxes that meet customers' needs. An automatic prefeeding and stacking system was also installed to reduce manpower needs and to improve efficiency.

DIVIDEND

Your Directors have decided to recommend a first and final dividend of 10% less tax at 28% and is proposed to be paid on 22nd June 1998 (1996-7% tax exempt).

Total annual dividend for 1997 is RM2,880,000 million (1996 – RM2,800,000).

YEAR 2000 COMPLIANT

The Company is in the process of reviewing all its computer system, both hardware and software to be year 2000 compliant.

CURRENT YEAR PROSPECT

Due to the currency crisis and higher cost of raw materials, the Company had suffered slightly especially during the second half of 1997. Despite this and the decrease in turnover by 12%, the Company was able to achieve a profit before tax of RM11.633 million down only 6%.

However, owing to the recent economy downturn and currency turmoil the Directors expect the 1998 performance to be affected accordingly.

Last but not least, I would like to thank our customers, suppliers and staff and employees for their understanding and support, and look forward to sail through these difficult times together.

**Y.A.M TUNKU NADZARUDDIN IBNI DYMM TUANKU JA'AFAR
CHAIRMAN**

30 March 1998





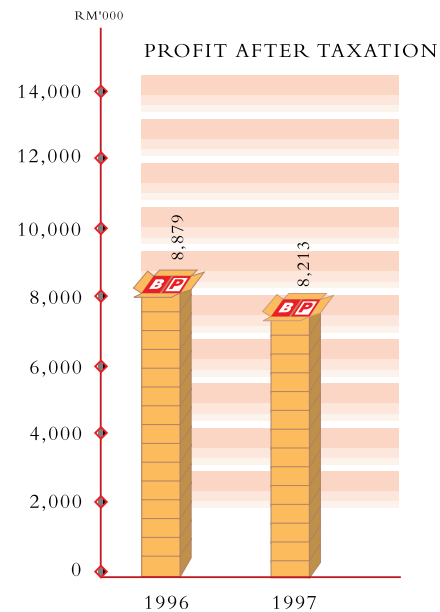
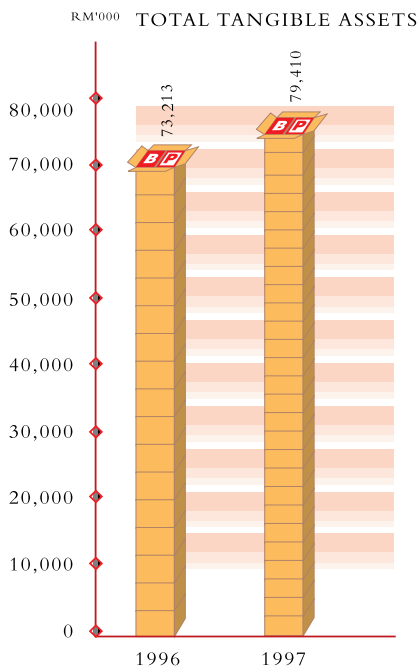
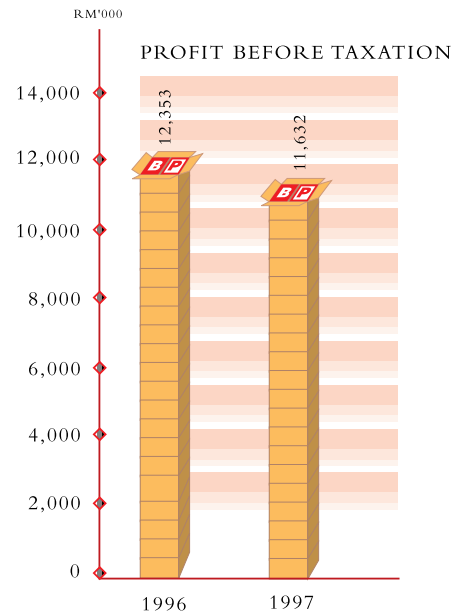
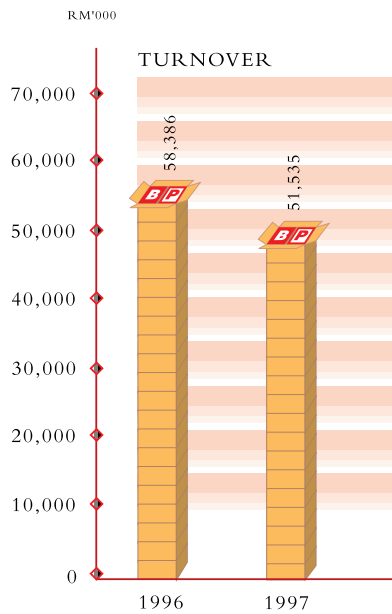
A new complete line of high quality flexo printing rotary die-cutting machine.



High quality “processed colour” printed boxes produced by the new machine.

Financial Highlights

	RM('000)		RM('000)	
	1997	1996	1997	1996
Turnover	51,535	58,386	Shareholders' Equity	65,445 60,112
Profit Before Taxation	11,632	12,353	Total Tangible Assets	79,410 73,213
Profit After Taxation And Minority Interest But Before Extraordinary Items	8,213	8,879	Total Bank Borrowings	1,573 1,480
Dividend Rate	10%	7%	Earnings Per Share	21 sen 30 sen
Dividend Net	2,880	2,800	Net Assets Backing Per Share	RM1.64 RM1.50
Paid-up Capital	40,000	40,000	Borrowing / Shareholders' Equity	2% 2%





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Directors' Report

The Directors have pleasure in presenting their report together with the audited accounts of the Company for the year ended 31 December 1997.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of manufacturing and distribution of paper boxes, cartons, general paper and board printing. There have been no significant changes in the nature of these activities during the year.

ACCOUNTS

	RM
Profit after taxation	8,213,130
Retained profits brought forward	<u>15,472,188</u>
Profits available for appropriation	23,685,318
Less: Proposed final dividend	<u>2,880,000</u>
Retained profits carried forward	<u><u>20,805,318</u></u>

There were no material transfers to or from reserves or provisions during the year.

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

DIVIDENDS

A first and final dividend of 7% tax exempt amounting to RM2,800,000 in respect of the year ended 31 December 1996 was paid during the year.

The Directors now recommend a first and final dividend of 10%, less 28% tax, amounting to RM2,880,000 be paid in respect of the current financial year.

DIRECTORS

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

Y.A.M. Tunku Nadzaruddin Ibni DYMM Tuanku Ja'afar

See Teow Chuan

Dato' Anthony See Teow Guan (Managing Director)

See Teow Koon

See Tiau Kee

Tan Kim Seng

Peter Daniel Tan

See Leong Chye @ Sze Leong Chai

In accordance with Article 95 of the Company's Articles of Association, See Teow Koon and Tan Kim Seng retire by rotation and, being eligible, offer themselves for re-election.



DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company is a party, whereby Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than a benefit included in the aggregate amounts of emoluments received or due and receivable by the Directors shown in the accounts or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any 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 required to be disclosed by Section 169(8) of the Companies Act 1965.

DIRECTORS' INTEREST IN SHARES

The following Directors who held office at the end of the financial year had, according to the register required to be kept under Section 134 of the Companies Act 1965, an interest in shares and debentures of the Company and its holding company as stated below:

	<u>Number of ordinary shares of RM1.00 each</u>			
	At <u>1.1.97</u>	<u>Bought</u>	<u>Sold</u>	At <u>31.12.97</u>
<u>The Company</u>				
Y.A.M. Tunku Nadzaruddin Ibni DYMM Tuanku Ja'afar	2,103,000	-	30,000	2,073,000
Mr. See Teow Chuan	8,000	-	5,000	3,000
Dato' Anthony See Teow Guan	7,000	-	-	7,000
Mr. See Teow Koon	7,000	-	7,000	-
Mr. Tan Kim Seng	8,000	-	-	8,000
Mr. See Leong Chye @ Sze Leong Chai	3,000	-	3,000	-
<u>Holding Company</u>				
Mr. See Teow Chuan	95,309 *42,741,276	-	-	95,309 *42,741,276
Dato' Anthony See Teow Guan	106,470 *42,741,276	-	56,000 -	50,470 *42,741,276
Mr. See Teow Koon	*42,851,746	-	-	*42,851,746
Mr. See Leong Chye @ Sze Leong Chai	623,343	390,950	-	1,014,293
Mr. See Tiau Kee	*42,741,276	-	-	*42,741,276
Mr. Tan Kim Seng	-	14,000	-	14,000



Directors' Report (cont'd)

DIRECTORS' INTEREST IN SHARES (CONT'D)

	At	Number of warrants		At
	<u>1.1.97</u>	<u>Bought</u>	<u>Sold</u>	<u>31.12.97</u>
<u>Holding company</u>				
Mr. See Teow Chuan	37,374 *5,698,835	- -	- -	37,374 *5,698,835
Dato' Anthony See Teow Guan	15,353 *5,698,835	10,000 -	- -	25,353 *5,698,835
Mr. See Teow Koon	15,353 *5,698,835	- -	- -	15,353 *5,698,835
Mr. See Tiau Kee	*5,698,835	-	-	*5,698,835
Mr. Tan Kim Seng	4,000	-	4,000	-
Mr. Peter Daniel Tan	800	-	800	-
Mr. See Leong Chye @ Sze Leong Chai	103,000	133,600	-	236,600

* Denotes indirect interest

OTHER STATUTORY INFORMATION

- (a) Before the profit and loss account and balance sheet of the Company were made out, the Directors took reasonable steps:-
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate provision for doubtful debts had been made; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:-
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the accounts of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or accounts of the Company which would render any amount stated in the accounts misleading.



OTHER STATUTORY INFORMATION (CONT'D)

(e) As at the date of this report, there does not exist:-

- (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability in respect of the Company which has arisen since the end of the financial year.

(f) In the opinion of the Directors:-

- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations as and when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

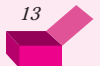
AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

On behalf of the Board,

SEE TEOW CHUAN)	
)	
)	
)	DIRECTORS
)	
)	
DATO' ANTHONY SEE TEOW GUAN)	

Batu Caves, Selangor Darul Ehsan
30 March 1998



Report of The Auditors

We have audited the accounts set out on pages 16 to 24 in accordance with approved auditing standards.

In our opinion:-

- (a) the accounts are properly drawn up in accordance with the provisions of the Companies Act 1965, so as to give a true and fair view of:
 - (i) the state of affairs of the Company as at 31 December 1997 and of the results of the Company and the cash flows for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act 1965 to be dealt with in the accounts.
- (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

ERNST & YOUNG AF: 0039
Public Accountants

Ong Seng Pheow 1021/3/99(J/PH)
Partner

Kuala Lumpur, Malaysia
30 March 1998



Balance Sheet

as at 31 December 1997

	Note	<u>1997</u> RM	<u>1996</u> RM
FIXED ASSETS	2	44,304,468	42,640,258
AMOUNT DUE FROM HOLDING COMPANY	3	1,532,418	741,054
 CURRENT ASSETS			
Stocks	4	6,990,229	6,668,490
Trade debtors	5	14,259,094	15,339,552
Other debtors, deposits and prepayments	6	588,780	683,518
Fixed deposits with licensed banks		11,687,570	7,005,722
Cash and bank balances		48,487	134,968
		33,574,160	29,832,250
 CURRENT LIABILITIES			
Trade creditors		2,823,120	2,716,084
Bank overdrafts	7	1,573,181	1,480,460
Other creditors and accruals		2,065,427	1,171,830
Taxation		3,354,000	3,859,000
Proposed dividend		2,880,000	2,800,000
		12,695,728	12,027,374
 NET CURRENT ASSETS		 <u>20,878,432</u>	 <u>17,804,876</u>
 FINANCED BY:		 <u>66,715,318</u>	 <u>61,186,188</u>
 SHARE CAPITAL	8	40,000,000	40,000,000
REVALUATION RESERVE	9	4,640,000	4,640,000
RETAINED PROFITS		20,805,318	15,472,188
 DEFERRED TAXATION		 65,445,318	 60,112,188
	10	1,270,000	1,074,000
		<u>66,715,318</u>	<u>61,186,188</u>

The annexed notes form an integral part of the accounts.

Profit And Loss Account

for the year ended 31 December 1997

	Note	<u>1997</u> RM	<u>1996</u> RM
TURNOVER	11	<u>51,534,769</u>	<u>58,386,107</u>
COST OF SALES		<u>36,958,176</u>	<u>41,482,353</u>
PROFIT BEFORE TAXATION	12	11,632,680	12,353,395
TAXATION	13	<u>(3,419,550)</u>	<u>(3,474,388)</u>
PROFIT AFTER TAXATION		8,213,130	8,879,007
RETAINED PROFITS BROUGHT FORWARD		<u>15,472,188</u>	<u>14,542,144</u>
PROFITS AVAILABLE FOR APPROPRIATION		23,685,318	23,421,151
DIVIDEND			
Proposed first and final dividend - 10% less tax at 28% (1996 - 7% tax exempt)		(2,880,000)	(2,800,000)
AMOUNT UTILISED FOR BONUS ISSUE		-	<u>(5,148,963)</u>
RETAINED PROFITS CARRIED FORWARD		<u>20,805,318</u>	<u>15,472,188</u>
EARNINGS PER SHARE (SEN)	14	<u>21</u>	<u>30</u>

The annexed notes form an integral part of the accounts.



Cash Flow Statement

for the year ended 31 December 1997

	<u>1997</u>	<u>1996</u>
	RM	RM
Cash flows from operating activities		
Cash receipts from customers	52,615,227	57,669,955
Payment to suppliers	(28,339,349)	(29,333,318)
Payment for operating expenses	(10,088,447)	(9,628,263)
Interest paid	(97,842)	(83,475)
Income tax paid	(3,728,550)	(2,108,388)
Other receipts	2,186,190	1,236,587
	<u>12,547,229</u>	<u>17,753,098</u>
Cash flows from investing activities		
Proceeds from sale of fixed assets	37,000	38,698
Purchases of fixed assets	(5,416,129)	(1,386,110)
Interest received	925,910	122,605
	<u>(4,453,219)</u>	<u>(1,224,807)</u>
Cash flows from financing activities		
Repayment of bank borrowings	-	(1,557,000)
Net change in inter-company balances	(791,364)	(18,185,376)
Proceeds from issue of shares	-	30,500,000
Dividend paid	(2,800,000)	(20,000,000)
	<u>(3,591,364)</u>	<u>(9,242,376)</u>
Net increase in cash and cash equivalents	4,502,646	7,285,915
Cash and cash equivalents at beginning of the year	5,660,230	(1,625,685)
	<u>10,162,876</u>	<u>5,660,230</u>
Cash and cash equivalents at end of the year		
	<u>10,162,876</u>	<u>5,660,230</u>
Analysis of cash and cash equivalents:		
Cash and bank balances	48,487	134,968
Fixed deposits with licensed banks	11,687,570	7,005,722
Bank overdrafts	(1,573,181)	(1,480,460)
	<u>10,162,876</u>	<u>5,660,230</u>



Notes To The Accounts

– 31 December 1997

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The accounts are prepared under the historical cost convention modified to include the revaluation of certain leasehold land and building and comply with approved accounting standards.

(b) Depreciation

Capital work-in-progress is not depreciated. Leasehold land is amortised to write off the value of the leasehold land over the unexpired lease term of 78 years. All other fixed assets are depreciated on a straight line basis calculated to write off the assets over the estimated useful lives at the following annual rates:-

Building	2%
Plant, machinery and equipment	10%
Furniture and fittings	10%
Motor vehicles	20%
Office equipment	10%
Canteen equipment	10%
Electrical installation	10%

(c) Foreign Currencies

Transactions in foreign currencies are recorded in Ringgit Malaysia at the exchange rates ruling at the time of the transaction or at contracted rates, where applicable. Foreign currency assets and liabilities are reported in Ringgit Malaysia at the exchange rates ruling at the balance sheet date. All gains and losses are included in the profit and loss account.

(d) Stocks

Stocks are valued at the lower of cost and net realisable value. Work-in-progress and finished goods include cost of materials, direct labour and attributable production overheads. Cost of materials is determined on a first-in first-out basis after adequate provision is made for all damaged, obsolete and slow-moving stocks.

e) Deferred Taxation

Deferred taxation is provided on timing differences using the liability method except where it can be demonstrated with reasonable probability that the tax deferrals will continue in the foreseeable future.



Notes To The Accounts

- 31 December 1997

2. FIXED ASSETS

	<u>AT VALUATION</u>			<u>AT COST</u>		
	<u>Leasehold land and buildings</u> RM	<u>Buildings</u> RM	<u>Plant and machinery equipment</u> RM	<u>Furniture and fittings</u> RM	<u>Motor vehicles</u> RM	<u>Office equipment</u> RM
COST/ VALUATION						
At 1 January	23,705,305	2,978,286	27,803,256	442,573	626,625	300,335
Additions	-	85,472	4,538,899	17,287	367,810	118,528
Reclassification	-	-	700,107	-	-	-
Disposals	-	-	-	-	(109,401)	-
At 31 December	23,705,304	3,063,758	33,042,262	459,860	885,034	418,863
ACCUMULATED DEPRECIATION						
At 1 January	1,450,004	143,203	11,503,363	192,269	533,001	124,402
Charge for the year	378,627	61,275	3,097,752	42,173	109,736	37,150
Disposals	-	-	-	-	(109,401)	-
At 31 December	1,828,631	204,478	14,601,115	234,442	533,336	161,552
NET BOOK VALUE						
At 31 December 1997	21,876,673	2,859,280	18,441,147	225,418	351,698	257,311
At 31 December 1996	22,255,300	2,835,083	16,299,893	250,305	93,624	175,933

Land and building stated at valuation were revalued in December 1993 by an independent professional firm of valuers on an

Notes To The Accounts *(cont'd)*

- 31 December 1997

<u>Canteen equipment</u> RM	<u>Electrical installation</u> RM	<u>Capital work-in- progress</u> RM	<u>Total</u> <u>1997</u> RM	<u>1996</u> RM
37,644	59,778	700,107	56,653,908	49,683,761
-	173,087	115,046	5,416,129	10,973,700
-	-	(700,107)	-	-
-	-	-	(109,401)	(4,003,553)
37,644	232,865	115,046	61,960,636	56,653,908
25,057	42,351	-	14,013,650	11,076,114
1,919	23,287	-	3,751,919	3,154,965
-	-	-	(109,401)	(217,429)
26,976	65,638	-	17,656,168	14,013,650
10,668	167,227	115,046	44,304,468	-
12,586	17,427	700,107	-	42,640,258

open market value basis. The valuation was modified by the relevant authorities and adopted by the Directors in May 1996.



Notes To The Accounts (cont'd)

- 31 December 1997

3. AMOUNT DUE FROM HOLDING COMPANY

The amount due from holding company and related companies are unsecured and non-interest bearing. The holding company is Kian Joo Can Factory Berhad, a company incorporated in Malaysia.

4. STOCKS

	<u>1997</u>	<u>1996</u>
	RM	RM
Raw materials	6,310,885	5,860,320
Work-in-progress	84,120	161,039
Finished goods	595,224	647,131
	<u>6,990,229</u>	<u>6,668,490</u>

5. TRADE DEBTORS

Trade debtors	14,259,094	15,384,973
Provision for doubtful debts	-	(45,421)
	<u>14,259,094</u>	<u>15,339,552</u>

6. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

Included in other debtors, deposits and prepayment is an amount due from an associated company of the holding company totalling RM291,904 (1996 : RM18,304).

These transactions are at arm's length and in the ordinary course of the business.

7. BANK OVERDRAFTS (UNSECURED)

The bank overdrafts are secured by a corporate guarantee provided by the holding company, a negative pledge over the assets of the Company and bear interest at rates ranging from 9.65% to 10.95% (1996 : 9.15% to 9.85%) per annum.

8. SHARE CAPITAL

	<u>1997</u>	<u>1996</u>
	RM	RM
Authorised:		
Ordinary shares of RM1 each		
At 1 January	50,000,000	5,000,000
Created during the year	-	45,000,000
At 31 December	<u>50,000,000</u>	<u>50,000,000</u>
Issued and fully paid:		
Ordinary shares of RM1 each		
At 1 January	40,000,000	1,333,333
Bonus issue	-	8,166,667
Issued at par for cash	-	30,500,000
At 31 December	<u>40,000,000</u>	<u>40,000,000</u>



Notes To The Accounts (cont'd)

– 31 December 1997

9. REVALUATION RESERVE	<u>1997</u>	<u>1996</u>
	RM	RM
At 1 January	4,640,000	1,791,456
Arising from revaluation of leasehold land and building	-	5,866,248
Utilised for bonus issue	-	(3,017,704)
	<u>4,640,000</u>	<u>4,640,000</u>

This represents surplus arising from revaluation of leasehold land and building as disclosed in Note 2 to the accounts.

10. DEFERRED TAXATION	<u>1997</u>	<u>1996</u>
	RM	RM
At beginning of the year	1,074,000	1,285,000
Transfer from/(to) profit and loss account	196,000	(211,000)
At end of the year	<u>1,270,000</u>	<u>1,074,000</u>

11. **TURNOVER**
This represents invoiced value of goods sold less returns and trade discounts.

12. PROFIT BEFORE TAXATION

	<u>1997</u>	<u>1996</u>
	RM	RM
This is arrived at after charging/(crediting):-		
Directors' emoluments	624,288	465,611
Directors' fees	95,000	95,000
Auditors' remuneration		
- current year	20,000	10,000
- underprovision in prior year	10,000	-
Depreciation	3,751,919	3,154,965
Hire of machinery	109,446	78,173
Interest:-		
- bank overdrafts	38,708	32,190
- other bank borrowings	-	51,285
Rental:-		
- staff quarters	32,100	23,650
- warehouse	586,446	128,507
Bad debt written off	10,000	-
Provision for doubtful debts	-	45,421
Stocks written off	125,139	-
Gain on disposal of fixed assets	(37,000)	(3,980)
Rental income	(2,035,793)	(1,289,992)
Interest income	(981,567)	(122,605)

Notes To The Accounts (cont'd)

- 31 December 1997

13. TAXATION

	<u>1997</u>	<u>1996</u>
	RM	RM
Malaysian taxation based on results for the year:		
- Current year	3,354,000	3,859,000
- Deferred taxation	<u>196,000</u>	<u>(211,000)</u>
	3,550,000	3,648,000
Overprovision in prior year	<u>(130,450)</u>	<u>(173,612)</u>
	<u>3,419,550</u>	<u>3,474,388</u>

The effective tax rate for the year is higher than the statutory tax rate due to certain expenses being non-allowable for income tax purposes.

The Company has approximately RM822,000 (1996 : RM368,000) tax exempt income available for distribution as tax exempt dividend and based on estimated tax credits available, the entire retained profits of the Company is available for distribution as cash dividends without incurring additional tax liability.

14. EARNINGS PER SHARE

The earnings per ordinary share is calculated by dividing the net profit after tax of RM8,213,130 (1996 : RM8,879,007) by the weighted average number of 40,000,000 (1996 : 29,833,333) ordinary shares of RM1 each in issue during the year.

15. SIGNIFICANT INTER-COMPANY TRANSACTIONS

	<u>1997</u>	<u>1996</u>
	RM	RM
Sales to holding company	222,246	137,346
Sales to related companies	<u>1,301,512</u>	<u>1,807,508</u>

16. RELATED PARTY TRANSACTIONS

During the year, the Company entered into transactions at arms' length with Kian Joo Southcorp Sdn. Bhd., a company incorporated in Malaysia. The company is an associated company of the holding company.

The following shows the transaction not otherwise disclosed in the accounts:-

	<u>1997</u>	<u>1996</u>
	RM	RM
Rental income receivable from Kian Joo Southcorp Sdn. Bhd.	<u>2,035,795</u>	<u>1,289,992</u>

17. CAPITAL COMMITMENT

Capital expenditure		
- Approved and contracted for	<u>736,000</u>	<u>2,800,000</u>

18. SEGMENTAL REPORTING

There is no disclosure of Segmental Information as required by International Accounting Standards No. 14, Reporting Financial Information by Segment, as the Company operates principally within one industry and within the country.

19. COMPARATIVE FIGURES

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

Properties

for the year ended 31 December 1997

Location	Description	Area (sq.m)	Tenure	Expiry Date	Age Of Building (Years)
Lot 4, Jalan Perusahaan Dua Batu Caves, Selangor	Factory Building	18,848	Leasehold	05.09.2074	5
Lot 7, Jalan Perusahaan Dua Batu Caves, Selangor	Factory Building	12,840	Leasehold	05.09.2074	13

Analysis of Shareholdings

as at 5 May 1998

Authorised Share Capital	: RM50,000,00
Issued & Fully Paid-Up Capital	: RM40,000,00
Class of Shareholder	: Ordinary Shares of RM1.00 each
Voting Rights	: One vote per ordinary shares
No. of Shareholders	: 2,302

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No of Holders	% of Holders	No of Share Held	% of Issued Capital
Less than 500	12	0.52	1,321	0.00
500 to 5,000	2,106	91.49	3,575,544	8.94
5,001 to 10,000	116	5.04	905,000	2.26
10,001 to 100,000	59	2.56	1,369,135	3.42
100,001 to 1,000,000	5	0.22	2,046,000	5.12
More than 1,000,000	4	0.17	32,103,000	80.26
	2,302	100.00	40,000,000	100.00

The Twenty Largest Shareholders

(as extracted from the Register of Members/Record of Depositors)

THE TWENTY LARGEST SHAREHOLDERS

As at 5 May 1998

Name	No of Shares Held	% of Issued Capital
1. Kian Joo Can Factory Berhad	21,940,000	54.85
2. Amanah Raya Nominees (Tempatan) Sdn. Bhd. Sekim Amanah Saham Bumiputra	6,000,000	15.00
3. Permodalan National Berhad	2,503,000	6.26
4. HSBC Nominees (Tempatan) Sdn. Bhd. Pledged Account 301-372207-089	1,660,000	4.15
5. Mayban Nominees (Tempatan) Sdn. Bhd.	800,000	2.00
6. Y.A.M Tunku Nadzaruddin Ibni DYMM Tuanku Ja'afar	773,000	1.93
7. HSBC Nominees (Tempatan) Sdn. Bhd. Account 514356800249	248,000	0.62
8. Arab-Malaysia Nominees (Tempatan) Sdn. Bhd. For Broker Account 6/24-8	119,000	0.30
9. Y.A.M Tunku Nauiyuddin Ibni Tuanku Ja'afar	106,000	0.27
10. Chan Thong Aun	89,000	0.22
11. Cartaban Nominees (Asing) Sdn. Bhd.	61,135	0.15
12. Amanah Merchant Nominees (Tempatan) Sdn. Bhd.	60,000	0.15
13. Yee Shan Khiam	60,000	0.15
14. Mayban Nominees (Asing) Sdn. Bhd. Account N14011979400	45,000	0.11
15. Ms See Sew Chew @ See Siew Choo	44,000	0.11
16. Tan Han Hon	40,000	0.10
17. Mayban Securities Nominees (Tempatan) Sdn. Bhd. Koperasi Serbaguna Malaysia Bhd Pledged Sec A/C	40,000	0.10
18. Ding Poi Chung	35,000	0.09
19. Kheng Hwa Paper Products Sdn. Bhd.	35,000	0.09
20. Wong Lee Cheng	33,000	0.08

SUBSTANTAL SHAREHOLDERS

	No of Shares Held (Direct/Deemed Interest)	%
1. Kian Joo Can Factory Berhad	21,940,000	54.85
2. Amanah Raya Nominees (Tempatan) Sdn. Bhd. Sekim Amanah Saham Bumiputera	6,000,000	15.00
3. Permodalan National Berhad	2,503,000	6.26
4. Y.A.M Tunku Nadzaruddin Ibni DYMM Tuanku Ja'afar	2,073,000	5.18

Proxy Form

I/We _____
 (Full Name In Capital Letters)
 of _____
 (Address)
 being a member of Box-Pak (Malaysia) Berhad hereby appoint *The Chairman of the meeting or

 (Full Name)
 of _____ or failing
 (Address)
 him _____
 (Full Name)
 of _____
 (Adress)

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at the conference room, Lot 7, Jalan Perusahaan Dua, 68100 Batu Caves, Selangor, Malaysia on Monday, 16 June 1998 at 11.00a.m. and at any adjournment thereof.

Please indicate with an "X" in the space provided below how you wish your votes to be cast on the resolutions specified in the Notice of Meeting.

RESOLUTION	FOR	AGAINST
1. Adoption of Accounts and Reports [Resolution 1]		
2. Declaration of Final Dividend [Resolution 2]		
3. Election of Directors: See Teow Koon [Resolution 3] Tan Kim Seng [Resolution 4]		
4. Approval of Directors' Fees [Resolution 5]		
5. Re-Appointment of Ernst & Young as Auditors and authorising Directors to fix their remuneration [Resolution 6]		

Subject to any voting instruction so given, the proxy/proxies will vote, or abstain from voting on the resolution as he may think fit.

Signed this _____ day of _____ 1998 _____
 Signature of Member(s)

* Delete if not applicable

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need to be a member of the Company.
2. If the member is a corporation this Proxy Form must be executed under its common seal or under the hand of an officer or attorney duly authorised in writing.
3. All Proxy Forms should be deposited at the Registered Office, Lot 10, Jalan Perusahaan Satu, 68100 Batu Caves, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time fixed for holding the meeting.

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Affix
stamp
here

The Secretary
BOX-PAX (M) BHD
(21338-W)

Lot 4, Jalan Perusahaan Dua
68100 Batu Caves
Selangor.

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