

Pelikan 

Cares

from the
very
beginning

ANNUAL REPORT | **2021**



Pelikan 

Cares

from the very beginning



Going back to school is very exciting for children. Back to school is one of the best memories and feelings a child can have.

We all love stories, and Pelikan helps to create them from the very beginning by providing the right tools to make the learning process more enjoyable and fun.

During childhood phase, kids learning process must be fun, so they could face new situations with optimism, creativity and excitement.

From the very beginning Pelikan goes along with children, helping them to materialise their fantasies and stories.

Products chosen by parents and children are packed with their individuality and directly express their likes and feelings. What would be a better way to express the excitement than doodles made with the beautiful Pelikan products they bought for this new beginning.



We want to continuously work on also making our products and solutions accessible to as many people as possible.



Our world is the world of stationery - whether in the context of school, arts or office and as the world of stationery changes and evolves, we evolve with it.



We are experts in our field. We are passionate about stationery and we care for the people and the planet, for our customers, our colleagues and our environment.



Our Vision



To create equal opportunity to learn and to grow for **everyone**.



Mission

To provide more people with reliable, well-designed stationery products and solutions, developed with expertise, passion and care.



Mission

To offer practical and more sustainable essentials in the fields of office supplies, textile and paper, for a more colourful everyday life.

Our Values

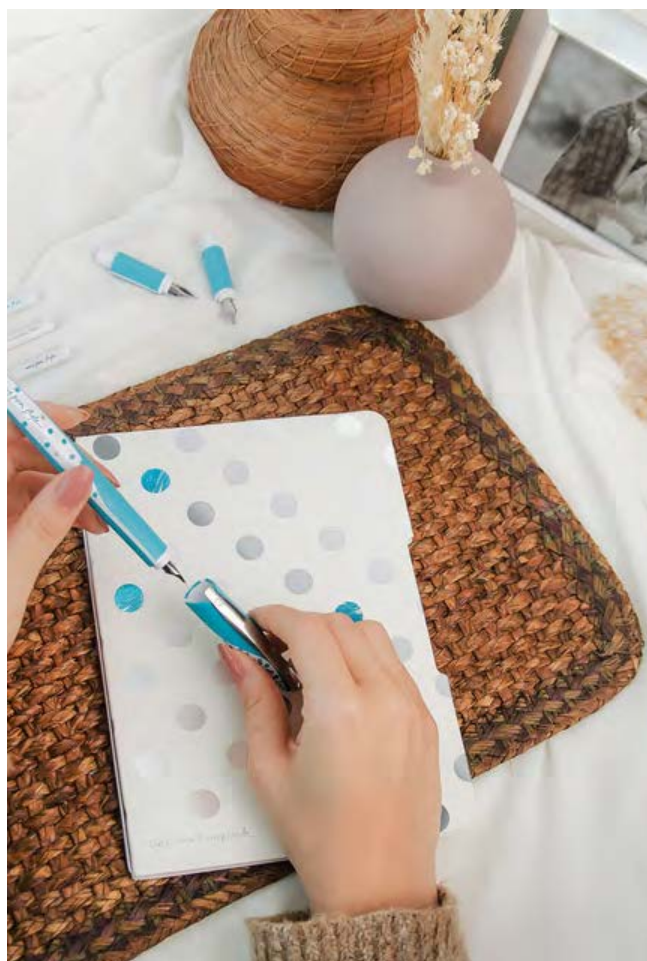
All our actions, decisions and relationships are defined by one shared values and guiding principle: **Pelikan Cares**



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REVENUE BY PRODUCT GROUP AND GEOGRAPHY

In most of our core markets, we compete against the global brands and we strive to compete with our quality, innovations as well as attractive pricing strategies. In Germany and Europe, Pelikan has strong market positions in its products such as Fine Writing Instruments ("FWI"), school colours (opaque paint box) and school writing instruments. In Americas, the brand focus is on office stationeries while in Asia its on FWI and office stationeries.

REVENUE BY PRODUCT GROUP

TOTAL



RM1.0 billion



42.0%

SCHOOL
RM419,950,000



6.9%

FINE WRITING INSTRUMENTS
RM68,794,000



37.3%

OFFICE
RM373,259,000



4.8%

PAPETRIE
RM47,633,000



4.5%

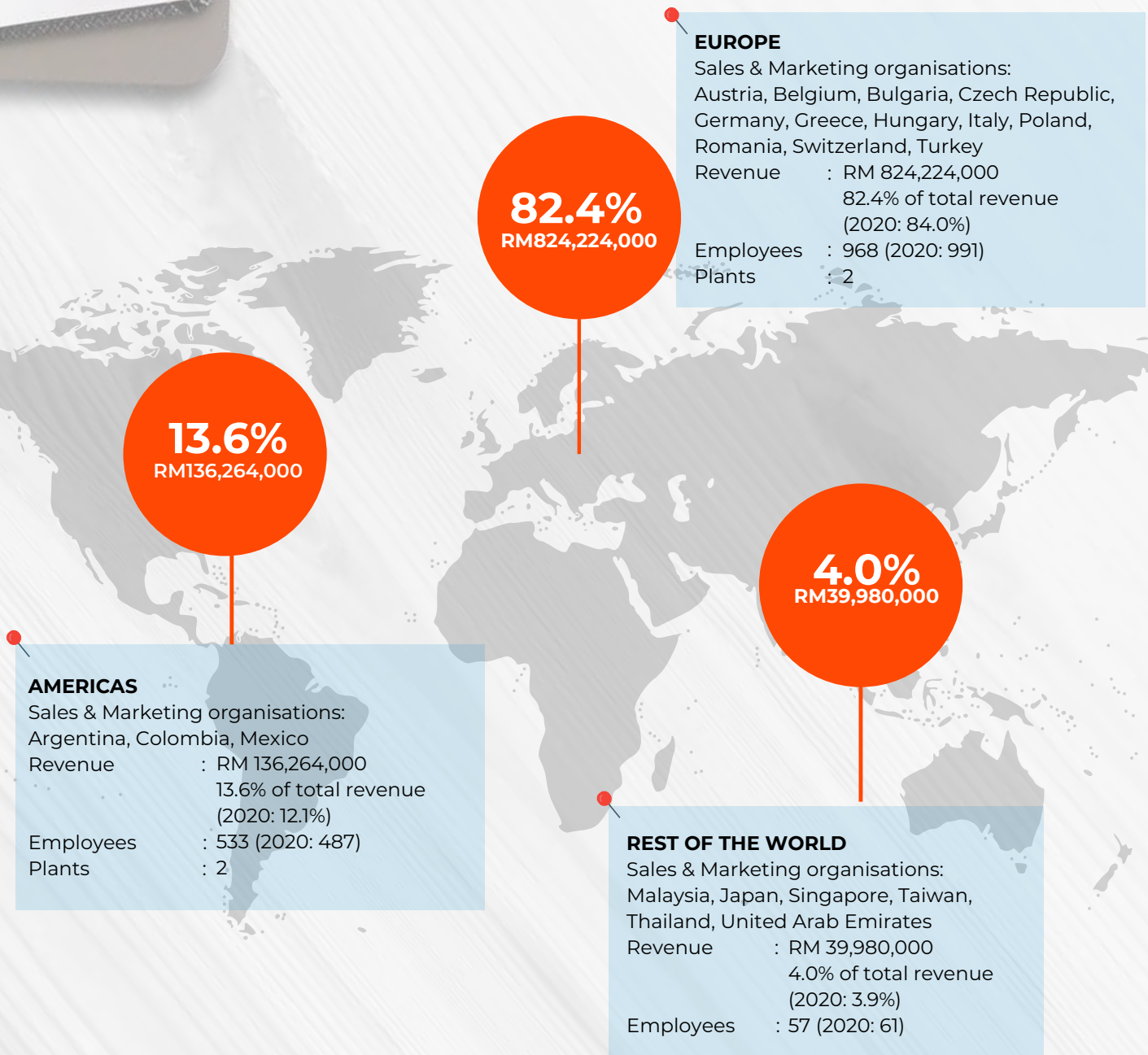
HOBBY, ART & CRAFT
RM45,785,000



4.5%

OTHERS
RM45,047,000

REVENUE BY GEOGRAPHY

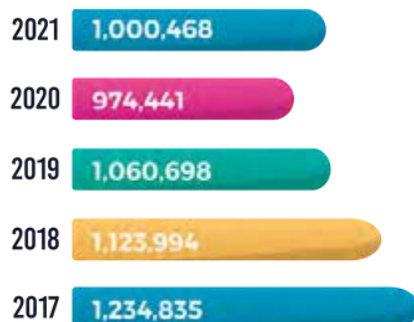


FINANCIAL HIGHLIGHTS

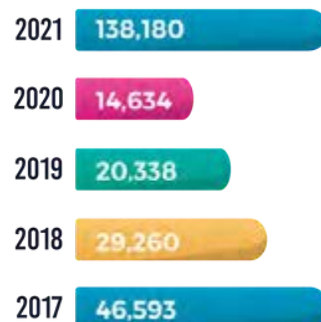
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER

		2021	2020	2019	2018	2017
Revenue	RM'000	1,000,468	974,441	1,060,698	1,123,994	1,234,835
Profit before tax	RM'000	138,180	14,634	20,338	29,260	46,593
Profit for the financial year	RM'000	93,053	11,394	9,026	8,012	30,000
Profit for the financial year attributable to owners of the parent	RM'000	85,077	10,783	7,612	6,815	25,356
Equity attributable to owners of the parent	RM'000	424,961	462,517	443,278	438,574	446,840
Basic and diluted earnings per ordinary share	sen	14.10	1.79	1.34	1.24	4.62
Net asset per share attributable to owners of the parent	sen	0.70	0.77	0.73	0.80	0.81
Dividends per share	sen	0.20	-	-	-	-

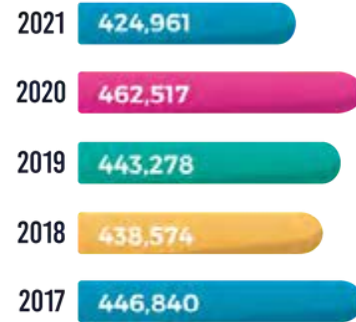
REVENUE (RM'000)



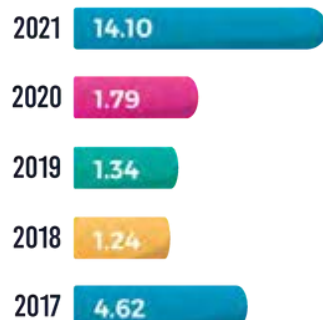
PROFIT BEFORE TAX (RM'000)



EQUITY ATTRIBUTABLE (RM'000)



BASIC EARNINGS PER SHARE (SEN)



NET ASSET PER SHARE (SEN)



CORPORATE INFORMATION

BOARD OF DIRECTORS

- **Dato' Indera Syed Norulzaman bin Syed Kamarulzaman**
Independent Non-Executive Chairman
- **Loo Hooi Keat**
President/Chief Executive Officer
- **Lim Chee Hoong**
Independent Non-Executive Director
- **Ahmad Al Farouk bin Ahmad Kamal**
Non-Independent Non-Executive Director
- **Najuuwa binti Sabli**
Non-Independent Non-Executive Director
- **Fong Wai Leong**
Independent Non-Executive Director
- **Kim Kenny**
Non-Independent Non-Executive Director
- **Ngau Kah Wye**
Non-Independent Non-Executive Director
(Alternate Director to Kim Kenny)

AUDIT AND RISK MANAGEMENT COMMITTEE

- **Lim Chee Hoong**
(Chairman)
- **Fong Wai Leong**
- **Ahmad Al Farouk bin Ahmad Kamal**

NOMINATION COMMITTEE

- **Lim Chee Hoong**
(Re-designated as Chairman w.e.f. 25 February 2022)
- **Najuuwa binti Sabli**
- **Fong Wai Leong**
(Appointed w.e.f. 25 February 2022)
- **Dato' Indera Syed Norulzaman bin Syed Kamarulzaman**
(Ceased on 25 February 2022)

REMUNERATION COMMITTEE

- **Fong Wai Leong**
(Chairman)
- **Dato' Indera Syed Norulzaman bin Syed Kamarulzaman**
(Ceased on 4 March 2022)
- **Lim Chee Hoong**
- **Ahmad Al Farouk bin Ahmad Kamal**
- **Kim Kenny**
(Ceased on 4 March 2022)

EXECUTIVE COMMITTEE

- **Dato' Indera Syed Norulzaman bin Syed Kamarulzaman**
(Chairman)
- **Loo Hooi Keat**
- **Lim Chee Hoong**
- **Fong Wai Leong**
- **Ahmad Al Farouk bin Ahmad Kamal**

COMPANY SECRETARIES

Chua Siew Chuan
(SSM PC No. 201908002648)
(MAICSA 0777689)

Tan Loo Ee
(SSM PC No. 201908002686)
(MAICSA 7063694)

AUDITORS

BDO PLT
(LLP0018825-LCA & AF: 0206)
Chartered Accountants
Level 8
BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Malaysia
Tel: (+603) 2616 2888
Fax: (+603) 2616 3190

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A,
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia
Tel: (+603) 2783 9299
Fax: (+603) 2783 9222

REGISTERED OFFICE

No. 9, Jalan Pemaju U1/15
Seksyen U1
Hicom Glenmarie Industrial Park
40150 Shah Alam
Selangor Darul Ehsan
Malaysia
Tel: (+603) 5569 5511
Fax: (+603) 5569 5500

PRINCIPAL BANKERS

CIMB Bank Berhad
HSBC Bank Malaysia Berhad

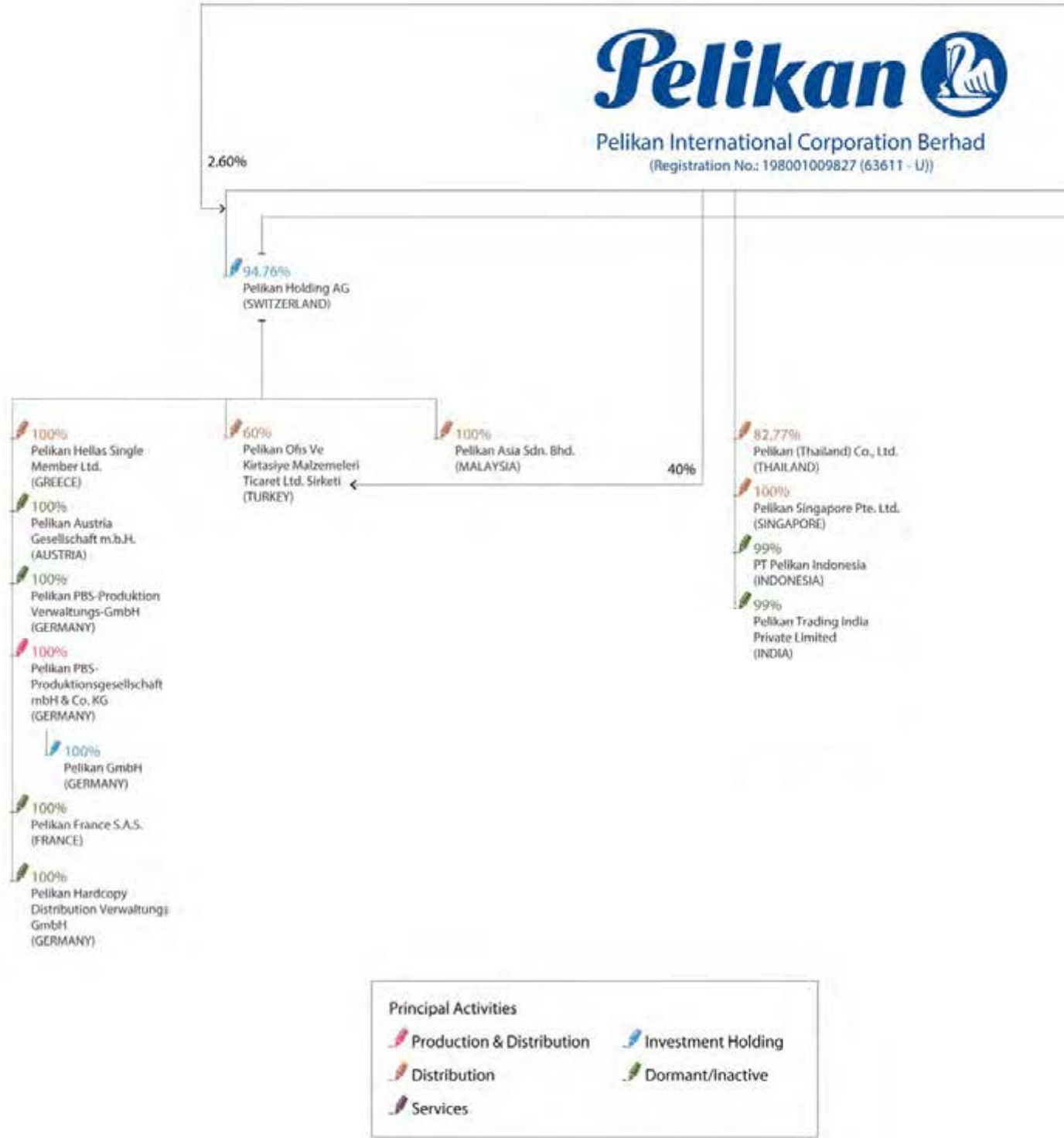
STOCK EXCHANGE LISTING

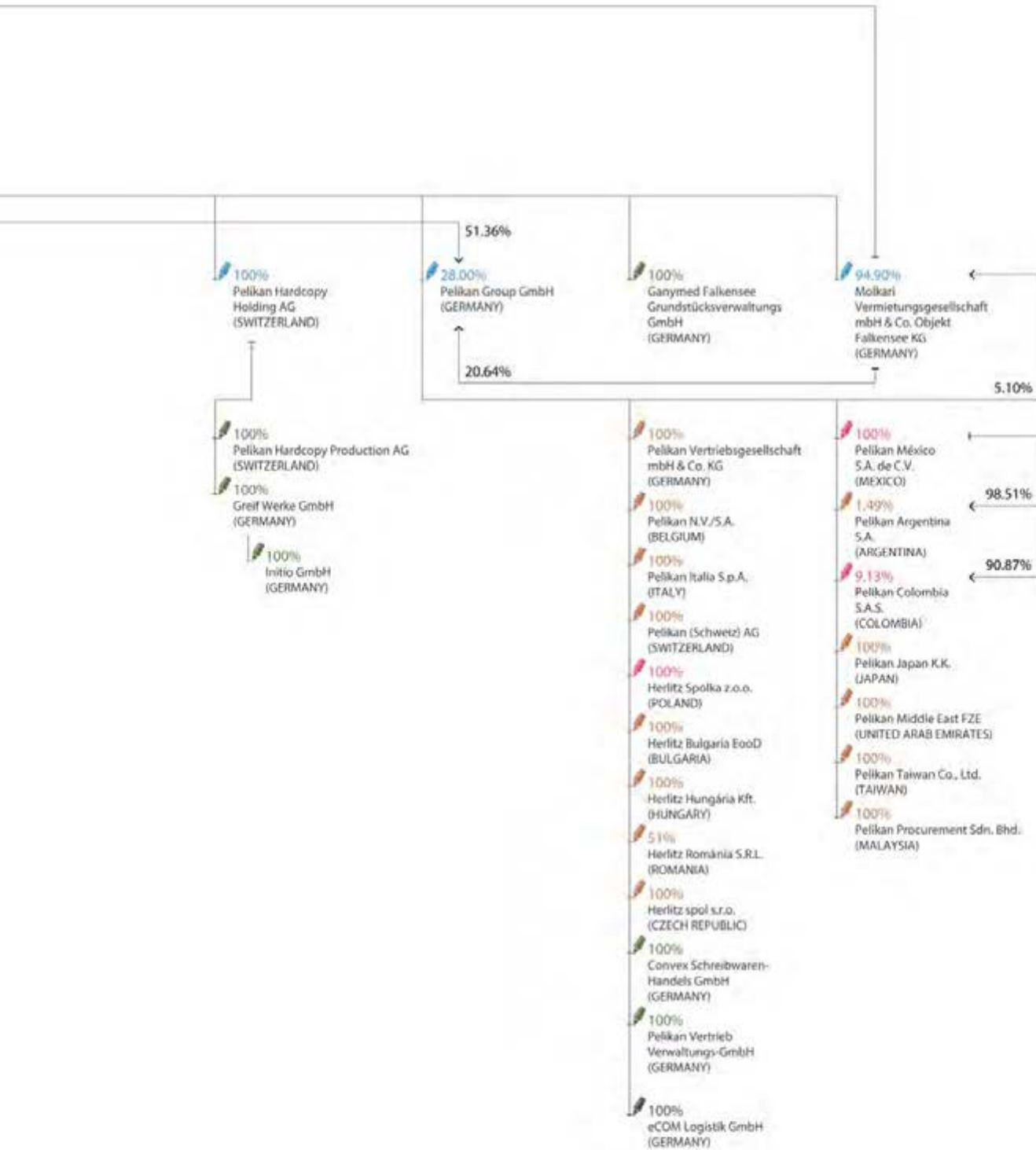
Main Market of Bursa Malaysia
Securities Berhad,
Malaysia
Stock Name: PELIKAN
Stock Code: 5231

WEBSITE

www.pelikan.com

GROUP CORPORATE STRUCTURE





Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present the Annual Report of Pelikan International Corporation Berhad (“PICB” or “the Company”) for the financial year ended 31 December 2021.

**Dato' Indera
Syed Norulzaman bin
Syed Kamarulzaman**
(Chairman)

Loo Hooi Keat
President/
Chief Executive Officer





CHAIRMAN & CEO'S STATEMENT

2021: BUSINESS AND COVID-19

It has been two years since the World Health Organisation (“WHO”) announced that the spread of the coronavirus (“COVID-19”) was declared a global pandemic. As the immediate action of many countries was to implement lockdowns and widespread closures in order to contain the spread of COVID-19, the global economy only started to rebound in 2021 following the ease of pandemic-related restrictions and extensive vaccination programmes of the population. The recovery has been varying across countries though, as major economies such as the United States and China registered strong growth while developing countries lag behind due to persistent pandemic situation, financial burdens and corporate bankruptcies, as well as negative ripple effects from disruptions in economic activities and trade. Vaccine coverage was accelerated albeit disproportionate around the world as an effective means to counter the Delta-variant outbreaks rather than imposing continuous lockdowns. However, some countries had to reintroduce strict lockdown measures towards the end of 2021 to alleviate pressure on their health care systems as the exponentially high global COVID-19 infection rates were driven by the extremely transmissible Omicron variant. Global activities and trade in goods continued to recover despite persistent supply bottlenecks.

The Pelikan Group's performance in 2021 improved compared to the previous year as the markets in which we operate in recovered and business sentiments strengthened. Particularly, schools and retailers began reopening last year, fastening the process back to normalcy. However, the economic revival of many countries was still constrained by resurgences of COVID-19, uneven vaccination levels and a partial withdrawal of government economic support measures. The Group remains cautious in progressing forward with our business strategies to drive growth with our main product assortment through effective distribution channels and targeted marketing.

In 2021, the global Gross Domestic Product (“GDP”) growth was estimated to have rebounded to 5.5% (2020: -3.4%) (according to the World Bank's Global Economic Prospects 2022 report), the strongest growth surge in the past 80 years as eased pandemic-related lockdowns in many countries boosted consumption and demand. Germany, which represented 59.1% of the Group's total revenue, had better than expected market development as many businesses remained opened throughout the pandemic. The Rest of Europe sans Germany, which made up 23.3% of the Group's total revenue, within the Euro Area countries recorded a positive GDP growth rate of 5.2% and the emerging European countries also surged to a growth of 5.8% last year.

CHAIRMAN & CEO'S STATEMENT

Americas, comprising of Mexico, Colombia and Argentina markets which represented 13.6% of the total Group's revenue last year, rebounded economically with an average GDP growth rate of 6.7% in 2021 to offset the contraction of 2020. The Group's Rest of the World markets, consisting mainly of Middle East and Africa and Asian countries, contributed 4.0% of the Group's total revenue last year. While Middle East and Africa region recorded a GDP growth rate of 3.1% in 2021, the GDP growth development of Asian countries were mixed with China reporting a high of 8.0% growth but Japan only expanded an estimated 1.7%, which reflected the lingering effects of the pandemic and constant regulatory tightening during COVID-19 resurgences in the region.



For the financial year ended 2021, the Group achieved total revenue of RM1,000.5 million (2020: RM974.4 million), an increase of 2.7% as compared to the previous year. The positive sales growth were attributed to the market improvements in the regions of Americas, Asia and certain European countries due to the government efforts in accelerating the countries' vaccination programmes in order to alleviate the COVID-19 situation. In Germany, the decision to expand into digital commerce and drive sales online resulted in online sales revenue growth of 9.2% as compared to previous year, compensating for the sales loss in traditional retail channels. In addition, real sales growth were also evident in the German logistic services. The Group also enjoyed positive sales developments during the "Back to School" seasons of the second and third financial quarters in countries that gradually eased lockdown constraints. During the fourth financial quarter however, the lower sales contributions were attributed to the delay in product launched due to supply chain issues and the wave of pandemic restrictions due to the resurgences in COVID-19 cases caused by the highly transmissible Omicron variant.



Overall, the Group recorded a profit before tax of RM138.2 million for the financial year ended 2021 due to the gain from the disposal of the German logistics centre before tax of RM144.5 million and after a restructuring cost of RM30.0 million. Excluding these one off effects, the Group achieved a profit before tax of RM23.7 million as opposed to RM14.6 million in the previous year on the back of better operating results of certain European countries and the Americas' segment.



The resurgence of the pandemic during the final quarter of 2021 and the exponential spread of the Omicron variant was expected to negatively impact and slowdown businesses in affected countries as we entered year 2022. The global economic outlook for growth is forecasted to decelerate considerably to 4.1% and 3.2% in 2022 and 2023 respectively, reflecting continued COVID-19 surges and movement restrictions imposed, supply chain bottlenecks, diminished macroeconomic support and so forth (according to World Bank's Global Economic Prospects 2022 report). The GDP growth for Euro Area countries is predicted to decline to 4.2% in 2022 and 2.1% in 2023. The emerging economies of Europe and Central Asia are also expected to slow down with GDP growth rate of 3.0% in 2022 to 2.9% in 2023. Similarly, the Americas markets will decelerate at a GDP growth rate of 2.6% and 2.7% in 2022 and 2023 respectively. As for the Rest of the World, the Middle East economies are forecasted to increase with a GDP growth rate of 4.4% in 2022 before dipping to 3.4% in 2023. Meanwhile, the Asian markets will record a GDP growth rate of 5.1% - 5.2% over the next 2 years mainly due to the slower economic progress of China.

After two years into the pandemic, more and more countries have declared their intention to treat the COVID-19 like an endemic disease such as the seasonal flu for example as vaccination rates among the population increased and mortality reduced. Many countries have transitioned into the next phase of loosening pandemic restrictions on public life, reopening travel borders for work and leisure and adjusting society to learn how to live with the COVID-19 virus.

The Group expects that many countries will progress and function at new normal level in 2022. The Group will continue to focus on expanding the sales and distribution of its "Pelikan" and "herlitz" brands of writing instruments and stationery to existing and underrepresented markets. The Group aims to achieve a higher level of production efficiency and cost base as part of the proceeds from the disposal of the German logistics centre would be allocated for its working capital requirements as well as its internal reorganisation exercise. The Group plans to have more flexibility in scaling its global operations particularly in its distribution channels, warehousing and logistic services. The reduction of the Group's borrowings resulted in available operational cash flows to be utilised for more product and distribution expansions in the future. The Group continues to be cautious in its efforts to initiate cost control measures and focus on improving productivity and distribution efforts through online and cash and carry retail channels, which have remained resilient during the pandemic. Amongst the challenges the Group expects to face are the supply chain bottlenecks stemmed from the repercussions of COVID-19 pandemic restrictions. A number of new product launches and marketing promotions are expected to be delayed and the Group in turn looks into alternative measures to mitigate the potential loss of sales, including switching suppliers, processes and raw materials. The Group continues to stress that with a lean and flexible operating structure, we can persevere over tough economic conditions and capitalise on emerging growth opportunities if we remain cautious and focused on improving the Group's key fundamentals and core strengths.



CHAIRMAN & CEO'S STATEMENT

The Group continues to emphasise on its stationery and writing instruments businesses in key markets whereby strong brand awareness and established distribution channels with notable market shares will drive the growth performance for the Group. For this year and beyond, the Group remains hopeful that COVID-19 will be contained and managed, global markets will recover robustly and society resumes life normally.

REPOSITIONING TO BE A PURPOSE-DRIVEN BRAND

The Pelikan Group continued to implement its “Pelikan Cares” concept - a rebranding exercise on Pelikan’s image to evoke a more playful, innovative brand in order to connect with the younger generation of consumers while staying true to the essence of the brand - not only on external communication and marketing materials towards our customers and retailers, but also throughout the organisation for our employees and shareholders. The “Pelikan Cares” concept reflects the Group’s desire to ensure our children reaches their full creative and learning potential and Pelikan cares to improve the learning process of students, parents and teachers alike, to develop the creativity and fun of learning for kid and youths, to support sustainability and the environment, to make products that are safe and adapted to your needs. As a part of the brand’s DNA, the “Pelikan Cares” concept aims to reposition the brand into a purpose driven one as Pelikan stands to be a symbol for care. Caring for our educators by developing products that are ergonomic, reliable, smart, functional yet stylish for the next generation of school children, caring for our environment by implementing sustainable processes and research into developing high quality and eco-friendly products and packaging materials, caring for our society through our #stayhome campaigns to remind consumers to stay safe, social distance and practice good hygiene during the peak of the COVID-19 pandemic, caring for employees by establishing new work from home standards and flexibility in hours, training and so forth.



In 2021, the Pelikan Group finally rolled out the launch of “Pelikan Cares” in all its communication materials such as product packaging, point of sales, online platforms and corporate stationery which was delayed by the COVID-19 pandemic related restrictions. The Group unveiled a new Company Vision, Mission and Core Values (see prefix ii) to reflect the “Pelikan Cares” concept while maintaining Pelikan’s brand identity and heritage which have been the core of our existence. On a global scale, the Group has launched a new Pelikan website designed to convey the “Pelikan Cares” message in words and visually to all our stakeholders. The new online platform design gives a bright image and fresh impression of our brand with the “Pelikan Cares” concept consistently carried throughout. The Group also continued to convert and upgrade the packaging design of many of its existing range of products from the “Pelikan” and “herlitz” brands. Majority of the products have gone through a face lift in the packaging design to comply with the new corporate identity look, while all new products were developed with the “Pelikan Cares” ideology behind it. The latest marketing ideas, advertisements and materials for "Back to School" promotions also matched with the overall design of the "Pelikan Cares" concept. The Group hopes that the redefinition of our communication and brand purpose will be implemented in all local markets by this year.

FROM THE VERY BEGINNING

In the past year, the Group observed the changes in consumer behaviours in terms of their spending and purchasing patterns. Consumers are using more online platforms as they spent majority of their time during the pandemic lockdown at home. Consumers were more mindful and cost conscious of their purchases, preferred to source locally in support of their communities, made more ethical purchases for products with long lasting qualities and values and turned to e-commerce for all their shopping needs. Similarly, most students were engaged in home based learning while their parents and most employees worked from home. As a brand and company, the Group had to quickly adapt and respond to these changes in order to grow the business and operate effectively. The Group strategised to invest in more digital solutions, such as e-commerce, marketing content, work from home webinars, to engage with its employees and consumers. With virtual workforce and students on the rise, the Group looks at the potential of developing suitable products as solutions to the challenges faced while working or studying remotely. Despite a taxing year for business, the Group continued to plough back capital to reinvest in research and development ("R&D") in order to improve our product assortments with better designs, materials and packaging that will suit current demands. These opportunities allowed the Group to work from the very beginning and to redefine our mind-sets and goals in approaching our R&D of products for our consumers.

Under the fine writing instruments segment, the Group continues to concentrate on special editions in the range of Souverän and Classic Series instead of innovating modern product lines to generate sales. The Group was still facing challenges in the production of the fine writing instruments due to delays in the supply chain, distribution and pandemic related restrictions.



Last year, the Group anticipated to launch less novelties but still successful fine writing instruments such as the Special Edition Classic 200 Petrol-Marbled series, a beautiful bluish green hue which perfectly complimented the marble range, the Special Edition Souverän® 600 Green-White series, another coloured version of the stunning pen with a lovely gift box in green and the relaunch of the Classic 205 Duo Highlighter in yellow which is now part of our standard assortment. In particular, the Special Edition Classic 200 series Golden Beryl with golden shimmery translucent material matched perfectly with the Edelstein® Ink of the Year 2021 Golden Beryl. With its signature golden matt cap, the extraordinary ink colour glows and glimmers in the fountain pen when writing.



CHAIRMAN & CEO'S STATEMENT



The Group also continued its tradition of launching new Limited Edition Maki-e pieces from Japan. Last year, the Pelikan Maki-e “Seven Treasures”, limited to only 123 pieces worldwide, was introduced as a masterpiece that combines the craftsmanship of Pelikan Made in Germany tradition and technology coupled with superior Japanese Maki-e painting techniques. The typical seven treasures - gold, silver, lapis lazuli, crystal, giant clam, coral and agate - are expressed on the Pelikan M1000 writing instruments as auspicious omen motifs by drawing additional fortunate items such as treasure roll, treasure-house lock and cherry blossoms. Hence, the Pelikan Maki-e “Seven Treasures” fountain pen is a collection of symbols believes to bring good fortune. The Group was also pleased to introduce another work of art which combined both German tradition and Japanese expertise in the form of Limited Edition M1000 Raden White Ray. Raden is a traditional Japanese decorative craft using small piece of precious shell materials which creates a unique and distinctive striped fountain pen. A total of 400 pieces were individually produced and crafted by hand. Due to pandemic constraints which limited the interactions between Pelikan and the fine writing instruments community, the Group encouraged more communication with our end consumers through the new fine writing instruments website, newsletters and social media channels with endless and engaging content. The Group also launched a wonderful book for Pelikan pen collectors: Pelikan Limited & Special Editions 1993 - 2020 which depicts the overview of all the Limited and Special Edition fountain pens over the past 25 years. We also spearheaded the first fine writing instruments webstore for German customers to browse and purchase directly, aligned with the burgeoning trend of online shopping.

For our dealers and distributors, the Group continued to support sales with constant marketing collaterals such as point of sales, catalogues, window displays and decorations and packaging materials. For 2022, we will continue with the strategy of reinventing the traditional designs with new materials and colours and launch the novelties that were delayed from last year. 2022 is also a special anniversary for us as we celebrate the 40th year of the Souverän which was first introduced in 1982. Therefore, the Group has plans to honour this occasion with a Jubilee Pen as well as other exciting novelties.

“Back to School” remains a vital business segment for the Group and with school pupils and teachers returning to physical and hybrid classes in most countries last year, we are committed to provide the necessary tools to support children's education, creativity, learning and development. In 2021, the Group launched several new school products, amongst them were the Pelikano® Dragon fountain pen, a follow up to the Magic Ocean in the fairy-tale series with green shimmering scale structure and new additions to the griffix® family in the form of a compact designed compass which is ergonomic, innovative, easy to adjust and operate, as well as wax crayons that are suitable for children thanks to its unique triangular grip zone promoting good hand position and coordination. We also added new products to the Colorella® range of felt-tip pens with more fun and engaging materials such as magic markers, metallic colours and supersized pastel pens.



As promised, the Group also introduced new novelties under the writing instruments range; the first being the ilo® ("Inkcredible Joy") fountain pens for frequent writers, which targets the youth writing instruments segment with stylish and carefree designs in 4 trendy colours and understated packaging, as well as matching ilo® ink eradicators and notebooks to complete the set. The second new writing instrument launched was the Snap® metal ballpoint pen range, defined by its clear formal style and targeting consumers with a preference for minimalist aesthetics in 6 pearl-lacquered colours. The Snap® pen's distinctive feature is the clip in which by pressing on the upper part, the mechanism becomes unlocked and the refill retracted, hence giving the pen its name. For the office stationery range, the Group relaunched the Inky pens in neon colours and motifs, as well as modern designs and packaging for the new permanent and whiteboard markers.

The Group also introduced a unique product line called the KreativFABRIK, a compact storage system for Pelikan stationery which organises by stackable trays. Parents can now compactly stow and organise systematically all of the childrens' stationery and creativity, making the workspace particularly those on home-based learning schools tidy and neat! Each portable tray comes with a set of Pelikan stationery be it coloured pencils, paints, Colorella® markers, wax crayons and modelling clay which can be sold together. As usual, these new novelties are accompanied with the new "Pelikan Cares" packaging designs, making the brand more visible and modern in the eyes of our young consumers which will boost and upgrade the brand image and awareness.



The "herlitz" brand emphasised on trendy designs and sustainable materials as basis for its product development. In 2021, the focus was on the Group's care on the planet and commitment to use more environmental-friendly, sustainable and durable materials. Under the herlitz brand, the Group launched GREENLine, a series of office based stationery such as lever arch files, notebooks, filing trays, pencils and more produced with recycled, sustainable raw materials and packaging in contemporary, earthy colours which have been certified by Blue Angel and Forest Stewardship Council ("FSC"). As usual, the textile collection under the herlitz brand featuring reliable and trendy schoolbags and accessories was launched last year with 2 new models introduced - the Flip and Softlight. The Group focused on improving the quality of materials, strengthening the competence of our products and creating more lightweight schoolbags.



CHAIRMAN & CEO'S STATEMENT

These new models using PVC free materials which have the same unique features such as easy handling for children, ergonomic back padding, self-closing magnetic lock and safety reflective materials, was launched with cool designs for our discerning users. These schoolbags are designed to be functional and ergonomic with many safety features, smart saving space, light-weight, modern and in trend. The Group also launched new accessories such as a neon rain-cover that can protect any model of the schoolbags from getting drenched as well as colourful patches to style up the schoolbags. The theme for herlitz schoolbags continued to be engaging school children on their dreams with the tagline "More than a Schoolbag". For 2022, there will be more schoolbag designs in the pipeline as well as plans to overhaul the herlitz brand packaging designs and marketing materials to be more contemporary and modern.



The Group continues to focus on its core product range by enhancing the bestsellers through assortment expansion and design upgrades while creating new star products. For the next year and beyond, we will continue to grow the existing top performing products with attention on developing products in more sustainable materials and processes, creating functional products that are innovative and unique to our brand and elevating our conventional and digital marketing content. We project that in a post COVID-19 pandemic world, consumers will appreciate products made with the intent of high quality, durability, sustainability, functionality and longevity.

IN APPRECIATION

On behalf of the Board of Directors, we would like to thank the management team and employees for their continuous creativity, efforts, hard work and resilience during these unprecedented times for the brand and Company. We are also grateful to our business partners, suppliers, vendors, shareholders and customers for their unwavering support and loyalty and we strive to develop and strengthen our working relationships with all our stakeholders.

Dato' Indera Syed Norulzaman bin Syed Kamarulzaman

Chairman

Loo Hooi Keat

President/Chief Executive Officer

BOARD OF DIRECTORS' PROFILE



BOARD OF DIRECTORS' PROFILE



DATO' INDERA SYED NORULZAMAN BIN SYED KAMARULZAMAN

Chairman, Independent Non-Executive Director
Malaysian, Male, Aged 72

- Chairman of the Executive Committee
- Member of the Remuneration Committee (Ceased on 4 March 2022)
- Chairman of the Nomination Committee (Ceased on 25 February 2022)

Date of appointment as Director

12 September 2019

Length of service since the date of appointment (as at 31 March 2022)

2 years 6 months

Academic/Professional qualification(s) and certification(s)

Bachelor of Arts (Honours) from University of Malaya

Present directorship(s) in other public listed and non-listed public companies

- OCK Group Berhad
- Yong Tai Berhad

Family relationship with any Director and/or major shareholder of the Company

No family relationship with any Director and/or major shareholder of the Company

Working experience and occupation

Upon graduation from the University of Malaya, Dato' Indera Syed joined the Administrative and Diplomatic Service of the Malaysian Government in 1973 and was assigned to the Ministry of Foreign Affairs. He served in different capacities in the Ministry's Political and Administration divisions as well as in Malaysia's diplomatic mission in Geneva, Baghdad, Ottawa and Jakarta.

In September 1994, Dato' Indera Syed was appointed as Malaysia's Ambassador to Spain where he served for 3 years.

On returning to Kuala Lumpur in November 1997, he assumed the post of Undersecretary for East-Asia and South-Asia at the Ministry of Foreign Affairs, prior to his appointment to head the Institute of Diplomacy and Foreign Relations, Prime Ministers Department, as its Director General in June 1999.

He returned to the Ministry of Foreign Affairs in November 2001 before his appointment as Malaysia's Ambassador to the Kingdom of Thailand, a position he held until January 2005. He was subsequently appointed as Malaysia's Ambassador to the People's Republic of China, based in Beijing where he served for 5 years till December 2009 before returning to Malaysia to retire from government service.

Upon his return to Malaysia, Dato' Indera Syed was appointed as Public Interest Director at the Federation of Investment Managers Malaysia ("FIMM"), a position he held until August 2012.

He is currently the Chairman of Yong Tai Berhad and OCK Group Berhad, as well as the Chairman of Mah Sing Foundation, a charitable organisation providing assistance to the needy within the community.

Time committed

Dato' Indera Syed attended all the nine (9) Board of Directors' Meetings of the Company held in the financial year ended 31 December 2021.



LOO HOOI KEAT

President/Chief Executive Officer
Malaysian, Male, Aged 66

- Member of the Executive Committee
- Member of the Executives' Share Option Scheme

Date of appointment as Director

22 April 2005

Length of service since the date of appointment (as at 31 March 2022)

16 years 11 months

Academic/Professional qualification(s) and certification(s)

Certified Public Accountant under the membership of Malaysian Institute of Certified Public Accountants

Present directorship(s) in other public listed and non-listed public companies

Swift Haulage Berhad

Family relationship with any Director and/or major shareholder of the Company

No family relationship with any Director and/or major shareholder of the Company

Working experience and occupation

Mr. Loo was appointed as an Executive Director of Pelikan on 22 April 2005 and thereafter as an Executive Chairman on 26 April 2005. Subsequently, he was redesignated as President/Chief Executive Officer of Pelikan on 14 November 2007.

He is a Certified Public Accountant and a member of the Malaysian Institute of Certified Public Accountants ("MICPA"). He received his training in accountancy from a reputable international accounting firm where he obtained his Certified Public Accountant accreditation. Since then, he has gained experience in various international companies in Malaysia, namely as Group Accountant for the Sime Darby Group of Companies from 1982 to 1985 and Lion Group of Companies from 1986 to 1989.

He was the Group General Manager for Business Management of United Engineers (Malaysia) Berhad from 1990 to 1992. He then joined Konsortium Logistik Berhad, a logistics service provider company as an Executive Director until 2010.

He is the Non-Independent Non-Executive Director of Swift Haulage Berhad, a public listed company on the Main Market of Bursa Malaysia Securities Berhad.

Time committed:

Mr. Loo attended all the nine (9) Board of Directors' Meetings of the Company held in the financial year ended 31 December 2021.

BOARD OF DIRECTORS' PROFILE



LIM CHEE HOONG

Independent Non-Executive Director
Malaysian, Male, Aged 61

- Chairman of the Audit and Risk Management Committee
- Chairman of the Nomination Committee (Re-designated as Chairman w.e.f. 25 February 2022)
- Member of the Remuneration Committee
- Member of the Executive Committee

Date of appointment as Director

3 June 2019

Length of service since the date of appointment (as at 31 March 2022)

2 years 9 months

Academic/Professional qualification(s) and certification(s)

- Member of Malaysian Institute of Accountants
- Member of Malaysian Institute of Certified Public Accountants
- Member of Chartered Tax Institute of Malaysia

Present directorship(s) in other public listed and non-listed public companies

- Choo Bee Metal Industries Berhad
- PRG Holdings Berhad

Family relationship with any Director and/or major shareholder of the Company

No family relationship with any Director and/or major shareholder of the Company

Working experience and occupation

Mr. Lim started his career as an Articled Clerk in Coopers & Lybrand from 1981 to 1988. He then joined Seal Incorporated Berhad as an Assistant Accountant from 1988 to 1989 and Kinta Properties Sdn. Bhd. as an Assistant Accountant from 1989 until 1990. From 1990 to 1993, he joined Deloitte KassimChan as an Audit Senior and obtained qualification under Malaysian Association of Certified Public Accountants. He then joined Syuen Corporation Sdn. Bhd. as Group Financial Controller and Company Secretary from 1993 to 1996 and from 1996 to 1998 as Group Accountant in Transcyber Management Sdn. Bhd.

He was also a partner at Messrs. Lee Teik Swee & Co from December 2001 to October 2013. Currently, he is practising as a Public Accountant. He also serves as the Executive Director for Lim Tang Tax Services Sdn. Bhd. and a partner at Messrs. CHI-LLTC and Messrs. TNL Partners PLT respectively.

Currently, he is the Independent Non-Executive Director of Choo Bee Metal Industries Berhad and PRG Holdings Berhad, public listed companies on the Main Market of Bursa Malaysia Securities Berhad.

Time committed

Mr. Lim attended all the nine (9) Board of Directors' Meetings of the Company held in the financial year ended 31 December 2021.



AHMAD AL FAROUK BIN AHMAD KAMAL

Non-Independent Non-Executive Director

Malaysian, Male, Aged 41

- Member of the Audit and Risk Management Committee
- Member of the Remuneration Committee
- Member of the Executive Committee

Date of appointment as Director

12 September 2019

Length of service since the date of appointment (as at 31 March 2022)

2 years 6 months

Academic/Professional qualification(s) and certification(s)

- Masters of Science ("MSc") in Finance and Economics from London School of Economics and Political Science
- Bachelor of Science ("BSc") in Economics from London School of Economics and Political Science

Present directorship(s) in other public listed and non-listed public companies

TH Heavy Engineering Berhad

Family relationship with any Director and/or major shareholder of the Company

No family relationship with any Director and/or major shareholder of the Company

Working experience and occupation

Encik Ahmad Al Farouk is currently the Chief Investment Officer of Urusharta Jamaah Sdn. Bhd. ("UJ"). He is part of UJ's pioneer team responsible for the managing of assets worth over RM10 billion.

He has over 17 years of working experience in investment banking, corporate finance, equities research and equities trading. He started his career with Credit Suisse as part of Malaysia's equities trading and research team.

In 2008, he joined J.P. Morgan's investment banking team and subsequently worked with Deutsche Bank's investment banking team in 2013.

He has advised clients on numerous mergers and acquisitions, corporate restructuring, equity and equity linked as well as debt capital market transactions and was involved in a number of landmark deals in Malaysia.

He graduated from The London School of Economics and Political Science with a MSc in Finance and Economics as well as a BSc in Economics degree.

Currently, he is the Non-Independent Non-Executive Director of TH Heavy Engineering Berhad, a public listed company on the Main Market of Bursa Malaysia Securities Berhad.

Time committed

Encik Ahmad Al Farouk attended all the nine (9) Board of Directors' Meetings of the Company held in the financial year ended 31 December 2021.

BOARD OF DIRECTORS' PROFILE



NAJUUWA BINTI SABLI

Non-Independent Non-Executive Director
Malaysian, Female, Aged 40

- Member of the Nomination Committee

Date of appointment as Director

12 September 2019

Length of service since the date of appointment (as at 31 March 2022)

2 years 6 months

Academic/Professional qualification(s) and certification(s)

- Masters of Engineering (“MEng”) in Electronics from University of Southampton, United Kingdom
- Masters of Applied Finance (“MAppFin”) from Kaplan Australia
- Graduate Diploma in Applied Finance and Investment (“GDAFI”) from Financial Services Institute of Australia
- Certified Financial Technician (“CFTe”) from International Federation of Technical Analysts

Present directorship(s) in other public listed and non-listed public companies

Nil

Family relationship with any Director and/or major shareholder of the Company

No family relationship with any Director and/or major shareholder of the Company

Working experience and occupation

Puan Najuuwa is currently the Senior Manager (Equity) of Urusharta Jamaah Sdn. Bhd. since August 2019. She is one of the pioneer team members of Urusharta Jamaah Sdn. Bhd. within the equities team tasked to execute equity strategies worth RM10 billion.

She has over 14 years of working experience and is well-versed in equities research, equities dealing, portfolio management and corporate finance.

She started her career as an Equity Research Analyst in Permodalan Nasional Berhad (“PNB”) from September 2005 to April 2010 and thereafter, she was appointed as an Equity Dealer in PNB from April 2010 to April 2013. In September 2016, she was appointed as an Equity Portfolio Manager for several of PNB’s unit trust funds until July 2019.

Time committed

Puan Najuuwa attended all the nine (9) Board of Directors’ Meetings of the Company held in the financial year ended 31 December 2021.



FONG WAI LEONG

Independent Non-Executive Director
Malaysian, Male, Aged 52

- Chairman of the Remuneration Committee
- Member of the Audit and Risk Management Committee
- Member of the Nomination Committee (Appointed w.e.f. 25 February 2022)
- Member of the Executive Committee

Date of appointment as Director

12 September 2019

Length of service since the date of appointment (as at 31 March 2022)

2 years 6 months

Academic/Professional qualification(s) and certification(s)

Member of Malaysian Institute of Certified Public Accountants

Present directorship(s) in other public listed and non-listed public companies

Oceancash Pacific Berhad

Family relationship with any Director and/or major shareholder of the Company

No family relationship with any Director and/or major shareholder of the Company

Working experience and occupation

Mr. Fong has 29 years of experience in corporate and business management, merger and acquisitions and finance.

He was the Group Chief Executive Officer of PanPages Berhad, a public listed company on the Main Market of Bursa Malaysia Securities Berhad for 9 years.

Prior to managing PanPages Berhad, he owned businesses in investment and advisory services in Devonshire Capital and Equinox Capital for 11 years. He has advised on investments, initial public offerings and mergers and acquisitions in various countries such as China, Malaysia, Thailand, Singapore, South Africa, South Korea and South America.

He started his career as a professional working for KPMG as an Auditor for 4 years and for CIMB as an Investment Banker for 4 years.

Currently, he is the Independent Non-Executive Director of Oceancash Pacific Berhad, a public listed company on the Main Market of Bursa Malaysia Securities Berhad.

Time committed

Mr. Fong attended all the nine (9) Board of Directors' Meetings of the Company held in the financial year ended 31 December 2021.

BOARD OF DIRECTORS' PROFILE



KIM KENNY

Non Independent Non-Executive Director
Malaysian, Male, Aged 54

- Member of the Remuneration Committee (Ceased on 4 March 2022)

Date of appointment as Director

7 October 2019

Length of service since the date of appointment (as at 31 March 2022)

2 years 5 months

Academic/Professional qualification(s) and certification(s)

- Masters of Science in Finance from Lancaster University Management School, United Kingdom
- Professional Degree from Association of Chartered Certified Accountants
- Professional Degree from Institute of Chartered Accountants in England and Wales
- Member of Institute of Chartered Accountants in England and Wales, CF Faculty
- Member of Malaysian Institute of Accountants
- Fellow of the Association of Chartered Certified Accountants

Present directorship(s) in other public listed and non-listed public companies

Nil

Family relationship with any Director and/or major shareholder of the Company

No family relationship with any Director and/or major shareholder of the Company

Working experience and occupation

Mr. Kenny is currently the Chief Executive Officer ("CEO") and Founding Partner of Ikhlas Capital Singapore Private Limited, as well as a Director of CDL Hospitality Trusts which is listed on the Singapore Exchange.

He was attached to RRJ Capital from 2015 to 2017 and was a core member of its senior investments team and also a member of its Executive Committee.

Prior to joining RRJ Capital, Mr. Kenny had a 22-year career at CIMB Group from 1993 to 2015. He was with the Investment Banking for 11 years and his next 11 years as Group Chief Financial Officer and CEO of Strategy and Investments.

Time committed

Mr. Kenny attended seven (7) out of nine (9) Board of Directors' Meetings of the Company held in the financial year ended 31 December 2021.



NGAU KAH WYE

(Alternate Director to Kim Kenny)
Non-Independent Non-Executive Director
Malaysian, Male, Aged 33

Date of appointment as Director

24 February 2021

Length of service since the date of appointment (as at 31 March 2022)

1 year 1 month

Academic/Professional qualification(s) and certification(s)

- Member of Malaysian Institute of Accountants
- Certified Financial Planner of Financial Planning Association of Malaysia
- Fellowship Member of Association of Chartered Certified Accountants from Sunway University College
- Certified Accounting Technician from Sunway University College
- BSc (Hons) in Applied Accounting (2nd Upper Class Honours) from Oxford Brookes University

Present directorship(s) in other public listed and non-listed public companies

Nil

Family relationship with any Director and/or major shareholder of the Company

No family relationship with any Director and/or major shareholder of the Company

Working experience and occupation

Mr. Ngau is currently the Chief Financial Officer of Ikhlas Capital Singapore Pte. Ltd. since December 2019.

He is a fellowship member of the Association of Chartered Certified Accountants and holds a BSc in Applied Accounting from Oxford Brookes University. He is also a Chartered Accountant in Malaysia. He has over 10 years of experiences in finance, operations, treasury, compliance and tax experience.

He started his career as an Audit Senior in Crowe Horwath from 2009 to 2013 with various audit related experiences such as external audit, financial due diligence and initial public offering of companies in various industries across Asia Pacific.

In June 2013, he joined CIMB Investment Bank as the Manager of the Group Strategy and Strategic Investment/Private Equity Department which covered the portfolio monitoring, reporting and compliance in private equity. He was an Assistant Advisor to South East Asia Growth Capital L.L.C. which managed by Cross Boarder Investment Division of Development Bank of Japan from May 2016 to June 2017.

Prior to joining Ikhlas Capital Singapore Pte. Ltd., Mr. Ngau was the Head of Family Office and Retail Investment in the Wealth Management Department of an international accounting firm, specialising in Family Office Investments and Advisory from June 2017 to December 2019.

Time committed

Mr. Ngau attended all the nine (9) Board of Directors' Meetings of the Company held in the financial year ended 31 December 2021.

Notes:

1. Conflict of interest

None of the Directors of the Company has any conflict of interest with the Company.

2. Convictions for offences and public sanction or penalty imposed by the relevant regulatory bodies during the financial year

None of the Directors has any conviction for offences within the past five (5) years, other than traffic offence, if any, nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2021.

GROUP MANAGEMENT PROFILE



PELIKAN INTERNATIONAL CORPORATION BERHAD MANAGEMENT

1. LOO HOOI KEAT

Malaysian, Male, 66

President/Chief Executive Officer, since 2005

- Certified Public Accountant
- Over 30 years of experience
- Group Accountant, Sime Darby Group of Companies (1982-1985)
- Group Accountant, Lion Group of Companies (1986-1989)
- Group General Manager, United Engineers (Malaysia) (1990-1992)
- Executive Director, Konsortium Logistik Berhad (1992-2010)
- Non-Independent Non-Executive Director of Swift Haulage Berhad since 21 December 2021

2. HO MING HON

Malaysian, Male, 47

Senior Vice President, Head of Group Finance and Corporate Services, since 2011

- Certified Public Accountant
- Practised in a big four audit firm
- Specialised in corporate finance in an investment bank

3. LOO SEOW BENG

Malaysian, Male, 64

Head of Procurement, since 2006

- BSc in Business
- Over 20 years of experience with Pelikan Group
- Pelikan Singapore-Malaysia Pte. Ltd. (1995)
- Pelikan Holding AG

PELIKAN GROUP GMBH MANAGEMENT

4. CLAUDIO ESTEBAN SELEGUAN

Argentinean, Male, 59

Managing Director, Pelikan Group GmbH, since 2015
Managing Director, Pelikan Vertriebsgesellschaft, since February 2021

Managing Director, Pelikan Mexico, since 1992 and responsible for Americas since 2000

- BA in Business Administration
- IESE, IPADE Senior Executive Programme
- Over 30 years of experience with Pelikan Group
- Managing Director of Pelikan Costa Rica (1989-1991)

5. JENS KOLLECKER

German, Male, 46

Chief Operating Officer, Pelikan Vertriebsgesellschaft, since February 2021

- Graduate in IT and information management
- Diploma in Economics
- Joined Pelikan Group in 1998 and held several positions in Controlling and Finance (1998-2011)
- Manager of manufacturing plant at Vöhrum, Germany (2011-2014)
- Head of Controlling of Pelikan Group GmbH (2014-2020)

Save as disclosed, the above group management team members:

- have no directorship in public companies and listed issuers, apart from Mr. Loo Hooi Keat who is a Non-Independent Non-Executive Director of Swift Haulage Berhad, a public listed company on the Main Market of Bursa Malaysia Securities Berhad;
- have no family relationship with any Director and/or major shareholder, nor any conflict of interest with Pelikan, apart from Mr. Loo Seow Beng who is the brother of Mr. Loo Hooi Keat (President/Chief Executive Officer); and
- have no convictions for any offense within the past 5 years, other than traffic offences, if any and have not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2021.



MANAGEMENT DISCUSSION AND ANALYSIS

“

The following Management Discussion and Analysis (“MDNA”) is intended to assist the readers to understand the business environment, strategies and performance and risk factors of Pelikan International Corporation Berhad (“PICB” or “the Company”) and its subsidiaries (hereinafter referred to as “Pelikan”, “the Group”, “we”, “us”, or “our”). This MDNA is provided as a supplement to and should be read in conjunction with our consolidated financial statements and the accompanying notes as presented on pages 82 to 155 of this Annual Report. Unless otherwise indicated, all amounts are expressed in Ringgit Malaysia (“RM”).

”

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF GROUP'S BUSINESS AND OPERATIONS

Pelikan is one of the market leaders and pioneers in writing instruments and stationery industry worldwide. The Group is globally renowned for the diversity of our stationery supplies and offers high quality products from high-valued writing instruments, hobby paints, office stationery and school supplies used by the children, students, parents, teachers, office workers and pen collectors. We strive to maintain the brand's good reputation that stands for high quality, innovation, reliability, diversity and creativity in our product offerings. The Group is proud of its German tradition, heritage, technology and craftsmanship and aims to continue improving our quality standards across all product categories. In addition, we aim to create products that inspire creativity and imagination, encouraging people to express themselves in diverse ways through painting, writing or drawing.

Today, the Group owns the brands "Pelikan", "herlitz", "Susy Card" and "Geha". "Pelikan" is known as a global premium brand focusing on Fine Writing Instruments ("FWI"), school and office stationeries. "herlitz" is well-known in Germany and Eastern Europe as a brand focused more on school products (backpacks and school notebooks) and office stationeries (writing pads and files). "Susy Card" is primarily focused on the greeting cards, gifts, decorations and napkins business. Lastly, "Geha" is a technical office brand which focuses mainly on the office equipment such as laminators.

The Group' business spans worldwide with subsidiaries present in 21 countries to serve each local market and export to the surrounding countries where local subsidiaries are not present. The Group's products requirements are fulfilled via its internally owned manufacturing facilities situated in Germany, Poland, Mexico and Colombia and also through Malaysia via the International Procurement Centre ("IPC"). The respective manufacturing facilities have their own research and development ("R&D") team to develop new products and also to improve quality of existing products.



STRATEGIC FOCUS

We are focused on strategies that will promote the long-term growth of the Group and deliver total shareholders' returns. The Group strives to achieve this in line with our corporate tenets through our Vision, Mission and Values which are as follows:

OUR VISION

To create equal opportunity to learn and to grow for everyone.

Our main goal is enabling growth - whether it is personal growth in the context of school and education, growth in your professional life or, from a commercial point of view, financial growth as a group of companies.

OUR MISSION

To provide more people with reliable, well-designed stationery products and solutions, developed with expertise, passion and care.

- We do not just want to manufacture stationery products. We want to continuously work on also making our products and solutions accessible to as many people as possible;
- Our world is the world of stationery - whether in the context of school, arts or office and as the world of stationery changes and evolves, we evolve with it; and
- We are experts in our field. We are passionate about stationery and we care for the people and the planet, for our customers, our colleagues and our environment.

To offer practical and more sustainable essentials in the fields of office supplies, textile and paper, for a more colourful everyday life.

- A focus on essential, useful products for daily use, both highly functional and convenient as well as aiming to be more eco-friendly everyday, so that more people can afford more sustainable solutions; and
- We believe that practical, affordable products for daily use do not need to look plain and boring. Instead, they have the potential to make your everyday life a little bit more colourful.

OUR VALUES

All our actions, decisions and relationships are defined by one shared value and guiding principle: Pelikan Cares. Our values are:

- Care for our heritage: We are considerate of the rich history of our brands, finding inspiration in our heritage;
- Care for our products: We work with passion, expertise and commitment to create products that are innovative and of high quality;
- Care for our people: We are respectful and empathetic of our customers and colleagues, working with integrity and as a team;
- Care for learning and education: We want to continuously work on making our products and solutions accessible to as many people as possible; and
- Care for our planet: We keep questioning our ways of creating and distributing products, aiming to be a more sustainable company every day.

MANAGEMENT DISCUSSION AND ANALYSIS

ORGANISATIONAL STRUCTURE

PICB is the global headquarters for the Pelikan Group and its main subsidiary Pelikan Group GmbH controls most of the Group's sales organisations and production facilities. The Group operates four (4) manufacturing facilities located at Germany, Poland, Mexico and Colombia and has an international procurement centre in Malaysia.

The global strategy which is based on four pillars "Strengthen", "Globalise", "Focus" and "Simplify" continues to be adopted in the day-to-day operations within the Group.

The Group's core competitiveness lies in our brands and it is crucial to adopt a strategy in order for the Group to continually "Strengthen" the brand positioning in particular, the "Pelikan" brand which is known worldwide. Importance is placed on cultivating brand awareness amongst users, right from the start at a young age when children start learning to colour and write (crayons, pencils and painting). This follow through other age groups to adulthood, i.e. teenage schooling (writing instruments and colours) and adulthood (office stationeries and FWI). Within the strategy, "Pelikan" particularly in Germany and "herlitz" have very high brand awareness respectively. The adaption of the local strategies to improve and build the brand awareness is employed to customise local brand positioning and product dominance.

"Globalise" is another pillar of the strategy wherein the business potential is to have an international and multinational distribution approach for all the products. The Group has set-up a global distribution network through the international subsidiaries. We are capable of distributing the products through various distribution channels at the most competitive prices. New products are continuously being introduced into the global distribution network and the Group is always striving to develop the next "innovation" or "specialty" to capture new sales growth.

"Focus" is a priority within the Group to concentrate our resources to promote core product assortments namely school stationeries and FWI with high growth potential and market acceptance. Continuous efforts are being put in to develop products with unique selling points ("USP") and focus on meeting customers' needs.

"Simplify" is the fourth pillar of the strategy. We strive to simplify and standardise processes to provide operational efficiency and improve the ability to support and meet future market needs and changes. This pillar involves all aspects from corporate and management structure, product development, procurement functions, product assortments and information technology. The Group continuously reviews current best practices in order to establish whether improvements can be made to have a simpler or more customer-centric view and at the end, a more cost efficient business and operating structure.



Production Services, R&D, Product Development and International Procurement Centre (“IPC”)

The Group is supported via its manufacturing units in Vohrum: Germany, Puebla: Mexico, Bogota: Colombia and Poznan: Poland. The Group has an IPC out of Malaysia.

The stationery plant in Germany serves to produce high quality and high volume-based products in particular the FWI, in order to serve not only the local markets but also global markets. Quality and craftsmanship are core to the Pelikan’s production principle and we strive to achieve this by having our own R&D facilities, tooling department, quality management, product development and internship programmes to train new employees.

The R&D strategy in 2021 included expanding and supplementing market leadership in the field of school products. The development of new inks and ink formulations has been the focus of chemical development. The manufacturing area of the FWI product sector was further expanded in 2021. The school and office product areas are another determining factor for R&D projects. R&D focused on researching new materials and new technologies that could be useful to our portfolio. In 2021, the Group invested a total of RM9.4 million in fixed assets for the R&D of new products and machineries in production.

The IPC function serves to support the Group with new products which are not internally available via its plants from suppliers worldwide. IPC is tasked to procure and develop, with our suppliers, new products which are key to support the ongoing customer requirements for our global markets. As at to-date, IPC has worked with over 100 suppliers who are required to abide by the Group’s “Code of Ethics” and conformity with international laws related to stationery products such as “EN71” which is the European Union Toy Safety Directive.

Corporate Planning (Group Services)

Corporate Planning Department provides the Group with corporate support functions such as group corporate strategy, corporate transaction support including internal re-organisations and external acquisitions/divestments, fund raising, investor relations and listing governance and compliance.

During the year, the Group had undertaken a disposal of its logistic property in Falkensee, Germany for a cash consideration of EUR81.0 million. The property was leaseback for a period of 5 years as the Group still requires to use the said property for the stationery distribution in Germany and also as incoming distribution hub for rest of Europe. The Group also paid out a special dividend of RM120.6 million from the proceeds of the disposal.



MANAGEMENT DISCUSSION AND ANALYSIS

Human Resource and Employees

As of 31 December 2021, the Group had a total headcount of 1,558 employees (2020: 1,539 employees). Out of the total workforce, 968 employees (62.1%) were based in Europe, 533 employees (34.2%) were based in Americas and 57 employees (3.7%) were based in the Rest of the World region.



The Group continues to provide a good working platform for employees to learn and grow within the Group's network worldwide. Traineeship programmes continue to be offered in order to provide an opportunity for internship in various functions and departments. The Group strives to ensure that our employees are rewarded with comparative salaries and benefits, performance bonuses, a safe, healthy and stimulating work environment and great teamwork fostered amongst colleagues. The knowledge and skills training for every level of employment are offered and recommended in their professional and personal development so that they are able to drive for changes and accelerate the Group's performance.

SUMMARY OF FINANCIAL RESULTS

Total Group revenue of

RM1.0
billion

Earnings Before Interest, Depreciation and Amortisation ("EBITDA") of

RM189.6
million

Net earnings of

RM93.1
million

Earnings Per Ordinary Share ("EPS") of

14.10
sen

Net cash and cash equivalent of

RM178.6
million



RESULTS OF OPERATIONS

Net Revenue

The Group achieved a net revenue of RM1.0 billion in year 2021. The revenues are generated through the respective segments are as follows:

	2021	2020
	RM'm	RM'm
Germany	590.7	609.6
Rest of Europe	233.5	208.5
Americas	136.3	118.1
Rest of the World	40.0	38.2
Total Net Revenue	1,000.5	974.4

Despite the continuation of the COVID-19 pandemic, the Group once again reached the RM1.0 billion sales mark with an increase of 2.7% from previous year. The German market continued to achieve positive result with revenue of RM590.7 million. The strength in the sales stemmed from the strategies we had implemented over the past years to focus on brands, product mix and channel distribution. On the channel side, the development of online channels increased by approximately 9.2% as compared to the financial year 2020. The pandemic has created a strong push for online sales although physical stores were opened subsequent to a few months of closure during the lockdown periods at the beginning of the year. In addition, real sales growth was also evident in the German logistic services. Contact-free shopping had become a megatrend development during the pandemic and as part of this development, the German logistic services had benefited from the growing numbers of e-commerce customers.

Rest of Europe is represented by all the subsidiaries operating within the Europe except Germany. The revenue had increased by RM25.0 million (12.0%) as compared to the financial year 2020. As vaccination campaign progressed and restrictions started to gradually being lifted during the second half of the year, response to the "Back to School" season was more encouraging and higher sales were achieved as compared to the financial year 2020. The resurgence of the pandemic and the exponential spread of the new Omicron variant have led to a slight slowdown of business in affected countries in the last quarter of 2021.

For the current year, the revenues of the Americas segment were higher than revenue from the previous year by RM18.2 million (15.4%). The COVID-19 outbreak which resulted in extended quarantine periods had negatively impacted the segment's sales in 2020 till mid of 2021. Positive sales growth was evident in Mexico from the growth in local markets subsequent to the reopening of schools from COVID lockdown during the second half of the year. Other countries within the Americas segment also showed higher revenue as the overall economic conditions in the Americas improved as the pandemic eased and external conditions remained supportive.

The Rest of the World segment revenue which comprises of 4.0% of the Group's revenue mainly generated from countries such as Japan, Taiwan/China, Southeast Asia and Middle East. The revenue development for this segment was more or less stable during the year.



MANAGEMENT DISCUSSION AND ANALYSIS

Profit Before Tax

The Group recorded a profit before tax of RM138.2 million in the current year. A gain from the disposal of the German logistics centre before tax of RM144.5 million was recognised and the Group also provided for restructuring of RM30.0 million during the year for the plant restructurings in Germany. Excluding these one off effects, the Group achieved a profit before tax of RM23.7 million as opposed to RM14.6 million in the previous year on the back of better operating results of certain European countries and the Americas' segment.

Assets & Liabilities

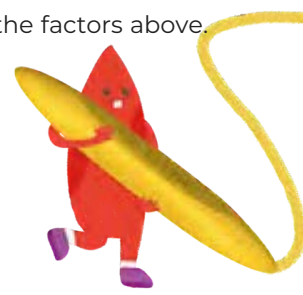
Inventories had decreased by approximately RM32.0 million as compared to the previous year. The Group's borrowings, excluding lease liabilities stood at RM132.6 million at the end of the year as opposed to RM398.2 million in the previous year as part of the disposal of property proceeds was used to pare down fixed loans. The Group's net cash (excluding those reserved for dividend) gearing ratio decreased from 0.76 times at the end of the financial year 2020 to 0.15 times as at the end of the financial year 2021. The Group's cash and cash equivalents at year end amounted to RM178.6 million an increase of RM141.9 million as compared to the previous year.

RISK FACTORS

The following are the key anticipated or known risks that the Group will be exposed to, that may have an impact to the operations, performance, financial condition and liquidity of the Group:

Global Economic Conditions

Economic changes, political unrest, natural disasters, terrorist activities and other macro and micro economic factors may affect consumption and decrease demand for our products. The resurgence in COVID-19 infections in late 2021 and the exponential spread of new Omicron variant have led to slowdown of business in affected countries. The current Russia-Ukraine conflict is expected to take a toll in global economy as it has now caused global fuel prices to surge and sanctions imposed may also affect further energy cost to increase in particular in the European region where 82.4% of the Group's turnover reside. As such, the Group's business continued to be affected as it will result in higher operating cost, disrupt supply chains including from our production facilities, a reduction in consumption because of slower economic growth, delays in customer payments and inability of personnel to perform work and provide services to customers. Our success will depend on our ability to manage our business within such global economic conditions and having an experienced management team who can plan ahead to mitigate the impact of risk and also to react to sudden changes effectively. Besides that, the outcome and positive resolution of the Russia-Ukraine crisis and implementation of governmental fiscal policies and assistance is also important if the global economic conditions deteriorate because of any of the factors above. Failing which, our sales and business may be affected and the Group may suffer economic loss.



Regulatory Environment

In recent years, there has been an increasing consciousness particularly in the more developed countries of the world on the quality of ingredients used in the manufacturing of products. This increasing consciousness has been accompanied by a corresponding increase in health and safety standards and regulations as well as surveillance and enforcement by the relevant authorities. The stationery industry in Germany is also affected by health and safety standards and regulations. Among the more important ones are the German quality standard Deutsche Industrial Norm, the European standards for children's toys and the list of materials and substances recommended by the European Community authorities as being non-allergenic. In order to meet these requirements, the companies are required to invest in R&D and also implement strict quality policies. The larger players in the industry are co-operating with legislative and semi-government organisations to develop as well as to comply with these requirements.

In addition, there are also regulatory law related to patents, intellectual policy, product liability and also tax laws which are equally important for the Group to ensure compliance. Our ability to manage and comply with all these regulations and resolve regulatory issues as and when they arise may impact our results.

Competition

The stationery industry is highly competitive. Worldwide, the industry is characterised by a large number of players in each country, with few truly global players and individual players tend to specialise in specific product segments. As such, the Group competes with different competitors in different product segments.

The Group has experienced and expects to continue to experience intense competition. The Group believes that our ability to compete depends upon many factors both within and outside our control including the timing and market acceptance of new products and enhancements developed by the Group and our competitors, product functionality, ease of use, performance, price, value for money, reliability, customer service, sales and marketing efforts and product distribution channels.



Pelikan's competitors vary in size and in the scope and breadth of products offered. Some of these competitors may have significantly greater resources than Pelikan, in terms of finance, technical, human resources and others. Competitors may be able to respond more quickly to changes in consumer preferences or to devote greater resources to the development, promotion, sale and service of their products. Increased competition could result in loss of market share, which could materially and adversely affect the Pelikan Group's business, operating results and financial condition.

To ensure our competitiveness, Pelikan invests in product innovation and practises a rigorous product development process for all of our new products and enhancements to our existing products. Our R&D team develops new products on an ongoing basis.



MANAGEMENT DISCUSSION AND ANALYSIS

The market acceptance and sales potential of new products are tested through market research prior to the commencement of commercial production. Pelikan will also determine the best method to produce the new products in order to meet its targeted profit margins. Through this stringent product development process, Pelikan minimises the risk of market acceptance. However, there can be no assurance that Pelikan will be able to develop and introduce new products or enhancements in a timely manner in response to changing market conditions or consumer preferences or to maintain our competitiveness against current and future competitors.

Seasonality

The Group's business in our core markets in Europe and Americas is seasonal and sales are strongest in April to July every year. This is due to the annual sales cycle in the stationery industry whereby manufacturers increase the production in the first quarter of the year in anticipation of strong sales to distributors in the second quarter. The distributors stock up in the second quarter in order to prepare for sales to end consumers in the third quarter before the start of the school year in September. In the last quarter of the year, sales in the industry are generally more subdued except for the Christmas season.

In order to counter the effects of seasonal sales, Pelikan is taking measures such as the introduction of more office products which are less affected by seasonality and increasing our geographical spread particularly in Asia, so that products can be produced for other countries during the low seasons in its core markets.



LOOKING FORWARD

The Group has transformed over these years to operate in a leaner and more product and market-oriented structure poised for growth. Although most of the countries worldwide starts to adapt to living alongside the COVID-19 environment and opened up restrictions and borders, the health effects of such policy on the general public and business will continue to be uncertain. The current Russia-Ukraine conflict have resulted in high energy prices and rising cost in particular the European countries. These factors will continue to pose challenges for us ahead. Nevertheless, the Group will need to endure the challenges ahead and exploit new opportunities within a tough business environment.

OTHER INFORMATION - DIVIDEND

The Board of Directors announced a single-tier special dividend of 20 sen per ordinary share for the financial year to reward its shareholders following the disposal of the German logistics centre and the said dividend has been paid on 11 January 2022. Payment of any future dividends will be made after taking into account factors, including the Company's availability of distributable reserves, operating results, financial condition and current and anticipated cash needs. The Company has not established any dividend policy during the financial year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

This Corporate Governance Overview Statement sets out the Corporate Governance practices of Pelikan International Corporation Berhad (“Pelikan” or “the Company”) and its subsidiaries (collectively referred to as “Group”) throughout the financial year and its key focus in ensuring continued implementation of principles and practices of the revised Malaysian Code on Corporate Governance 2021 (“MCCG 2021”) which was issued by the Securities Commission Malaysia on 28 April 2021.

The Corporate Governance Overview Statement is made pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia Securities”) and the Company has also made available a Corporate Governance Report on its website (www.pelikan.com) which articulates the application of the Group’s corporate governance practices pursuant to the MCCG 2021.

The Board of Directors (“Board”) is pleased to present an overview of the corporate governance practices which made reference to the three (3) key principles of good corporate governance as set out in the MCCG 2021, which are:

- (a) Principle A - Board Leadership and Effectiveness;
- (b) Principle B - Effectiveness Audit and Risk Management; and
- (c) Principle C - Integrity in corporate reporting and meaningful relationship with stakeholders.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

BOARD OF DIRECTORS

A. Board’s Roles and Responsibilities

The Board is responsible for the corporate governance practices of the Group. The Board is collectively responsible for the long-term success of the Company and to safeguard and create sustainable value to its stakeholders. In discharging its duties in a clear and transparent manner, the Board has set-up a Board Charter which, sets out amongst others, the responsibilities, authorities, procedures, evaluations and structures of the Board and Board Committees, as well as the relationship between the Board with its management and shareholders.

The Board has on 25 March 2022 updated its Board Charter by incorporating the Directors’ fit and proper policy pursuant to the recent amendments made to the Listing Requirements of Bursa Malaysia Securities that require listed companies to have such policy published on the corporate website on or after 1 July 2022. The policy serves as a guide to the Nomination Committee and the Board to review and assess the candidates that are to be appointed onto the Board as well as Directors who are seeking for election or re-election. The Board via the Nomination Committee shall consider the overarching criteria include but not limited to the character, integrity, experience, competence and time.

A copy of the updated Board Charter is available for reference on the Company’s corporate website at www.pelikan.com.

The position of the Chairman and the Chief Executive Officer are held separately and each of them has a clear accepted division of responsibilities to ensure that there is a balance of power and authority. The Chairman is responsible for ensuring the Board’s effectiveness and conduct whilst the Chief Executive Officer has the overall responsibilities over the Company’s operating units, organisational effectiveness and implementation of policies and decisions of the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board is supported by External Company Secretaries who are qualified, experienced and competent, facilitates all Board, Board Committees and shareholders' meetings, advises the Board on its roles and responsibilities, assist the Board in regulatory updates and training needs, advises the Board on corporate disclosures and compliance with Company and securities laws and listing requirement and monitors corporate governance developments and assist the Board in applying governance practices.

All Directors have access to the advice and services of the Company Secretaries who ensure that the Board receives appropriate and timely information for its decision-making, the Board's procedures are followed and that the statutory and regulatory requirements are met accordingly.

Board Papers are circulated in advance of the meetings, normally together with the meeting notice seven (7) days in advance. The Board also has direct access to the senior management officers on information relating to the Company's business and affairs in the discharge of their duties.

In addition, the Board may further seek independent professional advice at the Company's expense on specific issues to enable the Board to discharge its duties in relation to the matters being deliberated. Procedures for obtaining such professional advice are contained in the Board Charter.

All the existing Directors have attended and completed the Mandatory Accreditation Programme as prescribed by Bursa Malaysia Securities. During the financial year ended 31 December 2021, the training programmes and seminars attended by the Directors were as follows:

NAME OF DIRECTORS	LIST OF TRAINING/ CONFERENCE/ SEMINAR/ WORKSHOP/ WEBINAR ATTENDED/PARTICIPATED
Dato' Indera Syed Norulzaman bin Syed Kamarulzaman	<ul style="list-style-type: none"> • Brexit and Its Implications for Southeast Asia Workshop • Launch of the Malaysia Board Diversity Study and Index • Board and Senior Management Briefing on Corporate Liability
Loo Hooi Keat	<ul style="list-style-type: none"> • Cyber Risk Webinar
Lim Chee Hoong	<ul style="list-style-type: none"> • Webinar Series: Module 1: Business and Employment • Webinar Series: Module 2: Allowances and Deductions • Webinar Series: Module 3: Advanced Subject I • Webinar Series: Module 4: Advance Subject II • Seminar on "MBRS for Preparers - Financial Statements" • MIA Webinar Series: MPERS: Preparation of MPERS • Webinar Series: Accounting for Biological Assets and Agriculture Produce under MPERS • Seminar Percukaian Kebangsaan 2021 • BDO Tax Budget Webinar 2021 on Budget 2022: Competing in the New Normal • TTCS Intensive Transfer Pricing Interactive Virtual Classroom • CPD Webinar on Transfer Pricing • Sustainability Management and Reporting

NAME OF DIRECTORS	LIST OF TRAINING/ CONFERENCE/ SEMINAR/ WORKSHOP/ WEBINAR ATTENDED/PARTICIPATED
Ahmad Al Farouk bin Ahmad Kamal	<ul style="list-style-type: none"> • Money Market Instruments • Commodities Virtual Conference • Strategic Asset Allocation • ESG Forum: Envisioning A Better Future • Maybank & ASEAN Exchanges - ASEAN: Beyond the Pandemicrisis • Sesi Penerangan Seksyen 17A - Liabiliti Korporat • Affin Hwang Capital Webinar - Macro & Market Outlook • Global markets in transition: The path to economic recovery with Dr Ben Bernanke • Khazanah Megatrends Forum • ESG Investment Training
Najuuwa binti Sabli	<ul style="list-style-type: none"> • Plantation & Sustainability Day • Affin Hwang Capital's "Renewable Energy Virtual Conference 2021" • Franklin Templeton Asia Investor Forum 2021 • IMKL 4.0: Renewable Energy - Decarbonising Malaysia • Fraud Risk Management Workshop 2021
Fong Wai Leong	<ul style="list-style-type: none"> • Decoding the NFT Business Models
Kim Kenny	<ul style="list-style-type: none"> • Tech in Asia Conference - Startups in SEA

The Board will continue to evaluate and determine the training needs of its Board members to ensure continuing education to assist them in discharging of their duties as Directors.

Code of Conduct and Ethics ("Code")

The Board has established the Code for the Board, Management and employees of the Company and the Group as well as the Code for their business partners.

In line with the amendments to the Listing Requirements of Bursa Malaysia Securities, the Code has been enhanced and approved by the Board to ensure compliance with the corporate liability provisions pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("MACC 2009").

The employees, Directors and third parties who know of, or suspects, a violation of the Code, are encouraged to whistle blow or report the concerns to the Quick Response Quick Correction Centre ("QRQC") by emailing to qrqc@pelikan.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Any report made to the QRQC must contain the following information:

- (a) Concerns encountered; and
- (b) Any other information which will help QRQC effectively address the report made.

Reports may be made on an anonymous basis. The Group will protect the confidentiality of the whistleblower's identity and the information reported and no individual will be discriminated against or suffer any act of retaliation for reporting in good faith on violations or suspected violations of the Code.

A copy of the Code of Conduct and Ethics is available for reference on the Company's corporate website at www.pelikan.com.

B. Composition of the Board of Directors

The Group is led by the leadership of an Independent Non-Executive Chairman, Dato' Indera Syed Norulzaman bin Syed Kamarulzaman and a President/Chief Executive Officer, Loo Hooi Keat and supported by two (2) Independent Non-Executive Directors and three (3) Non-Independent Non-Executive Directors. As such, the Company is in compliance with Paragraph 15.02 of the Listing Requirements of Bursa Malaysia Securities which requires at least one-third (1/3) of the Board to comprise of Independent Directors.

Currently, the Board has one (1) female Director namely, Puan Najuuwa binti Sabli, a Non-Independent Non-Executive Director, who also serves as a member of the Nomination Committee.

The Board is satisfied that its current composition fairly reflects the investment in the Company and its current size and composition are effective for the proper functioning of the Board.

The Independent Non-Executive Directors are independent from the management and are free from any business or other relationships that could materially interfere with the exercise of independent judgement. The Independent Directors provide a broader view and an independent and balanced assessment. They do not participate in the day-to-day management of the Group and do not engage in any business dealing or other relationship with the Group to ensure that they are capable of exercising judgement objectively and act in the best interest of the Group, its stakeholders and shareholders, including minority shareholders. The Board has adopted a Policy of Independence of Directors to ensure that a structured manner of how the Board assesses the independence of Directors. At present, none of the Independent Directors have served more than a term of nine (9) years.

The Board meets at least four (4) times a year with additional meetings being held as and when required. During these meetings, the Board reviews the Group's financial statements where results are deliberated and considered. Any other strategic issues that may affect the businesses or performance of the Group are also deliberated. The deliberations at the Board meetings and the conclusions are minuted by the Company Secretaries.

During the financial year ended 31 December 2021, the Board met nine (9) times, where it deliberated and considered a variety of matters affecting the Company's operations including the Group's financial results, business plan, the direction of the Group and the disposal of property at substantial value.

The Directors' attendance for the Board meetings held in the financial year ended 31 December 2021 was as follows:

NAME OF DIRECTORS	NO. OF MEETINGS ATTENDED	TOTAL ATTENDANCE (%)
Dato' Indera Syed Norulzaman bin Syed Kamarulzaman	9 out of 9	100
Loo Hooi Keat	9 out of 9	100
Lim Chee Hoong	9 out of 9	100
Ahmad Al Farouk bin Ahmad Kamal	9 out of 9	100
Najuuwa binti Sabli	9 out of 9	100
Fong Wai Leong	9 out of 9	100
Kim Kenny	7 out of 9	78
Ngau Kah Wye (Alternate Director to Kim Kenny)	9 out of 9	100

Nomination Committee

The Nomination Committee is set up to ensure business continuity of the Group by having in place a succession plan for the Board and senior management.

For the purpose of adopting best practice as guided in Practice 1.4 of the MCCG 2021, whereby the Chairman of the Board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee, Dato' Indera Syed Norulzaman bin Syed Kamarulzaman had decided to cease as the Chairman of Nomination Committee with effect from 25 February 2022.

Upon the recommendation of the Nomination Committee, the Board has resolved that Mr. Lim Chee Hoong, the Independent Non-Executive Director be re-designated as the Chairman of Nomination Committee and Mr. Fong Wai Leong, the Independent Non-Executive Director be appointed as a member of the Nomination Committee with effect from 25 February 2022.

A copy of the Terms of Reference of the Nomination Committee is available for reference on the Company's corporate website at www.pelikan.com.

The Board has through the Nomination Committee which is responsible for making recommendations to the Board on the composition of the Board and reviewing of the effectiveness of the Board and its Board Committees.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Nomination Committee met once and had undertaken the following activities for the financial year ended 31 December 2021:

- (a) Reviewed and recommended to the Board, the appointment of Alternate Director;
- (b) Reviewed the size, composition and required mix of skills of the Board;
- (c) Assessed the effectiveness of the individual Directors, the Board as a whole, the Audit and Risk Management Committee and the Remuneration Committee;
- (d) Reviewed and recommended to the Board, the re-election of the Directors who will be retiring at the forthcoming Annual General Meeting (“AGM”) of the Company pursuant to the Company’s Constitution; and
- (e) Assessed and recommended relevant programmes and training to the directors on an on-going basis annually.

As and when a new Director is appointed to the Board, the new Board member provides assurances to the Board that sufficient time can be devoted to carry out his/her responsibilities as a Board member. In addition, should any new Board member accept new directorship appointments, they are required to notify the Chairman and inform the time spent on such new directorships. During the financial year ended 31 December 2021, the Chairman did not receive any notification of acceptance of new directorship appointments from the Board members.

Executive Committee (“EXCO”)

The purpose of setting up an EXCO is to assist the Board to review the Group’s business strategy, business plan and budgets and to monitor their progress and performance accordingly. The responsibilities of the EXCO are outlined in the Terms of Reference of the EXCO. The EXCO comprises five (5) Directors as follows:

NAME OF EXCO MEMBERS	DESIGNATION	DIRECTORSHIP
Dato’ Indera Syed Norulzaman bin Syed Kamarulzaman	Chairman	Independent Non-Executive Chairman
Loo Hooi Keat	Member	President/ Chief Executive Officer
Lim Chee Hoong	Member	Independent Non-Executive Director
Fong Wai Leong	Member	Independent Non-Executive Director
Ahmad Al Farouk bin Ahmad Kamal	Member	Non-Independent Non-Executive Director

A copy of the Terms of Reference of the EXCO is available for reference on the Company’s corporate website at www.pelikan.com.

Executives' Share Option Scheme ("ESOS") Committee

The ESOS Committee was established on 29 April 2010 and it is set up to ensure that the ESOS is fairly and properly administered in accordance with its approved By-Laws and other applicable rules and regulations.

Currently, the ESOS Committee left with a member who is Mr. Loo Hooi Keat. In view of the Company's ESOS had expired on 28 February 2018 and no new employees' share option scheme is proposed as at to-date, the Board has not appointed any replacement to the ESOS Committee and there is no meeting held during the financial year ended 31 December 2021.

C. Remuneration

For the purpose of adopting best practice as guided in Practice 1.4 of the MCCG 2021, whereby the Chairman of the Board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee, Dato' Indera Syed Norulzaman bin Syed Kamarulzaman had decided to cease as the member of Remuneration Committee with effect from 4 March 2022. Mr. Kim Kenny had also ceased as the member of the Remuneration Committee with effect from 4 March 2022.

The Remuneration Committee currently comprises two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Directors. The Remuneration Committee is chaired by an Independent Non-Executive Director, Mr. Fong Wai Leong.

A copy of the Terms of Reference of the Remuneration Committee is available for reference on the Company's corporate website at www.pelikan.com.

The Group operates in a competitive environment and it is essential that part of its strategy is to attract, motivate and retain the highest achievers who are able to deliver the business objectives. The level of remuneration and benefits that the Company offers is the key to support the objectives and maintaining the Group's market position as an employer of choice. The Company provides competitive salaries and benefits for all its employees, consistent with its business strategy and performance. The Directors' remuneration is linked to experience, scope of responsibility, seniority, performance and industry information.

The Remuneration Committee met once and had reviewed the remuneration package and bonus of the Executive Director for year 2021.

The Board resolved to recommend the payment of Directors' fees to the Non-Executive Directors at the Fortieth ("40th") AGM scheduled to be held on 23 May 2022 for the shareholders' approval.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The details of the Directors' remuneration for the financial year ended 31 December 2021 are as follows:

NAME OF DIRECTORS	FEES (RM)	SALARIES & BONUS (RM)	ALLOWANCES (RM)	DEFINED CONTRIBUTION PLAN (RM)	BENEFIT- IN-KIND (RM)	TOTAL (RM)
Executive Director						
Loo Hooi Keat	-	1,273,170	-	170,181	18,472	1,461,823
Non-Executive Directors						
Dato' Indera Syed Norulzaman bin Syed Kamarulzaman	120,000	-	12,250	-	-	132,250
Lim Chee Hoong	70,000	-	14,750	-	-	84,750
Ahmad Al Farouk bin Ahmad Kamal	60,000	-	14,250	-	-	74,250
Najuuwa binti Sabli	60,000	-	8,750	-	-	68,750
Fong Wai Leong	60,000	-	14,250	-	-	74,250
Kim Kenny	60,000	-	8,750	-	-	68,750
Ngau Kah Wye (Alternate Director to Kim Kenny)	-	-	-	-	-	-
Total	430,000	1,273,170	73,000	170,181	18,472	1,964,823

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee ("ARMC") currently comprises two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The ARMC is chaired by an Independent Non-Executive Director, Mr. Lim Chee Hoong.

The membership to the ARMC takes into account of the Non-Executive Directors who are financially literate, discharge the fiduciary duties relating to corporate accounting and reporting practices of the Group and have understanding of the Group's business.

The ARMC is also responsible to oversee the risk management framework and policies of the Group. The details of the risk management and internal control framework are set out in the Statement on Risk Management and Internal Control of this Annual Report.

The ARMC is guided by Paragraph 15.21 of the Listing Requirements of Bursa Malaysia Securities as well as the Terms of Reference of the ARMC, assessed the suitability and independence of the External Auditors of the Company before considering the audit fee and re-appointment until the conclusion of the next AGM of the Company.

The ARMC has updated its Terms of Reference of the ARMC that a former partner of the external audit firm shall be subject to at least three (3) years cooling-off period before being appointed as a member of the ARMC in accordance with the MCCG 2021. Presently, none of the ARMC members of the Company were former partner of the external audit firm.

A copy of the updated Terms of Reference of the ARMC is made available on the Company's corporate website at www.pelikan.com.

Separately, the Internal Audit Function is outsourced to an internal audit consulting firm. The internal audit function is headed by a director who is assisted by a manager and audit executives. Further details of Internal Audit Function are reported in the Corporate Governance ("CG") and ARMC Reports.

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

RELATIONS WITH SHAREHOLDERS AND INVESTORS

The Board recognises that a key element of good corporate governance is the effective communication and dissemination of information to the Company's stakeholder. The Board adopts various methods of communication to the respective stakeholders and has adopted a corporate disclosure policy to ensure that any communications made are transparent, timely, coherent, consistent and accurate.

A. Conduct of General Meetings and Communication with Stakeholders

The AGM sets as the principal forum for dialogue with shareholders. At the Company's AGM, shareholders have direct access to the Board and are encouraged to participate in the deliberations of the resolutions. The President/Chief Executive Officer of the Company will present to the shareholders, the Company's operations in the financial year and outlines the future prospects of the Group.

As recommended by the MCCG 2021, the Board had leveraged on technology to facilitate voting in absentia and remote shareholders' participation at 39th AGM and the Extraordinary General Meeting ("EGM") held on 5 November 2021. The Company had convened the virtual 39th AGM and the fully virtual EGM of the Company on 24 May 2021 and 5 November 2021 respectively via live streaming webcast and online remote voting using the remote participation and voting facilities ("RPV") without physical attendance by the shareholders and proxies in accordance with Sections 327(1) and (2) of the Companies Act 2016, Clauses 73 and 85 of the Company's Constitution and the Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia.

The essential persons i.e. Chairman of the Board, the President/Chief Executive Officer, Company Secretary and the Scrutineer were present at the broadcast venue of the 39th AGM at Tricor Leadership Room, Kuala Lumpur, Malaysia to conduct the 39th AGM in an orderly manner. Whereas the remaining of the Directors, Management and the External Auditors, Messrs. BDO PLT joined the 39th AGM virtually.

On 5 November 2021, the Company had conducted a fully virtual EGM with all meeting participants including all essential persons participate in the meeting online.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The 39th AGM and the EGM of the Company were chaired by the Chairman of the Board, Dato' Indera Syed Norulzaman bin Syed Kamarulzaman. The Chairman provided sufficient time for the shareholders, proxies and corporate representatives who were present at the 39th AGM and the EGM to ask questions for each agenda in the respective Notice of the meetings after all the items on the Agenda had been dealt with.

The Notice of the 39th AGM together with the Administrative Details were issued to the shareholders and the persons entitled to receive such notice 28 days before the date of AGM as a good practice of corporate governance, whereas the Notice of the EGM together with the Circular to Shareholders were issued 14 days before the date of EGM. In view thereof, the shareholders had been given sufficient time and notice to consider the resolutions that would be discussed and decided at the 39th AGM and the EGM respectively.

The shareholders were advised to participate the 39th AGM and the EGM via RPV as a precautionary measure to curb the on-going spread of the COVID-19. The Company had conducted an online remote voting system for the shareholders to cast their votes during the 39th AGM and the EGM held in year 2021.

Furthermore, the shareholders and investors are welcomed to provide feedback to the Group by addressing to the following designated persons:

- **Independent Non-Executive Chairman**
Dato' Indera Syed Norulzaman bin Syed Kamarulzaman
- **President/Chief Executive Officer**
Mr. Loo Hooi Keat

Pelikan International Corporation Berhad
No. 9, Jalan Pemaju U1/15, Seksyen U1
Hicom Glenmarie Industrial Park
40150 Shah Alam, Selangor Darul Ehsan
Tel: +603 5569 5511
Fax: +603 5569 2299

The Annual Report also plays an important part in disseminating information related to the Group's financial performance and operations and activities throughout the financial year. It also describes how the Board and the Management instil corporate governance and corporate social responsibilities principles in running the operations of the Group. The Annual Report is available at the Company's corporate website. The shareholders of the Company are advised to consider the environment prior to requesting for the printed copy of the Annual Report.

All announcements are made to Bursa Malaysia Securities' website and the Company also maintains its corporate website at www.pelikan.com to disseminate additional information on the Group's operations.

The Group values dialogue with shareholders and investors as a means of effective communication that enables the Board to convey information with regards to the Group's performance, corporate strategy and other matters that affect shareholders' interest. The Company holds discussion with analysts and institutional shareholders regularly. Presentations based on permissible disclosure are made to explain the Group's performance and major development plans. However, price sensitive information about the Group is not discussed in these exchanges until after the prescribed announcement to Bursa Malaysia Securities has been made.

The Minutes of the 39th AGM and the EGM held on 24 May 2021 and 5 November 2021 respectively including questions raised by the shareholders and responses by the Company, were made available on the Company's website at www.pelikan.com.

This Corporate Governance Overview Statement and the Corporate Governance Report are made in accordance with the approval of Board of Directors on 25 March 2022.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

In accordance with Paragraph 15.26(b) of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia Securities”), the Board of Directors of public listed companies are required to include in their annual report a statement about the state of risk management and internal control of the listed issuer as a group. The Board is pleased to provide the Statement on Risk Management and Internal Control, which has been prepared in consideration of the Malaysian Code on Corporate Governance as well as the “Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers” (the “Guidelines”).

BOARD’S RESPONSIBILITIES

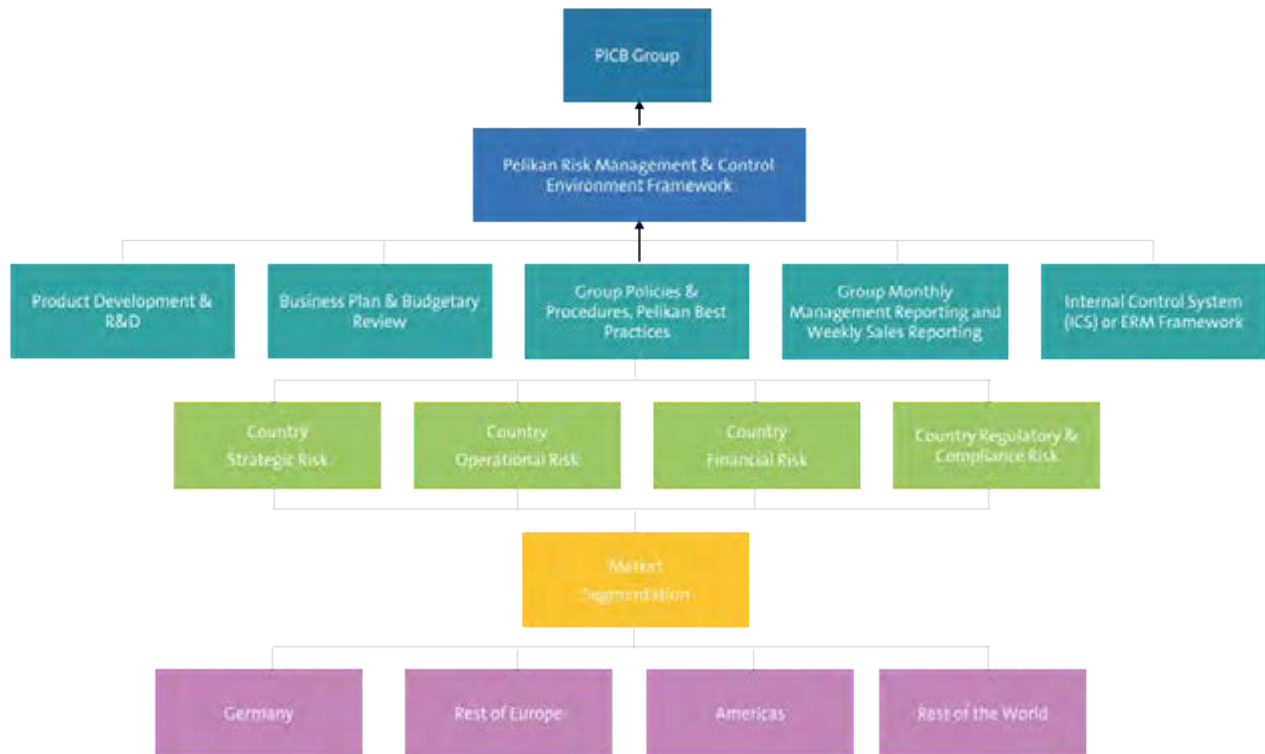
The Board of Directors (“Board”) of Pelikan International Corporation Berhad (“Pelikan” or “the Company”) is ultimately responsible for the Company’s overall system of corporate governance including to adopt a sound and effective system of risk management and internal controls of Pelikan group of companies (“the Group”) and for reviewing its effectiveness.

The Board has delegated to executive management the implementation of processes for identifying, evaluating, monitoring, reporting and responding of significant risks and internal controls pertinent to the achievement of the Company’s overall corporate objectives, while the Board through its Audit and Risk Management Committee (“ARMC”) oversees and reviews the adequacy and effectiveness of relevant financial, operational and compliance controls and risk management procedures that have been in place. Designated personnel in the respective subsidiaries are responsible to maintain and monitor these systems of risk management and internal control on an on-going basis.

RISK MANAGEMENT FRAMEWORK

The Group has in place a formal and systematic risk management process to identify, evaluate, mitigate, monitor and review risks impacting the achievement of the Group’s corporate objectives. The Board has delegated its risk oversight responsibility to the ARMC. The Group has implemented the Pelikan’s Enterprise Risk Management (“ERM”) Framework which is fundamentally consistent with the ERM framework of the Committee of Sponsoring Organisations (“COSO”) and the ISO31000 on risk management. The ERM Framework sets out details of the procedures, methodologies, evaluation criteria and documentation requirements to ensure clarity and consistency of application across the Group. In order to achieve a coherent structure of risk management throughout the Group, the risks are analysed under four main categories:

- (a) Strategic Risks;
- (b) Operational Risks;
- (c) Financial Risks; and
- (d) Regulatory and Compliance Risks.



All identified risks are assessed, documented and updated in the Group's risk register regularly and aligned to the risk appetites of the Group and business plan. The risk register analyses and shows the different risk exposures and appetites across different divisions within the Group and examines the root cause and potential consequences of the identified risks to the operations of the divisions. The risk register also documents the ratings of the risks to facilitate prioritisation and development of appropriate and optimal risk action plans as well as the responsibilities of the designated management personnel. Periodic updates on the risk assessment are done when necessary, including identifying changes to risk or emerging risks and new action points to be reported to the ARMC and the Board.

The Group's operations could be affected by various risk. Broadly, the Group views the following risks as the most significant risks that could affect its business:

- (a) Global Economic Conditions;
- (b) Regulatory Environment;
- (c) Competition; and
- (d) Seasonality.

Shareholders are advised to refer to the Management Discussion and Analysis of the Annual Report for further details and explanation of these risks.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Group has outsourced its internal audit function to an independent professional firm to review the adequacy and effectiveness of risk management and internal controls and their corresponding risks mitigation steps. In determining the audit scope, the internal audit function will consider the risk assessment conducted by the management from local and regional offices and prioritised their audit focus according to the risk magnitude. The internal audit reports to the ARMC on a periodic basis.

KEY ELEMENTS OF INTERNAL CONTROL SYSTEM

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

- (a) Management's organisation structure with defined level of accountability and authority for all subsidiaries;
- (b) Company vision, mission and strategic direction are defined and communicated to employees to facilitate risk identification;
- (c) Training and development programmes to ensure that employees are kept up to date with the necessary competencies to carry out their responsibilities towards achieving the Group's objectives;
- (d) Code of Conduct and Ethics (including its Anti-Bribery and Anti-Corruption Policy) are established to promote high standards of conduct and ethical values in all business practices;
- (e) Regular and comprehensive information provided to management, covering operating and financial performance and key business indicators such as resource utilisation, cash flow performance and sales achievement;
- (f) Detailed budgeting process enables monthly monitoring of results against budget, with major variances being followed up for further management's action, where necessary;
- (g) Clearly documented standard operating procedure manuals set out the policies and procedures for day to day operations to be carried out. Regular reviews are performed to ensure that documentation remains current and relevant;
- (h) Regular visits to operating units by members of the Board and senior management (During the COVID-19 pandemic where physical travel were restricted, more online meetings were implemented); and
- (i) The internal audit function independently reviews the control processes implemented by the management from time to time and periodically reports on its findings and recommendations to the ARMC.

CONCLUSION

For the financial year under review and up to the date of issuance of the financial statements, the Board is satisfied with the adequacy and effectiveness of the Group's system of risk management and internal control to safeguard shareholders' investments and the Group's assets and there were no material losses resulted from significant control weaknesses that require additional disclosure in this Annual Report. The Board has also received assurance from President/Chief Executive Officer and Senior Vice President/Head of Group Finance and Corporate Services that the Group's risk management and internal control systems, in all material aspects, are operating adequately and effectively.

This Statement on Risk Management and Internal Control is made in accordance with the approval by the Board of Directors on 25 March 2022.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Listing Requirements of Bursa Malaysia Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide 3 ("AAPG3") issued by the Malaysian Institute of Accountants.

Based on the procedures performed and evidence obtained, the External Auditors have reported to the Board that nothing has come to their attention to cause them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines to be set out, nor is the statement factually inaccurate.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors (“Board”) of Pelikan International Corporation Berhad (“the Company”) is pleased to present the following report of the Audit and Risk Management Committee (“ARMC”) for the financial year ended 31 December 2021 (“FYE 2021”).

MEMBERSHIP AND MEETINGS OF ARMC

The ARMC currently comprises a total of three (3) members, including two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The Chairman of the ARMC is Mr. Lim Chee Hoong, an Independent Non-Executive Director of the Company. The current composition complies with Paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia Securities”). With two (2) ARMC members namely, Mr. Lim Chee Hoong and Mr. Fong Wai Leong who being the Certified Public Accountants under the memberships of the Malaysian Institute of Certified Public Accountants, the Company has hereby complied with the minimum requirements as set forth under Paragraph 15.09(1)(c) of the Listing Requirements of Bursa Malaysia Securities.

The representatives from the Management, the President/Chief Executive Officer, Mr. Loo Hooi Keat and Senior Vice President, Head of Group Finance and Corporate Services, Mr. Ho Ming Hon were invited to attend ARMC meetings to highlight and provide clarifications on audit issues arising from the Group’s operations. The representatives of the outsourced Group Internal Audit and Risk Management (“IARM”) functions i.e., IA Essential Sdn. Bhd. was invited to the ARMC meetings to present the Internal Audit and Risk Management reports. The representatives from the external auditors of the Company were also invited to attend ARMC meetings in three (3) out of the five (5) meetings held. For the FYE 2021, ARMC had held two (2) private sessions with the external auditors without the presence of the Executive Board members and management personnel.

The ARMC members’ attendance record is as follows:

NAME OF ARMC MEMBERS	NO. OF MEETINGS ATTENDED	TOTAL ATTENDANCE (%)
Lim Chee Hoong (Chairman) Independent Non-Executive Director	5 out of 5	100
Fong Wai Leong Independent Non-Executive Director	5 out of 5	100
Ahmad Al Farouk bin Ahmad Kamal Non-Independent Non-Executive Director	5 out of 5	100

The ARMC has updated the Terms of Reference of the ARMC that a former partner of the external audit firm shall be subject to at least three (3) years cooling-off period before being appointed as a member of the ARMC in accordance with the MCCG 2021. Presently, none of the ARMC members of the Company were the former partner of the external audit firm.

A copy of the updated Terms of Reference of the ARMC is available for reference on the Company’s corporate website at www.pelikan.com.

The notice of the ARMC meetings is served at least seven (7) days prior to each ARMC meeting and the meeting papers would be sent in advance to each ARMC member for reference. All deliberations during the ARMC meetings were duly minuted by the Company Secretaries in attendance. The minutes of the ARMC meetings were tabled for confirmation at every succeeding ARMC meeting and subsequently be presented to the Board of Directors for notation. The ARMC Chairman presented the ARMC's recommendations together with the respective rationale to the Board for approval of the annual audited financial statements and the unaudited quarterly financial results. As and when necessary, the ARMC Chairman would convey to the Board, matters of significant concern raised by the internal or external auditors.

The ARMC has its procedures to assess the suitability and independence of the external auditors on annual basis, prior to considering their audit fee and making their recommendation to the Board whether to seek shareholders' approval at the forthcoming AGM for the re-appointment of external auditors for the ensuing year.

Upon completion of its assessment for the FYE 2021, the ARMC was satisfied with Messrs. BDO PLT's technical competency i.e. effectiveness, suitability and independence during the financial year under review and recommended to the Board the re-appointment of Messrs. BDO PLT as external auditors for the financial year ending 31 December 2022. The Board has in turn, recommended the same for shareholders' approval at the forthcoming AGM of the Company.

Authority

The ARMC shall, in accordance with a procedure to be determined by the Board and at the expense of the Company and the Group:

- (a) have explicit authority to investigate any activity within its terms of reference, the resources to do so and full access to information. All employees shall be directed to co-operate as requested by members of the ARMC;
- (b) have full and unlimited/unrestricted access to all information and documents/resources which are required to perform its duties as well as to the internal and external auditors and senior management of the Company and the Group;
- (c) have direct communication channels with the internal and external auditors and person(s) carrying out the internal audit function or activity, if any;
- (d) obtain independent professional or other advice and to invite outsiders with relevant experience and expertise to attend the ARMC's meetings and to brief the ARMC, if necessary;
- (e) have right to ensure the attendance of any particular ARMC meeting by other Directors and employees of the Company shall be at the ARMC's invitation and discretion and must be specific to the relevant meeting; and
- (f) where the ARMC is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Main LR of Bursa Malaysia Securities, the ARMC shall promptly report such matter to Bursa Malaysia Securities.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

SUMMARY OF WORKS OF THE ARMC

During the FYE 2021, the ARMC carried out its duties as set out in the terms of reference. Other main works carried out by the ARMC during the financial year included the following:

1. Financial Results

- (a) Reviewed the quarterly and year-to-date unaudited financial results of the Group before tabling to the Board for consideration and approval, focusing particularly on:
 - (i) Changes in or implementation of major accounting policy changes;
 - (ii) Significant matters highlighted including financial reporting losses, significant judgement made by management, significant and unusual events or transactions and how these matters are addressed; and
 - (iii) Compliance with accounting standards and other legal requirements.
- (b) Reviewed the reports and the audited financial statements of the Group and of the Company together with external auditors prior to tabling to the Board for approval. The review was, inter alia, to ensure compliance with:
 - (i) Provisions of the Companies Act 2016;
 - (ii) Listing Requirements of Bursa Malaysia Securities;
 - (iii) Malaysian Financial Reporting Standards, International Financial Reporting Standards; and
 - (iv) Other legal and regulatory requirements.

In the review of the annual audited financial statements, the ARMC discussed with management and the external auditors the accounting principles and standards that were applied and their judgement of the items that may affect the financial statements as well as issues and reservations arising from the statutory audit.

2. External Audit

- (a) Reviewed the external auditors' scope of work and audit plan for the year and made recommendations to the Board on their appointment and remuneration;
- (b) Reviewed and discussed the external auditors' audit report and areas of concern highlighted in the management letter, including management's response to the concerns raised by the external auditors; and
- (c) Discussed on significant accounting and auditing issues, impact of new or proposed changes in accounting standards and regulatory requirements.

3. Internal Audit and Risk Management

- (a) Reviewed the Group's internal audit plan;
- (b) Reviewed the internal audit reports which highlighted the audit issues, recommendation and the management's responses and directed actions to be taken by the management to rectify and improve the system of internal control;
- (c) Monitored the implementation programme recommended by the outsourced Group IARM function arising from its audits in order to obtain assurance that all key risks and controls have been fully dealt with;
- (d) Reviewed the performance of members of the outsourced Group IARM function; and
- (e) Reviewed the work scope of the internal audit plan to ensure adequacy and effectiveness of the internal audit function.

4. Related Party Transactions ("RPT")

- (a) Reviewed any RPT and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises the question of management's integrity in every quarter of 2021.

INTERNAL AUDIT FUNCTION

In accordance with Paragraph 15.27 of the Listing Requirements of Bursa Malaysia Securities, the Company has outsourced its internal audit function to IA Essential Sdn. Bhd. ("IA Essential"), an internal audit consulting firm, which reports directly to the ARMC and has direct access to the ARMC Chairman on all internal control and audit issues. The internal audit review of the Group's operations encompassed an independent assessment of the Group's compliance with its internal controls and makes recommendations for improvements.

The internal audit function is headed by a Director and assisted by an audit team comprising of Team Manager and Executives. The Director in charge is Mr. Chong Kian Soon. Mr. Chong is a member of the Chartered Accountants Australia and New Zealand ("CAANZ"), Certified Public Accountant of the Malaysian Institute of Certified Public Accountants ("MICPA"), a Chartered Member of the Institute of Internal Auditors Malaysia ("IIAM") and Certified QAR Assessor of IIAM. Both the Team Manager and Executives are accounting graduates. The Team Manager is also an Associate Member of IIAM.

The Internal Auditors have carried out their internal audit work with reference to the principles of the International Professional Practice Framework ("IPPF") of the Institute of Internal Auditors ("IIA"). These principles include the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders.

The audit scope of work in the Internal Audit Plan is determined in consideration of the risk identified and assessed by management and consultation with management and the ARMC. The Internal Audit Plan will be presented to the ARMC for approval before internal audit reviews are carried out. Subsequent changes to the approved Internal Audit Plan due to change in business environment will be discussed with the ARMC and to seek its approval prior to the commencement of audit.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

During the FYE 2021, the internal audit activities conducted are as follows:

- (a) Briefed ARMC on the findings suggested by Bursa Malaysia Securities on Thematic Review of the Company's Internal Audit Function;
- (b) Conducted the Group's Risk Assessment review;
- (c) Reviewed the Group's Recurrent Related Party Transactions and Control Procedures; and
- (d) Studied and analysed goods returns in Pelikan México S.A. de C.V.

The Internal Auditors report and present the Internal Audit reports to the ARMC on a periodic basis. These reports contained the conclusion of control status, overview of management performance, audit findings, recommendation for improvement, management response and target completion dates. The audit findings and recommendations reported by the Internal Auditors will be followed up by the management to ensure corrective actions are implemented, before updating the Board and/or the ARMC about the status.

The total costs incurred by the Group internal audit function in respect of the FYE 2021 amounted to RM69,586.

This Audit and Risk Management Committee Report is made in accordance with the approval by the Board of Directors on 25 March 2022.

SUSTAINABILITY STATEMENT



At Pelikan, sustainability is endorsed and guided at the highest level. As with other major corporate decisions, strategic sustainability decisions are made collectively by the Board of Directors (“Board”) to maintain alignment with the commercial strategy whilst engaging senior managements and business leaders on the direction and progress of the sustainability agenda across the Group. These executives further delegate the relevant authority to the relevant function or team within each subsidiary of the Group.



OUR CORPORATE PHILOSOPHY

Our guiding principles on Vision, Mission and Values are the foundation for our sustainability strategy. From them, we have derived the following principles:

- 


We are guided by the needs of our customers, partners and people interested in our products and services.
- 

We strive at all times to constantly improve all processes.
- 

We are constantly questioning existing solutions which is the key to innovation.
- 


We live up to our responsibilities.

In this context, quality and environmental protection mean the following to us:

- 

Meeting the needs of our customers, partners and people interested in our products and services.
- 

Paying the necessary attention to everything we do.
- 

The qualification and further training of all employees.
- 

The constant assessment of environmental impact.
- 

Meeting legal requirements.



SUSTAINABILITY STATEMENT



We are also involved in improving working conditions in our global supply chain through the Pelikan Group's membership and active participation in the Business Social Compliance Initiative ("BSCI").

All employees within the Group are familiar with this corporate philosophy.

We have consciously integrated sustainability matters mentioned in this statement into the operations of our Group's business spans worldwide with subsidiaries present in 21 countries and supported by 4 manufacturing units, while building on our key strengths and achievements. Periodic materiality assessments will be carried out through internal and external consultations of our stakeholders to manage the broad range of sustainability risks, issues and opportunities across our business and key matters of high importance to the Group are discussed in this statement.

OUR SUSTAINABLE ECONOMIC CONTRIBUTION

Under the helm of Pelikan International Corporation Berhad, our business spans worldwide with subsidiaries present in 21 countries to serve each local market and exports to the surrounding countries where local subsidiaries are not present. With our worldwide presence, the Group makes economic contributions in respective countries by creating jobs in various functions.

As of 31 December 2021, the Group had a total headcount of 1,558 employees (2020: 1,539 employees). Out of the total workforce, 968 employees (62.1%) were based in Europe, 533 employees (34.2%) were based in Americas and 57 employees (3.7%) were based in Rest of the World region.

In every market we operate in, we ensure good corporate governance and responsible business operations, foster a dynamic and safe workplace and pursue sustainable and forward-thinking business practices that will benefit future generations.

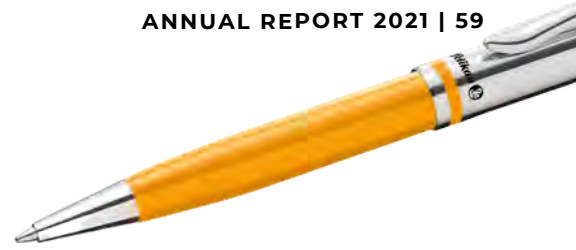


OUR SUSTAINABLE ENVIRONMENT CONTRIBUTION

Sustainable Operations

Under the "Pelikan Cares" concept, three of our promise of care or values are as follows: "Care for Our Heritage", "Care for Our Products" and "Care for Our Planet".

"Care for Our Heritage" - We are considerate of the rich history of our brands, finding inspiration in our heritage. Pelikan Group is committed to ensure that the way we operate and create our brands leave positive footprints for generations to come. Not only do we adhere to compulsory regulations wherever applicable in our business dealings, consistency and transparency in reporting, good governance and business ethics are also priorities to the Group. "Care for Our Products" - We work with passion, expertise and commitment to create products that are innovative and of high quality. We develop our products with a clear focus on the holistic conservation of resources - whether in product conception with the aim of achieving the best possible safety and durability.



“Care for Our Planet” - We keep questioning our ways of creating and distributing products, aiming to be a more sustainable company every day. We have always valued environmental protection and we believe in maintaining sustainable environment practices through constant innovation in developing our products and processes, responsible sourcing and procurement activities and high global standards in manufacturing and management.

Value Chain

Our beliefs in sustainability are embedded throughout our value chain, right from the start of a product being developed to it being used in the hands of our customers. We identify key sustainability issues within each process level and try to address them as best we can.

VALUE CHAIN	SUSTAINABILITY MATTERS CONSIDERED
Product development	<ul style="list-style-type: none"> • Product safety
Material/merchandise sourcing	<ul style="list-style-type: none"> • Certifications (for example: FSC, Blue Angel) • Environmental protection (for example: ISO 14001, EMAS or ISO 50001) • Supplier/vendor audits/social and environmental compliance audit • Supplier code of ethics and amfori BSCI Code of Conducts
Production	<ul style="list-style-type: none"> • Energy and water consumption (for example: ISO 14001, ISO 50001) • Recycling of materials • Workers’ working conditions/amfori BSCI Code of Conducts
Distribution	<ul style="list-style-type: none"> • Energy consumption • Emissions • Packaging materials
Customers	<ul style="list-style-type: none"> • Promoting environmentally safe products • Promote recycling/reuse

Pelikan products are renowned throughout the world and represent outstanding quality and safety. Over 1,500 Pelikan employees worldwide are dedicated to ensuring that these high standards are met.

Many Pelikan products are designed for children and pupils, and therefore require special attention. Safety and harmlessness to health are therefore our top priority. This is ensured by our continuous quality assurance. Pelikan not only focuses on the development of high-quality products, creative innovations and the associated manufacturing methods, but also concentrates on the responsible optimisation of existing methods and products. We develop our products with a clear focus on the holistic conservation of resources - whether with the aim of achieving the best possible safety and durability, or in product manufacturing with the choice of materials used, the efficiency of the manufacturing processes used, or the minimisation of packaging and the consideration of product disposal within the framework of existing recycling systems. This ongoing awareness is firmly anchored in our corporate goals.



SUSTAINABILITY STATEMENT

Many Pelikan and “herlitz” products are Blue Angel certified. The Blue Angel is an impartial and voluntary product label that is independent of business interests. This is guaranteed by the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (“BMU”) as the owner of the label, the German Environment Agency who develops the Basic Award Criteria on a scientific basis, the Environmental Label Jury as the decision-making body and RAL gGmbH as an independent certification body.

Our environmental awareness starts with the procurement of raw materials. As well as fulfilling the International and European standards, these must comply with the required limit values and surpass them where possible. Through intensive reception and quality controls, as well as the adherence to our Ethics Code, it has been made fundamental for Pelikan to only work with suppliers and partners of the same values.

The Group promotes the use of Forest Stewardship Council (“FSC”) certified wood and paper based products in order to promote responsible management of the world’s forests. We have been FSC Chain of Custody certified at SCS Global Services since 2008 and now have over 2,500 FSC certified products. Since 2021, we have started to steadily change our product packaging to FSC certified material. The Forest Stewardship Council® (FSC®) is a global, not-for-profit organisation dedicated to the promotion of responsible forest management worldwide. FSC defines standards based on agreed principles for responsible forest stewardship that are supported by environmental, social and economic stakeholders. FSC® helps take care of forests and the people and wildlife that call them home. In addition, the Group’s German entities have also obtained the Programme for the Endorsement of Forest Certification (“PEFC”) Chain of Custody certification.



As with the previous years, Pelikan Group’s manufacturing plants continued to be recertified with the following:

- (a) Vöhrum, Germany: ISO 9001, ISO 14001 and FSC;
- (b) Puebla, Mexico: ISO 9001, FSC and Clean Industry;
- (c) Bogota, Colombia: ISO 9001, ISO 14001, FSC, PREAD: Environmental Excellence District Program Certificate and Recognition in the Comprehensive Prevention of Environmental Health PISA Program of the District Health Secretary of Bogotá; and
- (d) Poznan, Poland: ISO 9001, FSC.

ISO 14001 provides assurance to employees and stakeholders that the environmental impacts are being measured and improved. On the other hand, ISO 9001 demonstrates Pelikan Group’s ability to consistently provide products and services that meet requirements of regulators and consumers.

Our logistic company, eCom Logistik GmbH is IFS (“International Featured Standards”) Logistic 2.3 certified and maintains an Authorised Economic Operator (“AEO”) status issued by the customs administration in the European Union. In addition, our logistic service is also EU-BIO certified in accordance to the EC Basic Organic Regulation No. 834/2007 (“EU-BIO-certificate”), which allows us to offer our services for products with the BIO label.



As a responsible business with global manufacturing facilities, sustainable resource management is integral to Pelikan in maintaining its long-term ability to operate successfully. In addition, climate change is one of the most pressing concerns worldwide and applies to all organisations in some form or other. These relevant certifications are evidence of the Group's commitment as an environmentally friendly business and the Group's commitment to doing our part to curb with the climate change and therefore it is an important target for the Group to ensure recertification of these relevant certifications. In addition, continual efforts are made in the efficient use of energy and water consumption and effective waste management.

For the year under review, the major plants' consumption of energy and water and volume of hazardous and non-hazardous waste generated were as follows:

	ELECTRIC (MWH)		WATER (M3)	
	2021	2020	2021	2020
TOTAL	14,007	13,833	19,908	22,433

WASTE (IN METRIC TONS)	2021		2020	
	Hazardous	Non-hazardous	Hazardous	Non-hazardous
TOTAL	54	438	58	1,066

During the year, the Group had put in place some of the following measures in relation to our environmental efforts:

- Increased in the proportion of FSC materials used in packaging and thus support for more responsible forest management, use of eco-friendly or recyclable paper product packaging;
- Use of post consumer waste and bioplastics instead of virgin material and support of the recycling cycle;
- Capture of rainwater from downspouts to be sent to the pumping system;
- Continued to invest in energy efficient LED-lightning for indoor and outdoor areas, use of renewable energy for central heating and use of an energy efficient central cooling unit;
- Training in saving and efficient use of water and energy; and
- Recycle bins of different purposes available at the premises.



SUSTAINABILITY STATEMENT

OUR SUSTAINABLE SOCIAL CONTRIBUTION

Our People, Our Treasure

Under the “Pelikan Cares” concept, another promise of our care or values are as follows: “Care for Our People”.

Care for Our People” - We are respectful and empathetic of our customers and colleagues, working with integrity and as a team. Our people play a vital role in the ongoing success of our Company. Our goals are to provide employment and remuneration that is fair and a workplace that is free of discrimination. Their health and safety, well-being and work environment are important to Pelikan and we have policies in place to make sure of that. We aim to provide a working environment that is secure with ongoing improvements in the health and safety performance as well as employees’ quality of life.

Employment and Diversity

Pelikan Group operates a non-discriminatory policy and provides equal opportunity in all aspects of employment including gender diversity. As of 31 December 2021, the Group’s employees mix for male and female was 54%: 46% (2020: mix for male and female was 54%: 46%).

Health and Safety

It is important to us that the working conditions we offer are always improving. Pelikan believes that all injuries, occupational illnesses and safety and environmental incidents are preventable. The Group is committed to achieving zero incidents. We also promote off-the-job safety for employees.

For the year, the major plants’ injuries and occupational illnesses incidence rate was 17 as compared to 15 in the prior year. The incident rate is well within industry standards and the Group will continue to monitor and improve the rate to ensure that the health and safety of our employees are well taken care off.

The Group conducts regular health and safety inspections and implements safety and health improvement activities for employees annually. The Group practices safety measures for controlling equipment and machinery, extensively promotes safety and hygiene at the workplace such as preventive fire protection and emergency preparedness and response; implements measures for occupational injuries and illnesses, as well as promotes health maintenance programmes for employees. Certain entities within the Group offers annual preventive influenza vaccination, periodical medical checkups and health talks which will continue in 2022.



In addition, amidst the COVID-19 outbreak across the world, each Company within the Group has implemented necessary measures to make workplace safety and employees' health a priority, meeting or exceeding the recommendations of the World Health Organisation and local requirements. The steps we took included:

- (a) Provided safety equipment such as hand sanitizer, FFP2/medical masks, gloves and antigen rapid tests for employees;
- (b) Employees were given time off from work for vaccination purposes;
- (c) Reduced number of personnel at workplaces wherever work from home policies can be implemented. Provided new ergonomic equipment for remote employees when necessary;
- (d) Established social distancing and enhanced cleaning protocols in all operating facilities that remained open. Regular disinfections of work areas;
- (e) Control of entries into premises and temperature screening;
- (f) Established special teams to monitor the development of the crisis, reacts to changes and the current decision by the local authorities and acted as a reference point for informed information for employees;
- (g) Provided relevant trainings for employees in relation to the COVID-19 protocols and preventive measures; and
- (h) Reducing travel arrangements to a minimum.

Performance Management

Pelikan believes that employees who are managed effectively and supported to perform to their full potential make the Group more efficient and competitive. Furthering the education and development of employees are also important to us, as highly qualified employees are the most important resource of any company. The Group believes that the Group's business always grow together with our employees and much emphasis is put into ensuring our employees are equipped with the knowledge to perform their work and keep abreast of relevant market developments in addition to also having the right trainings/courses for their personal development. We therefore place great value on the topic of training, whereby we provide annual training for our people in different professions. We strive to empower our people with equal learning and development opportunities, ensure they are happy at work and have the tools and resources they need to give their best.



Throughout the year, the Group invested approximately RM323,000 (2020: RM239,000) in training and development of our employees to enhance knowledge or skills which are directly and indirectly related to our employees' daily work.

SUSTAINABILITY STATEMENT

Apprenticeship

Pelikan continues to engage in programmes that provide young people with skills and on-the-job training. We regard providing job related skills and basic work training to young people as one of Pelikan's social responsibility. In 2021, the Group hired 9 (2020: 11) apprentices as permanent employees within the 80 (2020: 81) ongoing apprentices training within several different technical and vocational departments, mainly in our production facilities.

Employee Welfare

Employee welfare in the form of medical coverage, subsidised meals and in-house cafeterias are offered by the Group. Activities which encourage good health and lifestyle are also practiced.

DIVERSE AND DYNAMIC WORKFORCE

As a global employer, Pelikan Group works towards creating a more diverse and dynamic workforce in order to take on business challenges, opportunities and growth transformations. Pelikan Group is committed to building a work environment which provides employees opportunities to improve and develop their capabilities, skills and talents. All employees should be able to build their career, develop to their fullest potential, work in confidence with the Company and grow with us professionally and personally. We continuously emphasise teamwork, respect between colleagues and effective employee engagement to generate higher productivity, lower turnover rate and better operational results.

By adopting human resource policies that ensure employees' performances are reviewed, supervised and rewarded accordingly, employees' contributions to the Group are highly valued and supported.

COMMUNITIES

For a global company, social responsibility is expected. We see this as an essential core element of our sustainability strategy. We want to have a positive influence on the social and environmental well-being of the local communities by empowering them through education. We have special interest in the welfare of children, young people as well as the underprivileged, the marginalised and the disabled. Pelikan, believing that all children need to be given a chance to develop to their full potential, views education as the greatest gift that a child could be given.



Close Involvement with Teachers and Parents

Under the “Pelikan Cares” concept, our final promise of our care or values are as follows: “Care for Learning and Education”.

“Care for Learning and Education” - We want to continuously work on making our products and solutions accessible to as many people as possible. Pelikan is the quality brand that will last a lifetime. Whether in the kindergarten, in school, in the office, during leisure time or - the finest form of communication - when writing with a premium writing implement; Pelikan products are reliable life-long companions.



We offer support and ideas to enable new learning and promote equal opportunities. The support of the teaching staff is a key function in this process. We are able to draw on decades of experience in educational expertise and work closely together with teachers and institutes. Pelikan’s new developments are consistently oriented towards future generations and contribute to improving the quality of life. Our goal is to provide individuals with capabilities that will enable them to actively and responsibly shape the future.

We offer teachers, parents and pupils help and inspiration. A Teachers’ Portal, which is available at our website (www.pelikan.com) and our Belgium office’s platform (www.pikoo.eu), provides teaching ideas and materials and answers questions.

Community Projects

Besides making regular product donations as well as in-kind donations to charitable causes, Pelikan employees have been active volunteers in community projects forged through partnerships with community groups, non-government organisations and educational institutions. Throughout the year, various activities were organised by the Group for the well-being of children.



SUSTAINABILITY STATEMENT

CSR 2021

Corporate Social Responsibility (“CSR”) practices have been long integrated into Pelikan Group’s business strategies and functions. We are aware of the issues most relevant to our business and prioritise where we believe we can have the greatest impact on the communities we touch, the environment surrounding our operations and the stakeholders with whom we work with. Pelikan Group strives to be a good corporate citizen and commits to children’s education and development as its main CSR objective.

Communities and Good Causes

In the past year, the COVID-19 pandemic continued to impact societies due to the widespread lockdown and social distancing measures globally. The implications of the pandemic’s spread have resulted in extensive socioeconomic disruption, disorder in global trade and supply chains and changes in the way organisations carry out business activities in the “new normal” world. While the profound aftermath of the pandemic had created more challenges for businesses to perform its corporate social responsibilities, there were also opportunities for businesses to proactively engage in various CSR activities particularly in offering immediate help to communities to raise awareness and fight against the COVID-19 virus. Despite the difficulties faced, the Pelikan Group continued to maintain its commitment to its CSR priorities which emphasise mainly on children’s well-being and education related causes. We believe in empowering and giving back to the local communities through education in order to enrich, support and make positives impact to the lives of students, teachers and underprivileged children. We strived to reach out to the communities through various initiatives including more virtual meetings and trainings with our stakeholders during the “new normal”.



Germany

The association “Berliner Herz” is a children day and night hospital in Berlin that supports seriously ill children and young adults. The goal is to help families with ill children by offering ambulant, semi-residential and in-patient care. The association also offers physical, ergo therapy, psychological counseling and art therapy to the ill children and young adults. Together with the works council of Pelikan Group GmbH, Pelikan Germany donated cash collections from the staff, as well as contributed donations in kind in the form of Pelikan and “herlitz” branded writing instruments and painting stationery.

The German association “DIE ARCHE” is a project spearheaded by “Christliches Kinder- und Jugendwerk” that is dedicated to helping socially disadvantaged children in particular. “DIE ARCHE” is active at more than 28 locations in Germany and provides up to 4,500 children and young people with a wide range of services, such as various homework support and tutoring options, warm meals, leisure activities, holiday activities, social contact opportunities and family counselling.

Pelikan Germany promotes learning from an early age. Because of the organisation’s focus on education, Pelikan supports “DIE ARCHE” by donating school supplies worth over €2,000 including various learn-to-write products, school fountain pens, coloured pencils, writing pads and paint boxes, which the kids could use diligently to write, draw, paint and do their homework.

Pelikan Germany also supported the international organisation “Missio”, which provides for disadvantaged children in Africa, by donations in kind to promote education among school going girls in Guinea, West Africa.



Greece

Pelikan Hellas, Greece performs their CSR duties by carrying out many activities with schools and donating stationery to teachers, students and the poor communities.

Pelikan Hellas, in cooperation with municipality libraries, actively sponsored educational events such as lectures for teachers and children programmes with writing and colouring products.



Pelikan Hellas cooperated with a film production company to educate primary school children in creating videos, documentaries, video art, animation and special art programmes by donations of Pelikan school supplies and stationery.



In response to schools' requests for creating school libraries in which educational activities for students will take place, Pelikan Hellas sponsored 7 school libraries in addition to books, art and craft programmes for teachers as well as donations of Pelikan and "herlitz" school materials in order for these programmes to be run successfully.



SUSTAINABILITY STATEMENT



Italy

Pelikan Italia held a teaching session with teachers of 3 primary school classes and 60 pupils to test the new product Erase 2.0. Pelikan Italia met with the teachers to explain the importance of learning to write with ergonomic instruments and prepared a dedicated folder to be given to children and their families. The children used the pens daily for 1 month and were required to give their feedback on three features: 1) design and colour, 2) ergonomic grip, 3) writing smoothness. The final result was that 95% of children were satisfied with the pens and considered Erase 2.0 better than other competitors.



Belgium

Pelikan N.V/S.A dedicated voluntary time to enhance the Pelikan web platform aimed at school teachers and children to promote “Learning to Write” and painting. Pikoo - the Pelikan mascot, enjoyed a fresh and upgraded look to further engage with online users.



Mexico

Pelikan Mexico supported the organisation “Red Cross” through donations. They also supported the local students of the Industrial Engineering and Business Studies by holding virtual trainings and talks on Pelikan’s manufacturing, engineering and production processes via video conference.



Argentina

Pelikan Argentina contributed to help the low-income school children to get through the schooling challenges by donating school supplies and stationery.



Colombia

Due to the COVID-19 pandemic, Pelikan Colombia organised many virtual workshops with students and teachers centralising on the importance of education, learning and the environment. Pelikan Colombia conducted Design Thinking workshops designed for teachers to learn different methods, developed new ideas and communication skills for teaching home schooling classes using Pelikan products. Pelikan Colombia also organised virtual workshops in the form of Facebook Lives, webinars and Instagram TV with students to learn different methods of using Pelikan products.

Pelikan Colombia continued to donate stationery and writing instruments to the less fortunate communities in the country. Pelikan Colombia also started a Recycling Campaign within the education sector aimed to teach students, teachers and all consumers the importance and awareness of the environment, as well as the know-how on recycling Pelikan products.

Lastly, Pelikan Colombia continued to host virtual conferences and trainings for clients through webinars and conference calls in order to train and inform their sales team as well as customers about the differentials, characteristics and unique selling points of Pelikan products as well as contribution towards environmental care through its packaging and processes.



SUSTAINABILITY STATEMENT



Poland

For the second year running, Herlitz Spolka hosted a “Trash Challenge” which targeted school classes nationwide with a directive to “Clean up our neighbourhoods of rubbish!”. Classes were encouraged to clean up their surroundings and to send a before and after photographic evidence. Every classes which participated will receive Ecoline exercise books while the best 3 classes will receive a set of “herlitz” stationery products. The result of the challenge was almost 2 tonnes of garbage collected, 264 places were tidied (3 times more than previous year) and 4,700 pupils participated while their actions were promoted in social media by bloggers and TikTokers.



Herlitz Spolka teamed up with the “I Have a Dream” Foundation to create a promotion “Paint, Write Your Dream”. The first part of the promotion was to help make the dreams of seriously ill children come true while the second part was to fulfil the dreams of consumers. The promotion had successfully fulfilled the dreams of 10 seriously ill children and 12 consumers.

Herlitz Spolka also contributed stationery as gifts to kindergartens and children foundations to foster the development and creativity of school children.



Hungary

The staffs at Herlitz Hungaria made contributions and also volunteered for the programmes by the Interchurch Aid Organisation, mainly to support kids from poor families to attend schools.



Romania

Herlitz Romania made various contributions and donations of Pelikan and “herlitz” stationery to many organisations which support schools and education, arts and society groups from underprivileged backgrounds. They also partnered with various associations in Romania to organise events and programmes relating to health, sports and religion.

Herlitz Romania donated school stationery to various organisations which support underprivileged children from low income backgrounds such as the “Classic for Kids” association, Fundatia Alpha Transilvana, Free Miorita association, World Vision Romani, Scoala Tirimia administration, Scoala Gimnaziala NR.1 Plataresti and Solidaris, a charity that organises camps for children of poor backgrounds amongst them. Other sponsorship endeavours include Ring Box, which focused on the boxing sport and health for children as well as Asociatia Club Sportiv Torpi and Clubul Sportiv Gladius which are local sports clubs.



Herlitz Romania also helped to fund programmes which benefited the mental health communities as well as children with health problems (cancer, special needs) such as the Asociatia David & Cristian, Asociatia Europeana Pentru Protectia Omului Si Protectia Copilului, Organizatia Pentru Copii Si Adulti cu Nevoi Speciale “Trebuie” and Asociatia Marinus, Galbenus.



SUSTAINABILITY STATEMENT

Middle East

Pelikan Middle East (“PMEA”) made contributions to communities throughout the region in several ways. PMEAs donated pens to public schools in Afghanistan to empower education amidst the on-going chaos in the country. PMEAs continued to foster good relationships with retailers in Pakistan through supporting them with Pelikan marketing collaterals such as calendars, wall clocks and notebooks. In Jordan and Kenya, PMEAs advocated local art enthusiasts by sponsoring Pelikan products and to promote the “Back to School” campaign simultaneously.

In UAE, PMEAs supported the Summer Camp Art Workshops in partnership with the Maraya Art Centre and Sharjah Investment and Development Authority - Shurooq by donations of Pelikan stationery. Participants of the workshops underwent various art trainings using Pelikan products. Each of them received certificate of completion and pre-school kit from Pelikan. This programme was important as an initiative by Pelikan to enhance the creativity of the next generation. PMEAs also participated in the Paperworld Middle East exhibition to promote new Pelikan products as well as to network with potential and existing customers after months of lockdown.

PMEAs supported the Group’s Pelikan Cares message during the lockdown to remind people to stay safe, practice social distancing and wash their hands as a public service announcement via signage at distribution point of sales, social media channels and van advertisements.



Malaysia

Pelikan Malaysia partnered with non-government organisation UPLIFT to donate school supplies to 100 underprivileged children at PPR Pekan Batu, Kuala Lumpur for the new schooling year.

Pelikan Malaysia also contributed school stationery to Yayasan Chow Kit, a non-governmental organisation for marginalised children, for about 200 children living in the Klang Valley who were affected by the severe flash floods.



FINANCIAL CALENDAR



FINANCIAL CALENDAR

2021

24 FEBRUARY
**NOMINATION
COMMITTEE
("NC")**

- Reviewed the size, composition and required mix of skills of the Board.
- Assessed the effectiveness of the Board as a whole and the Committees of the Board.
- Reviewed the term and performance of the ARMC and each of its members.
- Evaluated the performance of each individual Directors.
- Reviewed the independence of the Independent Non-Executive Directors pursuant to the Malaysian Code on Corporate Governance.
- Reviewed and recommended the re-election of Directors in accordance with the Company's Constitution at the forthcoming 39th AGM.
- Assessed the training needs of the Directors for year 2021.

**REMUNERATION
COMMITTEE
("RC")**

- Reviewed and recommended the Directors' fees to the Non-Executive Directors for the financial year ending 31 December 2021.
- Reviewed and recommended the benefits payable to the Non-Executive Directors with effect from a day after the 39th AGM until the next AGM of the Company in year 2022 pursuant to Section 230(1)(b) of the Companies Act ("CA") 2016.
- Reviewed the remuneration package for the Executive Director for the financial year ending 31 December 2021 and proposed bonus for the Executive Director for the financial year ended 31 December 2020.

ARMC

- Received the Audit Status Report for the financial year ended 31 December 2020 prepared by Messrs. BDO PLT ("BDO"), the External Auditors ("EA") of the Company.
- Received the Report on Risk Assessment for the financial year ending 31 December 2020 prepared by IA Essential Sdn. Bhd. ("IA Essential"), the Outsourced Internal Auditors ("IA") of the Company.
- Reviewed the competency and performance of the members of the internal audit function.
- Reviewed the effectiveness and independence of BDO as EA of the Company.
- Reviewed the unaudited financial results of the Group for the fourth quarter ended 31 December 2020.

BOARD

- Received the report on the proceedings of NC, RC and ARMC meetings by its respective Chairman of the Board Committees.
- Recommended the re-election of the Directors in accordance with the Company's Constitution at the forthcoming 39th AGM.
- Reviewed and recommended the Directors' fees to the Non-Executive Directors for the financial year ending 31 December 2021.
- Reviewed and recommended the benefits payable to the Non-Executive Directors with effect from a day after the 39th AGM until the next AGM of the Company in year 2022 pursuant to Section 230(1)(b) of the CA 2016.
- Approved the remuneration package for the Executive Director for the financial year ending 31 December 2021 and proposed bonus for the Executive Director for the financial year ended 31 December 2020.
- Receipt of the Audit Status Report for the financial year ended 31 December 2020 prepared by BDO, the EA of the Company.
- Reviewed and approved the unaudited financial results of the Group for the fourth quarter ended 31 December 2020.
- Reviewed and approved budget for the financial year ending 31 December 2021.

2021

22 MARCH

ARMC

- Reviewed the statements and reports for disclosure in the Company's Annual Report in respect of the financial year ended 31 December 2020.
- Reviewed the draft Directors' Report and Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2020.
- Reviewed the revised Terms of Reference of ARMC.

BOARD

- Received the report on the proceedings of the ARMC meeting by the Chairman of the ARMC.
- Reviewed and approved the statements and reports for disclosure in the Company's Annual Report in respect of the financial year ended 31 December 2020.
- Reviewed and approved the draft Directors' Report and Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2020.
- Reviewed and approved the Corporate Governance Report in respect of the financial year ended 31 December 2020.
- Recommended the authority to issue shares pursuant to the CA 2016.

24 MAY

ARMC

- Reviewed the unaudited financial results of the Group for the first quarter ended 31 March 2021.
- Reviewed any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises the question of Management's integrity for the first quarter ended 31 March 2021.

BOARD

- Received the report on the proceedings of ARMC meeting by the Chairman of the ARMC.
- Reviewed and approved the unaudited financial results of the Group for the first quarter ended 31 March 2021.
- Received the update on Malaysian Code on Corporate Governance 2021 Revision (Effective 28 April 2021).

39th AGM

- Received the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon.
- Approved the payment of Directors' fees amounting to RM430,000 for the financial year ending 31 December 2021 and to be made payable on monthly basis.
- Approved an amount of up to RM54,500 as benefits payable to the Non-Executive Directors of the Company with effect from 25 May 2021, a day after the 39th AGM until the next AGM of the Company in year 2022 pursuant to Section 230(1)(b) of the CA 2016.
- Approved the re-election of Directors who are retiring in accordance with the Company's Constitution.
- Approved the re-appointment of BDO as Auditors until the conclusion of the next AGM and to authorise the Board to determine their remuneration.
- Approved the authority to issue shares pursuant to the CA 2016.

FINANCIAL CALENDAR

2021

23 AUGUST**ARMC**

- Reviewed the unaudited financial results of the Group for the second quarter ended 30 June 2021.
- Reviewed any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises the question of Management's integrity for the second quarter ended 30 June 2021.

BOARD

- Received the report on the proceedings of ARMC meeting by the Chairman of the ARMC.
- Reviewed and approved the unaudited financial results of the Group for the second quarter ended 30 June 2021.

25 NOVEMBER**ARMC**

- Approved the Audit Planning Memorandum for the financial year ending 31 December 2021 prepared by the EA, BDO.
- Reviewed the unaudited financial results of the Group for the third quarter ended 30 September 2021.
- Reviewed any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises the question of Management's integrity for the third quarter ended 30 September 2021.

BOARD

- Received the report on the proceedings of ARMC meeting by the Chairman of the ARMC.
- Reviewed and approved the unaudited financial results of the Group for the third quarter ended 30 September 2021.

2022

25 FEBRUARY

NC	<ul style="list-style-type: none"> • Reviewed the size, composition and required mix of skills of the Board. • Reviewed the term and performance of the ARMC and each of its members. • Evaluated the performance of the ARMC. • Evaluated the performance of the individual Directors. • Evaluated the performance of the Board and Board Committees. • Reviewed the independence of the Independent Non-Executive Directors pursuant to the Malaysian Code on Corporate Governance. • Reviewed and recommended the re-election of Directors in accordance with the Company's Constitution at the forthcoming 40th AGM. • Assessed the training needs of the Directors for year 2022.
RC	<ul style="list-style-type: none"> • Reviewed and recommended the Directors' fees to the Non-Executive Directors for the financial year ending 31 December 2022. • Reviewed and recommended the benefits payable to the Non-Executive Directors with effect from a day after the 40th AGM until the next AGM of the Company in year 2023 pursuant to Section 230(1)(b) of the CA 2016. • Reviewed the Renewal of Employment Contract of the President/Chief Executive Officer for years 2022 to 2023 and the proposed bonus for the Executive Director for the financial year ended 31 December 2021.
ARMC	<ul style="list-style-type: none"> • Received the Audit Status Report for the financial year ended 31 December 2021 prepared by BDO, the EA of the Company. • Received the Report on Risk Assessment for the financial year ending 31 December 2021 prepared by IA Essential, the Outsourced IA of the Company. • Reviewed the competency and performance of the members of the internal audit function. • Reviewed the effectiveness and independence of BDO as EA of the Company. • Reviewed the unaudited financial results of the Group for the fourth quarter ended 31 December 2021. • Reviewed any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises the question of Management's integrity for the fourth quarter ended 31 December 2021.

FINANCIAL CALENDAR

2022

25 MARCH

BOARD

- Received the report on the proceedings of NC, RC and ARMC meetings by its respective Chairman of the Board Committees.
- Recommended the re-election of the Directors in accordance with the Company's Constitution at the forthcoming 40th AGM.
- Reviewed and recommended the Directors' fees to the Non-Executive Directors for the financial year ending 31 December 2022.
- Reviewed and recommended the benefits payable to the Non-Executive Directors with effect from a day after the 40th AGM until the next AGM of the Company in year 2023 pursuant to Section 230(1)(b) of the CA 2016.
- Approved the Renewal of Employment Contract of the President/Chief Executive Officer for years 2022 to 2023 and the proposed bonus for the Executive Director for the financial year ended 31 December 2021.
- Receipt of the Audit Status Report for the financial year ended 31 December 2021 prepared by BDO, the EA of the Company.
- Reviewed and approved the unaudited financial results of the Group for the fourth quarter ended 31 December 2021.
- Reviewed and approved budget for the financial year ending 31 December 2022.

ARMC

- Reviewed the statements and reports for disclosure in the Company's Annual Report in respect of the financial year ended 31 December 2021.
- Reviewed the draft Directors' Report and Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2021.
- Reviewed the revised Terms of Reference of ARMC.

BOARD

- Received the report on the proceedings of the ARMC meeting by the Chairman of the ARMC.
- Reviewed the revised Terms of Reference of NC, Terms of Reference of RC and Board Charter.
- Reviewed and approved the statements and reports for disclosure in the Company's Annual Report in respect of the financial year ended 31 December 2021.
- Reviewed and approved the draft Directors' Report and Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2021.
- Reviewed and approved the Corporate Governance Report in respect of the financial year ended 31 December 2021.
- Recommended the authority to issue shares pursuant to the CA 2016.

2022

23 MAY

ARMC	<ul style="list-style-type: none"> • Review the unaudited financial results of the Group for the first quarter ended 31 March 2022. • Review any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises the question of Management's integrity for the first quarter ended 31 March 2022. 	
BOARD	<ul style="list-style-type: none"> • Receive the report on the proceedings of ARMC meeting by the Chairman of the ARMC. • Review and approve the unaudited financial results of the Group for the first quarter ended 31 March 2022. 	
40th AGM	<ul style="list-style-type: none"> • Receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon. • Approve the payment of Directors' fees amounting to RM430,000 for the financial year ending 31 December 2021 and to be made payable on monthly basis. • Approve an amount of up to RM64,500 as benefits payable to the Non-Executive Directors of the Company with effect from 24 May 2022, a day after the 40th AGM until the next AGM of the Company in year 2023 pursuant to Section 230(1)(b) of the CA 2016. • Approve the re-election of Directors who are retiring in accordance with the Company's Constitution. • Approve the re-appointment of BDO as Auditors until the conclusion of the next AGM and to authorise the Board to determine their remuneration. • Approve the authority to issue shares pursuant to the CA 2016. 	
24 AUGUST	ARMC	<ul style="list-style-type: none"> • Review the unaudited financial results of the Group for the second quarter ended 30 June 2022. • Review any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises the question of Management's integrity for the second quarter ended 30 June 2022.
BOARD	<ul style="list-style-type: none"> • Receive the report on the proceedings of ARMC meeting by the Chairman of the ARMC. • Review and approve the unaudited financial results of the Group for the second quarter ended 30 June 2022. 	

FINANCIAL CALENDAR

2022

23 NOVEMBER

ARMC

- Approve the Audit Planning Memorandum for the financial year ending 31 December 2022 prepared by the EA, BDO.
- Review the unaudited financial results of the Group for the third quarter ended 30 September 2022.
- Review any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises the question of Management’s integrity for the third quarter ended 30 September 2022.

BOARD

- Receive the report on the proceedings of ARMC meeting by the Chairman of the ARMC.
 - Review and approve the unaudited financial results of the Group for the third quarter ended 30 September 2022.
-

STATEMENT ON DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Directors are responsible for ensuring that the annual audited financial statements of the Group and of the Company are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of the financial performance and cash flow of the Group and of the Company for the financial year then ended.

In preparing the financial statements, the Directors have:

- (a) selected suitable accounting policies and applied them consistently;
- (b) made judgements and estimates that are reasonable and prudent;
- (c) ensured that all applicable accounting standards have been followed; and
- (d) prepared financial statements on a going concern basis as the Directors have a reasonable expectation having made appropriate enquiries that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

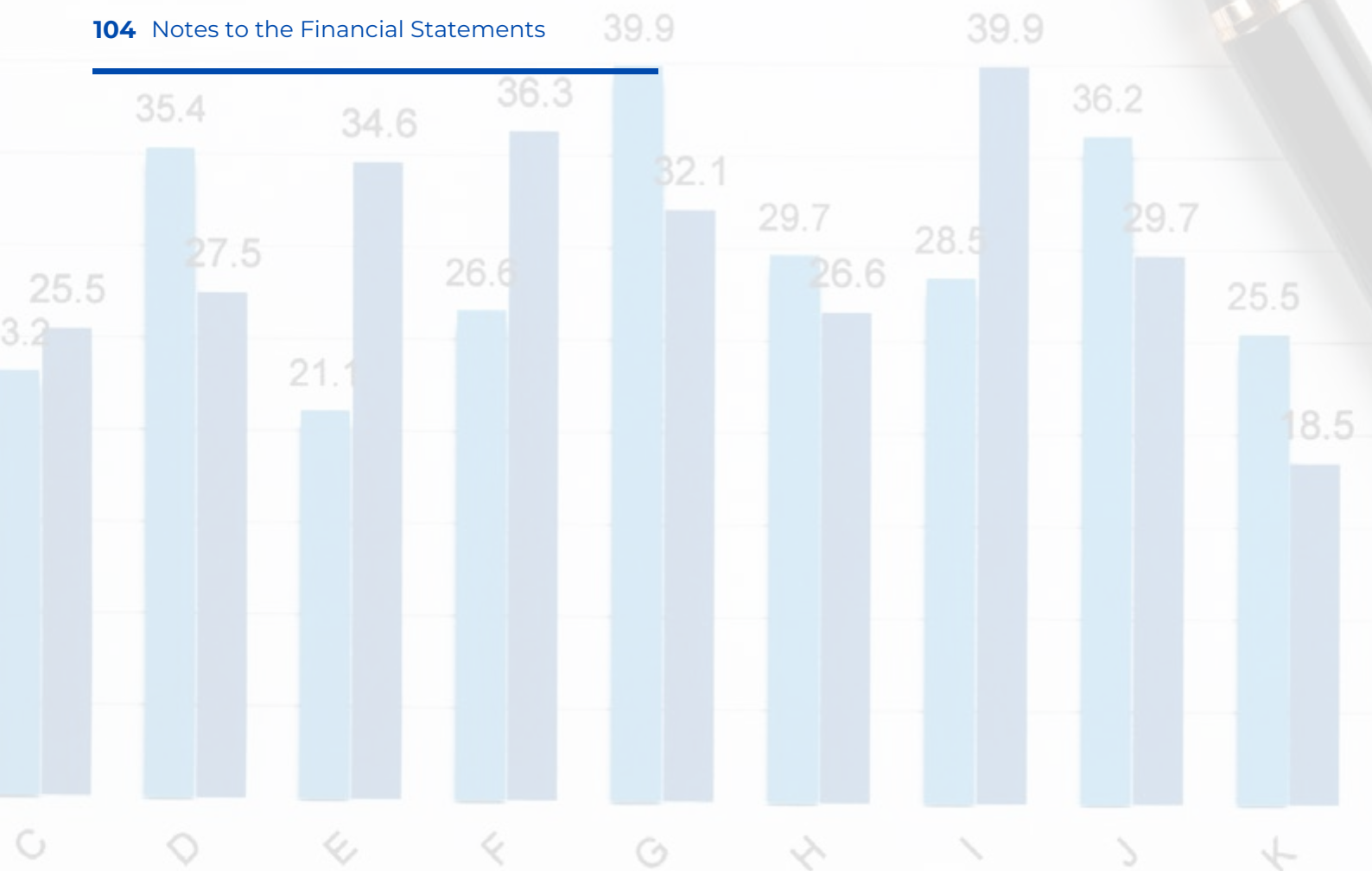
The Directors have the duty to ensure that the Company keeps accounting records which disclose with reasonable and accuracy of the financial position of the Group and of the Company and which enable them to ensure that the financial statements are in compliance with the Companies Act 2016.

The Board has the overall responsibility to take all steps as are reasonably open to them to safeguard the assets of the Group to prevent and detect frauds and other irregularities.

This statement on Directors' responsibility for preparing the financial statements is made in accordance with the approval by the Board of Directors on 25 March 2022.

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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 2021.

PRINCIPAL ACTIVITIES

The principal activities of the Company and its subsidiaries include manufacturing and distribution of writing instruments, art, painting and hobby products, school and office stationery, papeterie products, provision of logistics services and investment holding. The Group distributes its products through wholesalers, dealers, retailers, modern trade channels including hypermarkets, schools and specialised stores for luxury items. There have been no significant changes in the nature of the Group's activities during the financial year.

RESULTS

	GROUP RM'000	COMPANY RM'000
Profit for the financial year	93,053	144,619
Attributable to:		
Owners of the parent	85,077	144,619
Non-controlling interests	7,976	-
	93,053	144,619

DIVIDEND

No dividend has been paid, declared or proposed since the end of the previous financial year other than the following:

On 14 December 2021, the Company declared a single-tier special dividend of 20 sen per ordinary share for the financial year ended 31 December 2021, paid on 11 January 2022.

The Directors do not recommend the payment of any other dividend in respect of the current financial year.

RESERVES AND PROVISIONS

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

DIRECTORS' REPORT

DIRECTORS

The names of the Directors of the Company in office since the beginning of the current financial year to the date of this report are as follows:

Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman
Loo Hooi Keat
Lim Chee Hoong
Ahmad Al Farouk Bin Ahmad Kamal
Fong Wai Leong
Najuuwa Binti Sabli
Kim Kenny
Ngau Kah Wye (alternate director to Kim Kenny)

The names of the Directors of the Company's subsidiaries in office since the beginning of the current financial year to the date of this report are as follows:

Alejandro Ogarrio
Azuma Ikeda
Beat Nydegger
Claudio Esteban Seleguan
Diego Alonso
Dimitar Dimitrov
Fabio Peron
Ho Ming Hon
Horatiu Nicolau
Jamilah Abdullah
Karsten Tews
Loo Hooi Keat
Loo Seow Beng
Matias Shaw
Mehmet Köksal
Octavio Fuentes
Paul Theodossiou
Pavel Zastresek
Pearly Tan Siew Kim
Rafał Piskała
Stefan Heintze
Sven Vergauwen
Vincze Zóltan
Yamil Valencia
Malgorzata Zimmer-Mikolajczak (resigned on 30 July 2021)

SHARE CAPITAL, DEBENTURES AND SHARE OPTIONS

Issue of shares and debentures

There were no new issues of shares and debentures during the financial year.

Treasury shares

The Company did not make any purchase of its own shares and none of the treasury shares held were resold or cancelled during the financial year. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

Of the total 608,132,861 issued and fully paid ordinary shares, 4,928,011 ordinary shares are held as treasury shares by the Company. Such treasury shares are held at carrying amount of RM5,149,918. The number of outstanding ordinary shares in issue after deducting the treasury shares is 603,204,850. Further details are disclosed in Note 24(b) to the financial statements.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being any arrangements with the object of enabling the Directors of the Company to 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, none of the Directors of the Company has received or become entitled to receive any benefit, other than the benefit included in the aggregate amount of remuneration received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as disclosed in Note 9 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 he is a member or with a company in which he has a substantial financial interest.

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and officers of the Group and of the Company is RM333,648 (2020: RM350,720).

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, particulars of interests of Directors who held office at the end of the financial year in the shares of the Company and of its related corporations are as follows:

SHARES IN THE COMPANY	NUMBER OF ORDINARY SHARES			BALANCE AS AT 31.12.2021
	BALANCE AS AT 1.1.2021	ADDITIONS	DISPOSALS	
Loo Hooi Keat				
- Direct	61,371,923	170,000	-	61,541,923
- Indirect	37,628,852	-	-	37,628,852

DIRECTORS' REPORT

DIRECTORS' INTERESTS (continued)

By virtue of Loo Hooi Keat's direct and indirect interests in the shares of the Company, he is deemed to be interested in the shares of all the Company's related corporations to the extent of the Company's interests.

Other than Loo Hooi Keat, none of the other Directors in office at the end of the financial year held any interest in the shares of the Company and of its related corporations during or at the beginning and end of the financial year.

OTHER STATUTORY INFORMATION

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

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (ii) to ensure that any current assets other than debts, which were unlikely to realise, in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company 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 render the amount of bad debts written off or the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;
- (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading;
- (iii) which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; and
- (iv) not otherwise dealt with in this report or the financial statements which 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 which has arisen since the end of the financial year which secures the liability of any other person; and
- (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

No contingent or other liability 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 or of the Company to meet their obligations as and when they fall due.

OTHER STATUTORY INFORMATION (continued)

In the opinion of the Directors:

- (i) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the gain on disposal of the assets held for sale of RM144.5 million and restructuring cost of RM30.0 million at the Group level; and
- (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

The Russia-Ukraine conflict resulted in rising global commodities and energy prices, supply chain disruption and increased geopolitical unease, in particular the European region.

As at the date of authorisation of the financial statements, the Russia-Ukraine conflict is still evolving and remains unpredictable. Consequently, the Group and the Company are unable to estimate the financial effects of the situation at this juncture. The Group and the Company are actively monitoring and managing the operations of the Group and the Company to minimise any impact arising from these developments.

AUDITORS AND AUDITORS' REMUNERATION

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

The auditors' remuneration of the Group and of the Company are disclosed in Note 10 to the financial statements.

Signed on behalf of the Board of Directors in accordance with their resolution dated 25 March 2022.

DATO' INDERA SYED NORULZAMAN
BIN SYED KAMARULZAMAN
Director

LOO HOOI KEAT
Director

Selangor Darul Ehsan
25 March 2022

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, DATO' INDERA SYED NORULZAMAN BIN SYED KAMARULZAMAN and LOO HOOI KEAT, being two of the Directors of PELIKAN INTERNATIONAL CORPORATION BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 96 to 155 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with their resolution dated 25 March 2022.

**DATO' INDERA SYED NORULZAMAN
BIN SYED KAMARULZAMAN**
Director

LOO HOOI KEAT
Director

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, LOO HOOI KEAT, being the Director primarily responsible for the financial management of PELIKAN INTERNATIONAL CORPORATION BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 96 to 155 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.

LOO HOOI KEAT

Subscribed and solemnly declared by the abovenamed LOO HOOI KEAT on 25 March 2022 at Subang Jaya, Selangor Darul Ehsan

Before me

GEETHA A/P SUPRAMANIAM (No. B603)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PELIKAN INTERNATIONAL CORPORATION BERHAD
(INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Pelikan International Corporation Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the 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 96 to 155.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") 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 ("ISAs"). 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PELIKAN INTERNATIONAL CORPORATION BERHAD
(INCORPORATED IN MALAYSIA)

KEY AUDIT MATTERS (continued)

(a) Impairment assessment of the carrying amounts of goodwill and trademarks

The total carrying amount of goodwill and trademarks of the Group amounted to RM128,001,000 and RM17,252,000 respectively as disclosed in Note 15 to the financial statements.

We considered this to be a key audit matter because the determination of the recoverable amounts of goodwill and trademarks requires management to exercise significant judgements and estimates about the future results and the key assumptions applied to cash flow projections of the cash generating units ("CGUs"), including projected earnings before interest and tax ("EBIT") margins, growth rates and terminal values, taking into consideration the impact of COVID-19 pandemic, as well as determining appropriate pre-tax discount rates.

Audit response

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

- (i) Evaluated the identification and allocation of goodwill and trademarks to appropriate CGUs with reference to our understanding of the business segments of the Group;
- (ii) Assessed the historical reliability of management's projections by comparing prior period projections to actual results;
- (iii) Verified projected EBIT margins, growth rates and terminal values, including the impact of COVID-19 pandemic, to support the assumptions used in the projections by corroborating to the findings from other areas of our audit;
- (iv) Verified the pre-tax discount rates of each CGU by comparing to market data, weighted average cost of capital of the Group adjusted for the relevant risk factors; and
- (v) Performed sensitivity analysis to stress test the key assumptions used in the impairment assessment.

(b) Appropriateness and measurement of carrying amounts of post-employment benefit obligations

The Group has defined benefit plans giving rise to post-employment benefit obligations of RM229,880,000 as disclosed in Note 25 to the financial statements.

We considered this to be a key audit matter because of the magnitude of the amounts and significant judgements applied by management to determine the valuation of post-employment benefit obligations due to the actuarial assumptions applied in its valuation. The key actuarial assumption relates to the discount rates used in the actuarial valuations is as disclosed in Note 25 to the financial statements.

KEY AUDIT MATTERS (continued)**(b) Appropriateness and measurement of carrying amounts of post-employment benefit obligations**
(continued)**Audit response**

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

- (i) Assessed the competence, independence and integrity of the Group's actuarial specialists;
- (ii) Challenged the reasonableness of the discount rate applied in determining the Group's post-employment benefits obligations by comparing it to benchmark ranges based on market conditions and available actuarial data; and
- (iii) Assessed whether the methods used to determine key assumptions were consistently applied and evaluated the rationale for any changes in approach.

(c) Recoverability of trade receivables

Trade receivables of the Group and of the Company as at 31 December 2021 were RM139,713,000 and RM3,092,000 respectively as disclosed in Note 22 to the financial statements.

We considered this to be a key audit matter because it requires management to exercise significant judgements in determining probability of default by trade receivables and appropriate forward-looking information with consideration of the impact of COVID-19 pandemic to assess the expected credit loss allowances.

Audit response

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

- (i) Recomputed the probability of default using historical data and forward-looking information adjustment, incorporating the impact of COVID-19 pandemic, applied by the Group;
- (ii) Recomputed the correlation coefficient between forward-looking factors used by the Group and historical credit losses to determine the appropriateness of the forward-looking information used by the Group; and
- (iii) Obtained an understanding from management on the rationale underlying the relationship between the forward-looking information and expected credit losses for our assessment.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PELIKAN INTERNATIONAL CORPORATION BERHAD
(INCORPORATED IN MALAYSIA)

KEY AUDIT MATTERS (continued)

(d) Impairment and classification of amounts due from subsidiaries as current assets

As at 31 December 2021, gross amounts due from subsidiaries that are included in other receivables and, which have been classified as current assets were RM150,408,000 as disclosed in Note 22 to the financial statements.

We considered this to be a key audit matter because it requires management to exercise significant judgements and estimates in determining the probability of default by subsidiaries, significant increase in credit risk and the classification of amounts due from subsidiaries that are repayable on demand as current assets.

Audit response

The audit procedures included the following:

- (i) Recomputed probability of default using historical data and forward-looking adjustment applied by the Company;
- (ii) Assessed the appropriateness of the indicators of significant increase in credit risk applied by the management and the resultant basis for classification of exposure into respective stages;
- (iii) 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; and
- (iv) Evaluated the appropriateness of the classification of amounts due from subsidiaries as current assets based on the arrangements put in place by management for the settlement of these balances.

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 MFRSs, IFRSs and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs 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 ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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.
- 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 of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PELIKAN INTERNATIONAL CORPORATION BERHAD
(INCORPORATED IN MALAYSIA)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

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

- 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.
- 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.
- 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, related safeguards, actions taken to eliminate threats or safeguards applied.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 16 to the financial statements.

OTHER MATTERS

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

BDO PLT
LLP0018825-LCA & AF: 0206
Chartered Accountants

REJEESH A/L BALASUBRAMANIAM
02895/08/2022 J
Chartered Accountant

25 March 2022
Kuala Lumpur

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	NOTE	GROUP		COMPANY	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	6	1,000,468	974,441	45,315	59,480
Other operating income		168,412	26,435	163,760	9,870
Materials used		(464,456)	(447,775)	(43,371)	(57,080)
Staff costs	7	(288,512)	(278,284)	(5,293)	(4,070)
Depreciation and impairment of property, plant and equipment	14	(26,219)	(28,176)	(20)	(21)
Amortisation and impairment of intangible assets	15	(9,013)	(5,256)	-	-
Other operating expenses		(226,296)	(208,547)	(10,409)	(9,244)
Profit/(Loss) from operations	10	154,384	32,838	149,982	(1,065)
Finance costs	11	(16,204)	(18,204)	(5,363)	(8,296)
Profit/(Loss) before tax		138,180	14,634	144,619	(9,361)
Tax expense	12	(45,127)	(3,240)	-	-
Profit/(Loss) for the financial year		93,053	11,394	144,619	(9,361)
Other comprehensive (loss)/income:					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		(13,588)	5,162	-	-
Reclassification adjustments relating to foreign currency translation of foreign operations deconsolidated		-	4,894	-	-
Item that will not be reclassified subsequently to profit or loss:					
Actuarial loss on defined benefit plans	25	5,954	(1,852)	-	-
Income tax	12	(1,055)	183	-	-
Other comprehensive (loss)/income for the financial year, net of tax		(8,689)	8,387	-	-
Total comprehensive income/(loss) for the financial year		84,364	19,781	144,619	(9,361)

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	NOTE	GROUP		COMPANY	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit/(Loss) attributable to:					
Owners of the parent		85,077	10,783	144,619	(9,361)
Non-controlling interests		7,976	611	-	-
		93,053	11,394	144,619	(9,361)
Total comprehensive income/(loss) attributable to:					
Owners of the parent		83,085	19,239	144,619	(9,361)
Non-controlling interests		1,279	542	-	-
		84,364	19,781	144,619	(9,361)
Basic and diluted earnings per ordinary share attributable to equity holders of the Company (sen)	13	14.10	1.79	-	-

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	NOTE	GROUP		COMPANY	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	224,048	208,639	27	28
Intangible assets	15	149,903	160,058	-	-
Investments in subsidiaries	16	-	-	305,149	305,113
Investments in associates	17	57	60	-	-
Other financial assets	18	2,312	2,534	-	-
Pension Trust Fund	19	138,867	137,388	138,867	137,388
Deferred tax assets	20	93,628	115,100	-	-
		608,815	623,779	444,043	442,529
Current assets					
Inventories	21	205,733	237,705	-	-
Receivables, deposits and prepayments	22	233,554	231,401	171,422	309,888
Tax recoverable		10,354	10,070	198	198
Pension Trust Fund	19	11,997	13,476	11,997	13,476
Deposits, cash and bank balances	23	189,160	47,897	81,965	4,351
		650,798	540,549	265,582	327,913
Non-current assets classified as held for sale	14	-	180,997	-	-
TOTAL ASSETS		1,259,613	1,345,325	709,625	770,442
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	24	640,273	640,273	640,273	640,273
Foreign currency translation reserves		(86,878)	(79,876)	-	-
Accumulated losses		(123,284)	(92,730)	(225,178)	(249,156)
Treasury shares, at cost	24(b)	(5,150)	(5,150)	(5,150)	(5,150)
		424,961	462,517	409,945	385,967
Non-controlling interests		3,064	1,785	-	-
Total equity		428,025	464,302	409,945	385,967

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	NOTE	GROUP		COMPANY	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current liabilities					
Post-employment benefit obligations	25	229,880	261,123	-	-
Payables	28	-	-	50,160	54,325
Borrowings	26	22,406	134,564	-	25,149
Lease liabilities	27	88,171	16,937	-	-
Deferred tax liabilities	20	12,684	14,232	-	-
		353,141	426,856	50,160	79,474
Current liabilities					
Payables	28	290,291	150,268	196,068	243,255
Borrowings	26	110,211	263,673	53,452	61,746
Lease liabilities	27	24,407	6,139	-	-
Current tax liabilities		53,538	34,087	-	-
		478,447	454,167	249,520	305,001
Total liabilities		831,588	881,023	299,680	384,475
TOTAL EQUITY AND LIABILITIES		1,259,613	1,345,325	709,625	770,442

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

GROUP	NOTE	SHARE CAPITAL RM'000	TREASURY SHARES RM'000	FOREIGN CURRENCY TRANSLATION RESERVES RM'000	ACCUMULATED LOSSES RM'000	ATTRIBUTABLE TO OWNERS OF THE PARENT RM'000	NON- CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
At 1 January 2020		640,273	(5,150)	(90,131)	(101,714)	443,278	1,243	444,521
Profit for the financial year		-	-	-	10,783	10,783	611	11,394
Other comprehensive income/(loss)		-	-	10,255	(1,799)	8,456	(69)	8,387
Total comprehensive income		-	-	10,255	8,984	19,239	542	19,781
At 31 December 2020/1 January 2021		640,273	(5,150)	(79,876)	(92,730)	462,517	1,785	464,302
Profit for the financial year		-	-	-	85,077	85,077	7,976	93,053
Other comprehensive (loss)/income		-	-	(7,002)	5,010	(1,992)	(6,697)	(8,689)
Total comprehensive (loss)/income		-	-	(7,002)	90,087	83,085	1,279	84,364
Transaction with owners:								
Dividend	28	-	-	-	(120,641)	(120,641)	-	(120,641)
At 31 December 2021		640,273	(5,150)	(86,878)	(123,284)	424,961	3,064	428,025

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

COMPANY	NOTE	SHARE CAPITAL RM'000	TREASURY SHARES RM'000	ACCUMULATED LOSSES RM'000	TOTAL EQUITY RM'000
At 1 January 2020		640,273	(5,150)	(239,795)	395,328
Loss for the financial year/Total comprehensive loss		-	-	(9,361)	(9,361)
At 31 December 2020/ 1 January 2021		640,273	(5,150)	(249,156)	385,967
Profit for the financial year/Total comprehensive income		-	-	144,619	144,619
Transaction with owners: Dividend	28	-	-	(120,641)	(120,641)
At 31 December 2021		640,273	(5,150)	(225,178)	409,945

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		GROUP	
	NOTE	2021 RM'000	2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		1,156,631	1,034,399
Cash paid to suppliers and employees		(1,087,635)	(992,000)
		68,996	42,399
Interest received		1,400	542
Interest paid		(13,125)	(14,950)
Taxation paid		(8,792)	(10,909)
Net cash from operating activities		48,479	17,082
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest paid		(3,079)	(3,254)
Purchase of property, plant and equipment	14(d)	(4,837)	(5,104)
Proceeds from disposal of property, plant and equipment and assets held for sale - net		369,727	638
Purchase of intangible assets	15	(865)	(1,183)
Purchase of other financial assets		-	(5)
Net cash from/(used in) investing activities		360,946	(8,908)
CASH FLOWS FROM FINANCING ACTIVITIES			
Deposits pledged		(3)	(5)
Drawdowns of bank borrowings		163,810	292,431
Repayments of bank borrowings		(424,781)	(274,800)
Repayments of lease liabilities		(9,927)	(9,652)
Net cash (used in)/from financing activities		(270,901)	7,974
Net increase in cash and cash equivalents during the financial year		138,524	16,148
Effects of exchange rate changes on cash and cash equivalents		3,397	(1,806)
Cash and cash equivalents at beginning of the financial year		36,715	22,373
Cash and cash equivalents at end of the financial year	23	178,636	36,715

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	NOTE	COMPANY	
		2021 RM'000	2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		52,480	57,890
Cash paid to suppliers and employees		(52,336)	(63,646)
		144	(5,756)
Interest received		5	8
Interest paid		(4,599)	(7,584)
Net cash used in operating activities		(4,450)	(13,332)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest paid		(764)	(712)
Purchase of property, plant and equipment	14(d)	(19)	(15)
Dividends from subsidiaries		115,188	-
Repayments from subsidiaries		2,072	8,132
Acquisition of additional interest in a subsidiary		(36)	-
Net cash from investing activities		116,441	7,405
CASH FLOWS FROM FINANCING ACTIVITIES			
Deposits pledged		(3)	(5)
Drawdowns of bank borrowings		82,260	125,155
Repayments of bank borrowings		(116,348)	(116,261)
Net cash (used in)/from financing activities		(34,091)	8,889
Net increase in cash and cash equivalents during the financial year		77,900	2,962
Effects of exchange rate changes on cash and cash equivalents		(289)	(53)
Cash and cash equivalents at beginning of the financial year		3,812	903
Cash and cash equivalents at end of the financial year	23	81,423	3,812

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The address of the registered office and principal place of business of the Company is as follows:

No. 9, Jalan Pemaju U1/15, Seksyen U1
Hicom Glenmarie Industrial Park
40150 Shah Alam
Selangor Darul Ehsan
Malaysia

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 25 March 2022.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company and its subsidiaries include manufacturing and distribution of writing instruments, art, painting and hobby products, school and office stationery, papeterie products, provision of logistics services and investment holding. The Group distributes its products through wholesalers, dealers, retailers, modern trade channels including hypermarkets, schools and specialised stores for luxury items. There have been no significant changes in the nature of the Group's activities 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 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.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

4. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs

4.1 New and revised MFRSs affecting amounts reported and/or disclosures in the financial statements

In the current financial year, the Group has applied a number of new and revised MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatorily effective for an accounting period that begins on or after 1 January 2021. The adoption of these new and revised MFRSs did not have any material impact on the financial statements of the Group and of the Company.

4. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (continued)

4.2 New and revised MFRSs in issue but not yet effective

The following are accounting standards and amendments of the MFRS Framework that have been issued by the MASB that are relevant but have not been adopted by the Group and the Company.

<u>MFRSs, Amendments to MFRSs and IC Interpretations</u>		<u>Effective for financial periods beginning on or after</u>
Annual Improvements to MFRS Standards 2018 - 2020 Cycle	Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards and MFRS 9 Financial Instruments	1 January 2022
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
MFRS 17 and Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Group and the Company are in the process of assessing the impact of implementing these standards and amendments and will adopt the above pronouncements when they become effective in the respective periods.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

5. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their geographical locations of the assets. The management has determined the operating segments based on the reports reviewed by the Chief Executive Officer.

The Group is organised on a worldwide basis into four (4) main geographical units:

- Germany
- Rest of Europe
- Americas
- Rest of the World

The Group evaluates performance on the basis of profit or loss from operations.

The accounting policies of operating segments are the same as those described in the respective sections of the notes to the financial statements. Segment revenue, expenses and results include transfers between operating segments. These transfers are eliminated on consolidation.

5. SEGMENT INFORMATION (continued)

Analysis of the Group's revenue, results and other information by geographical locations are as follows:

2021	GERMANY RM'000	REST OF EUROPE RM'000	AMERICAS RM'000	REST OF THE WORLD RM'000	ELIMINATION RM'000	GROUP RM'000
Revenue:						
External customers	590,708	233,516	136,264	39,980	-	1,000,468
Inter-segment	260,141	24,060	14,261	71,107	(369,569)	-
Total revenue	850,849	257,576	150,525	111,087	(369,569)	1,000,468
Results:						
Segment result	137,281	16,767	11,878	(5,181)	(6,361)	154,384
Finance costs	(12,613)	(4,345)	(1,099)	(5,658)	7,511	(16,204)
Taxation	(37,321)	(3,566)	(3,478)	(762)	-	(45,127)
Profit/(Loss) for the financial year	87,347	8,856	7,301	(11,601)	1,150	93,053
Other segment information:						
Interest income	(7,330)	(620)	(1,003)	(285)	7,838	(1,400)
Depreciation and amortisation	17,375	4,792	5,340	542	-	28,049
Other material non-cash items:						
Gain on disposal of property, plant and equipment and assets held for sale - net	(144,544)	(79)	(101)	-	-	(144,724)
Impairment losses on intangible assets	-	-	-	7,183	-	7,183
Impairment losses on receivables - net	279	1,103	401	23	-	1,806
Restructuring cost	30,000	-	-	-	-	30,000
(Reversal of inventories written down)/Inventories written down - net	(367)	(151)	(195)	101	-	(612)
Capital expenditure	2,821	750	2,092	39	-	5,702
Assets:						
Segment assets	615,180	144,722	159,318	340,393	-	1,259,613
- of which non-current assets *	297,722	33,126	42,480	623	-	373,951
Liabilities:						
Segment liabilities	379,988	209,584	48,897	193,119	-	831,588

* in relation to property, plant and equipment and intangible assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

5. SEGMENT INFORMATION (continued)

Analysis of the Group's revenue, results and other information by geographical locations are as follows (continued):

2020	GERMANY RM'000	REST OF EUROPE RM'000	AMERICAS RM'000	REST OF THE WORLD RM'000	ELIMINATION RM'000	GROUP RM'000
Revenue:						
External customers	609,551	208,539	118,130	38,221	-	974,441
Inter-segment	275,310	27,180	13,851	92,145	(408,486)	-
Total revenue	884,861	235,719	131,981	130,366	(408,486)	974,441
Results:						
Segment result	34,420	10,400	7,276	(3,567)	(15,691)	32,838
Finance costs	(16,472)	(5,981)	(2,215)	(8,700)	15,164	(18,204)
Taxation	(3,100)	(2,844)	3,694	(990)	-	(3,240)
Profit/(Loss) for the financial year	14,848	1,575	8,755	(13,257)	(527)	11,394
Other segment information:						
Interest income	(9,219)	(2,003)	(693)	(3,670)	15,043	(542)
Depreciation and amortisation	20,402	4,910	5,432	688	-	31,432
Other material non-cash items: (Gain)/Loss on disposal of property, plant and equipment	(590)	76	(5)	-	-	(519)
Impairment losses on intangible assets	-	-	-	2,000	-	2,000
Impairment losses on receivables - net	257	405	654	36	-	1,352
Inventories written down - net	1,113	783	714	93	-	2,703
Capital expenditure	4,297	1,122	752	116	-	6,287
Assets:						
Segment assets	763,115	152,881	162,749	266,580	-	1,345,325
- of which non-current *	291,988	36,379	39,486	844	-	368,697
Liabilities:						
Segment liabilities	488,718	216,599	61,598	114,108	-	881,023

* in relation to property, plant and equipment and intangible assets.

5. SEGMENT INFORMATION (continued)

Capital expenditure comprises additions to property, plant and equipment and intangible assets.

Business segment information

	GROUP	
	2021	2020
	RM'000	RM'000
Revenue:		
Sale of goods	955,421	937,135
Logistics and related services	45,047	37,306
	1,000,468	974,441

6. REVENUE

	GROUP		COMPANY	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Sale of goods	955,421	937,135	45,315	59,480
Services rendered	45,047	37,306	-	-
	1,000,468	974,441	45,315	59,480

Revenue is recognised at a point in time when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price, the Group considers the effects of variable consideration arising from rebates and discounts given to its customers. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Disaggregation of revenue from contracts with customers has been presented in the operating segments, Note 5 to the financial statements, which has been presented based on geographical location from which the sale transactions originated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

7. STAFF COSTS

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Wages, salaries and bonuses	233,884	221,522	4,642	3,419
Defined contribution plan	46,570	47,798	402	366
Defined benefit plan	2,628	3,309	-	-
Other employee related benefits	5,430	5,655	249	285
	288,512	278,284	5,293	4,070

Staff costs as shown above include the remuneration of the key management personnel (including the Executive Director) as disclosed in Note 8 and Note 9 to the financial statements.

8. COMPENSATION OF KEY MANAGEMENT PERSONNEL

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Salaries and bonuses	10,430	11,841	1,273	1,200
Defined contribution plan	275	245	170	144
Defined benefit plan	227	219	-	-
Other employee related benefits	577	537	19	17
	11,509	12,842	1,462	1,361

9. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-executive Directors				
Fees	430	430	430	430
Allowances	73	48	73	48
	503	478	503	478
Executive Director				
Salaries and bonuses	1,273	1,200	1,273	1,200
Defined contribution plan	170	144	170	144
Estimated monetary value of benefits in kind	19	17	19	17
	1,965	1,839	1,965	1,839

10. PROFIT/(LOSS) FROM OPERATIONS

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

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Auditors' remuneration:				
Statutory audit				
- current year	2,579	2,331	191	200
- (over)/under provision in prior years	(27)	4	(23)	-
Non audit	58	108	5	5
Assignment of debt recovered	-	-	(41,187)	-
Bad debts written off	-	1,210	-	5,307
Dividend income	-	-	(115,188)	-
Expense relating to leases of low value assets	488	149	-	-
Expense relating to short-term leases	2,964	3,348	76	72
Expense relating to variable lease payment not included in the measurement of the lease liabilities	3,097	3,482	-	-
External logistics, outward freight and packaging	36,778	35,326	-	-
Gain on disposal of (net):				
- assets held for sale	(144,534)	-	-	-
- property, plant and equipment	(190)	(519)	-	-
Impairment losses on investments in subsidiaries	-	-	-	1,356
Impairment losses on receivables - net	1,806	1,352	-	-
Interest income from:				
- deposits with licensed banks and others	(1,400)	(542)	(5)	(8)
- subsidiaries	-	-	(23)	(3,467)
Lease income on operating leases	(12,137)	(10,183)	-	-
Lease income relating to variable lease payments that do not depend on an index or rate	(3,282)	(2,790)	-	-
Net foreign exchange loss	1,875	4,078	4,321	977
Research and development expenses	9,388	10,168	-	-
Restructuring cost	30,000	-	-	-
Reversal of impairment losses on amounts due from subsidiaries - net	-	-	(1,904)	(6,004)
(Reversal of inventories written down)/ inventories written down - net	(612)	2,703	-	-
Sales promotion	34,920	36,348	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

11. FINANCE COSTS

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest expense on:				
- bank borrowings	13,497	15,583	3,091	3,682
- lease liabilities	603	620	-	-
Factoring charges	2,104	2,001	-	-
Interest - others	-	-	2,272	4,614
	16,204	18,204	5,363	8,296

12. TAX EXPENSE

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current year tax expense based on profit for the financial year:				
- Malaysian tax	-	-	-	-
- Foreign tax	28,503	8,956	-	-
	28,503	8,956	-	-
Under/(Over)-provision in prior years	611	(6,234)	-	-
	29,114	2,722	-	-
Deferred tax	16,013	518	-	-
Tax expense	45,127	3,240	-	-
Deferred tax:				
Amounts recognised in profit or loss	16,013	518	-	-
Amounts recognised in other comprehensive income	1,055	(183)	-	-
Total (Note 20)	17,068	335	-	-

Malaysian income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated taxable profit for the year. Tax expense for other jurisdictions are calculated at the rates prevailing in the relevant jurisdictions.

12. TAX EXPENSE (continued)

The numerical reconciliation between the average effective tax and the tax based on applicable tax rate are as follows:

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Tax expense at Malaysian statutory tax rate of 24% (2020: 24%)	33,163	3,512	34,709	(2,247)
Tax effects of:				
- different tax regimes	7,954	2,163	-	-
- expenses not deductible for tax purposes	12,576	2,657	3,337	2,015
- income not subject to tax	(3,145)	(3,695)	(39,215)	(834)
- (Utilisation of deferred tax assets not recognised)/deferred tax assets not recognised in respect of current year's tax losses	(6,032)	4,837	1,169	1,066
- under/(over)-provision in prior years	611	(6,234)	-	-
Tax expense	45,127	3,240	-	-

13. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year after deducting treasury shares.

The following table reflects the profit and share data used in the computation of basic earnings per ordinary share:

	GROUP	
	2021	2020
Profit attributable to owners of the parent (RM'000)	85,077	10,783
Weighted average number of ordinary shares in issue ('000)	603,205	603,205
Basic earnings per ordinary share (sen)	14.10	1.79

The Group does not have any potential dilutive ordinary shares. Accordingly, the diluted earnings per share equals the basic earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

14. PROPERTY, PLANT AND EQUIPMENT

GROUP	FREEHOLD LAND RM'000	BUILDINGS RM'000	MACHINERY, TECHNICAL EQUIPMENT AND MOULD RM'000	OFFICE EQUIPMENT, FURNITURE AND FITTINGS RM'000	MOTOR VEHICLES RM'000	CAPITAL WORK-IN- PROGRESS RM'000	RIGHT-OF- USE ASSETS RM'000	TOTAL RM'000
Carrying amounts								
At 1 January 2020	27,014	235,956	81,354	17,047	1,228	5,619	28,548	396,766
Additions	-	-	1,541	1,532	1	2,030	3,069	8,173
Disposals	-	-	(76)	-	(43)	-	-	(119)
Transfers (Note 15)	-	-	-	-	-	(481)	-	(481)
Depreciation	-	(4,341)	(11,667)	(3,864)	(380)	-	(7,924)	(28,176)
Written off	-	-	(337)	(5)	(31)	-	-	(373)
Classified as held for sale	-	(176,921)	(3,616)	(460)	-	-	-	(180,997)
Reassessments and modification of right-of-use assets	-	-	-	-	-	-	(1,414)	(1,414)
Foreign currencies translation	(1,082)	10,009	5,322	967	(43)	(1,014)	1,101	15,260
At 31 December 2020	25,932	64,703	72,521	15,217	732	6,154	23,380	208,639
Carrying amounts								
At 1 January 2021	25,932	64,703	72,521	15,217	732	6,154	23,380	208,639
Additions	-	-	292	1,707	-	2,838	50,095	54,932
Disposals	-	-	(20)	(35)	(83)	-	-	(138)
Transfers (Note 15)	-	-	1,485	-	-	(3,253)	-	(1,768)
Depreciation	-	(3,051)	(10,498)	(3,783)	(366)	-	(8,521)	(26,219)
Foreign currencies translation	576	(1,365)	(9,416)	159	217	(277)	(1,292)	(11,398)
At 31 December 2021	26,508	60,287	54,364	13,265	500	5,462	63,662	224,048
At 31 December 2021								
Cost	26,508	129,111	307,497	102,831	3,937	5,462	84,552	659,898
Accumulated depreciation and impairment	-	(68,824)	(253,133)	(89,566)	(3,437)	-	(20,890)	(435,850)
Carrying amounts	26,508	60,287	54,364	13,265	500	5,462	63,662	224,048
At 31 December 2020								
Cost	25,932	131,599	321,612	106,722	3,934	6,154	39,724	635,677
Accumulated depreciation and impairment	-	(66,896)	(249,091)	(91,505)	(3,202)	-	(16,344)	(427,038)
Carrying amounts	25,932	64,703	72,521	15,217	732	6,154	23,380	208,639

14. PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY	MACHINERY, TECHNICAL EQUIPMENT AND MOULD RM'000	OFFICE EQUIPMENT, FURNITURE AND FITTINGS RM'000	MOTOR VEHICLES RM'000	TOTAL RM'000
Carrying amounts				
At 1 January 2020	-	34	-	34
Additions	-	15	-	15
Depreciation	-	(21)	-	(21)
At 31 December 2020/1 January 2021	-	28	-	28
Additions	-	19	-	19
Depreciation	-	(20)	-	(20)
At 31 December 2021	-	27	-	27
At 31 December 2021				
Cost	434	640	1,149	2,223
Accumulated depreciation and impairment	(434)	(613)	(1,149)	(2,196)
Carrying amounts	-	27	-	27
At 31 December 2020				
Cost	434	621	1,149	2,204
Accumulated depreciation and impairment	(434)	(593)	(1,149)	(2,176)
Carrying amounts	-	28	-	28

- (a) Property, plant and equipment, other than right-of-use assets are initially measured at cost. After initial recognition, the property, plant and equipment, other than right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses. The recognition and measurement of right-of-use assets are further disclosed in Note 27 to the financial statements.

In the previous financial year, the Group had classified property, plant and equipment located at Falkensee, Germany as non-current assets held for sale in accordance to MFRS 5 Non-Current Assets Held For Sale and Discontinued Operations. On 13 December 2021, the disposal of the assets held for sale, with carrying amount of RM174,571,000 at the date of disposal was completed for a cash consideration of EUR81.0 million (equivalent to RM382,960,000). Simultaneously, the Group had entered into a 5-years period lease arrangement with the purchaser/lessor and lease liabilities of RM93,732,000 and right-of-use asset of RM43,438,000 were recognised as disclosed in Note 26 and Note 14(d) to the financial statements respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

14. PROPERTY, PLANT AND EQUIPMENT (continued)

- (b) Freehold land is not depreciated as it has an indefinite life. Capital work-in-progress represents machinery under installation and renovation-in-progress and is stated at cost. Capital work-in-progress is not depreciated until such time when the asset is ready for its intended use. Depreciation for right-of-use assets are further disclosed in Note 27 to the financial statements. Depreciation of other property, plant and equipment, other than right-of-use assets is provided for on a straight-line basis to write off the cost of each asset over its estimated useful life, as follows:

Buildings	50 years
Machinery, technical equipment and mould	1 - 30 years
Office equipment, furniture and fittings	1 - 15 years
Motor vehicles	1 - 10 years

- (c) The carrying amounts of property, plant and equipment (including those classified as held for sale) pledged as security for borrowings as disclosed in Note 26 to the financial statements are as follows:

	GROUP	
	2021 RM'000	2020 RM'000
Freehold land and buildings	38,761	190,428
Machinery and technical equipment	-	3,616
	38,761	194,044

- (d) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Purchase of property, plant and equipment	54,932	8,173	19	15
Right-of-use assets:				
Arising from sale and leaseback transaction	(43,438)	-	-	-
Arising from other lease arrangement	(6,657)	(3,069)	-	-
Cash payments on purchase of property, plant and equipment	4,837	5,104	19	15

15. INTANGIBLE ASSETS

GROUP	GOODWILL RM'000	TRADEMARKS RM'000	DEVELOPMENT COSTS RM'000	COMPUTER SOFTWARE LICENSE RM'000	TOTAL RM'000
Carrying amounts					
At 1 January 2020	131,400	16,710	2,249	3,042	153,401
Additions	-	-	-	1,183	1,183
Transfer from property, plant and equipment (Note 14)	-	-	-	481	481
Amortisation	-	-	(1,595)	(1,661)	(3,256)
Impairment	(2,000)	-	-	-	(2,000)
Foreign currencies translation	8,586	1,310	133	220	10,249
At 31 December 2020/ 1 January 2021	137,986	18,020	787	3,265	160,058
Additions	-	-	-	865	865
Transfer from property, plant and equipment (Note 14)	-	-	-	1,768	1,768
Amortisation	-	-	(259)	(1,571)	(1,830)
Impairment	(7,183)	-	-	-	(7,183)
Foreign currencies translation	(2,802)	(768)	(26)	(179)	(3,775)
At 31 December 2021	128,001	17,252	502	4,148	149,903
At 31 December 2021					
Cost	137,184	26,032	20,883	49,980	234,079
Accumulated amortisation and impairment	(9,183)	(8,780)	(20,381)	(45,832)	(84,176)
Carrying amounts	128,001	17,252	502	4,148	149,903
At 31 December 2020					
Cost	139,986	27,193	21,814	52,734	241,727
Accumulated amortisation and impairment	(2,000)	(9,173)	(21,027)	(49,469)	(81,669)
Carrying amounts	137,986	18,020	787	3,265	160,058

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

15. INTANGIBLE ASSETS (continued)

Goodwill and Trademarks:

Allocation of goodwill and trademarks:

	GROUP	
	2021 RM'000	2020 RM'000
Goodwill		
Germany	105,853	108,417
Switzerland	4,021	4,018
Argentina	6,057	11,577
Japan	12,070	12,846
Taiwan	-	1,128
	128,001	137,986
Trademarks		
Germany	17,252	18,020

Goodwill and trademarks arising from business combinations are measured at cost less accumulated impairment losses. Trademarks are assessed to have indefinite useful lives as the management believes that there is no foreseeable limit to the period over which the trademarks are expected to generate net cash flows to the Group.

The Group determines whether goodwill and trademarks are impaired at least on an annual basis. This requires an estimation of the recoverable amount based on the value-in-use of the CGU to which goodwill and trademarks are allocated. Estimating value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of these cash flows. These calculation use cash flow projections based on financial budgets approved by management covering a three (3) years period. Cash flows beyond the 3 years period are extrapolated using the estimated growth rates stated below.

15. INTANGIBLE ASSETS (continued)

Judgements and estimates had been used to determine the key assumptions used for value-in-use calculations:

	EBIT margin		Growth rate		Discount rate	
	2021	2020	2021	2020	2021	2020
	%	%	%	%	%	%
Germany	4.2	4.3	1.3	1.3	9.7	8.4
Switzerland	5.2	6.9	1.3	1.3	6.6	6.5
Argentina	9.0	8.1	40.0	37.8	66.4	53.5
Japan	12.5	13.4	1.5	1.5	9.5	8.7
Taiwan	*	6.4	1.3	1.5	7.8	8.1

EBIT - budgeted earnings before interest and tax

Growth rate - weighted average growth rate used to extrapolate cash flows beyond the budget period

Discount rate - pre-tax discount rate applied to the cash flow projections

* - EBIT loss

Management has determined EBIT margin based on past performance and its expectations for the market development. The weighted average growth rates used are consistent with the forecasts within the industry. The discount rates used are pre-tax and reflect specific risks relating to the relevant country.

Impairment losses are made when the carrying amount of the goodwill and trademarks exceed its recoverable amount and arising therefrom, during the financial year, the Group made impairments of RM7,183,000 for goodwill in Argentina and Taiwan.

Management has considered and assessed reasonably possible changes in the key assumptions based on the information available and have not identified possible changes that would cause the carrying amount of the CGUs to materially exceed the recoverable amounts.

Other Intangible Assets:

Intangible assets are initially measured at cost. After initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are assessed for any indication that the asset may be impaired and are amortised on a straight-line basis over their estimated economic useful lives, as follows:

Development costs	Not exceeding 9 years
Computer software license (including computer software development costs)	3 - 5 years (for computer software license) Not exceeding 3 years (for computer software development costs)

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

16. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2021	2020
	RM'000	RM'000
Unquoted shares, at cost	331,045	331,009
Less: Impairment losses	(25,896)	(25,896)
	305,149	305,113
Amounts due from subsidiaries (Non-trade)	61,284	61,284
Less: Impairment losses (credit impaired financial assets)	(61,284)	(61,284)
	-	-
	305,149	305,113

Investments in subsidiaries are stated at cost less any impairment losses.

The Group reviews the investments in subsidiaries for impairment when there is an indication of impairment. The recoverable amounts of the investments in subsidiaries are assessed by reference to the fair value less cost to sell of the underlying assets or the value-in-use of the respective subsidiaries. The value-in-use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries discounted at an appropriate pre-tax discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to support their income and cash flows. Judgements and estimates had also been used to determine the key assumptions applied to the cash flow projections, which includes the projected earnings before interest and tax margins, growth rates, terminal values and the appropriate pre-tax discount rates used for each of the subsidiary. Impairment losses are made when the carrying amount of the investment in subsidiaries exceed its recoverable amount.

In the previous financial year, the Group made impairments on investment in a subsidiary which ceased its business activities.

Dividends received from subsidiaries, are recognised when the shareholders' right to receive payment have been established and are recorded as a component of other operating income in the Company's separate statement of comprehensive income.

Amounts due from subsidiaries, which were stated at cost less accumulated impairment losses were considered to be part of the Company's net investments in subsidiaries.

16. INVESTMENTS IN SUBSIDIARIES (continued)

Details of the subsidiaries are as follows:

NAME OF COMPANY	COUNTRY OF INCORPORATION/ PRINCIPAL PLACE OF BUSINESS	EFFECTIVE PERCENTAGE OF OWNERSHIP		PRINCIPAL ACTIVITIES
		2021 %	2020 %	
Direct subsidiaries				
Pelikan Holding AG	Switzerland	97.36	97.36	Investment holding
Pelikan Hardcopy Holding AG	Switzerland	100.00	100.00	Investment holding
Pelikan Group GmbH*	Germany	98.64	98.64	Investment holding
Ganymed Falkensee Grundstücksverwaltungs GmbH*	Germany	100.00	100.00	Dormant
Molkari Vermietungsgesellschaft mbH & Co. Objekt Falkensee KG*	Germany	99.93	99.93	Investment holding
Pelikan (Thailand) Co., Ltd.*	Thailand	82.77	82.77	Distribution of stationery and office supplies
Pelikan Singapore Pte. Ltd.*	Singapore	100.00	100.00	Distribution of stationery and office products
PT Pelikan Indonesia*	Indonesia	99.00	99.00	Dormant
Pelikan Trading India Private Limited*	India	100.00	100.00	Dormant
Pelikan Hardcopy CZ s.r.o.*	Czech Republic	-	100.00	Voluntary liquidated
Indirect subsidiaries Held through Pelikan Holding AG				
Pelikan Hellas Single Member Ltd.*	Greece	97.36	97.36	Distribution of stationery and office products
Pelikan Austria Gesellschaft m.b.H.*	Austria	97.36	97.36	Dormant
Pelikan PBS-Produktion Verwaltungs-GmbH*	Germany	97.36	97.36	Dormant
Pelikan PBS-Produktionsgesellschaft mbH & Co. KG	Germany	97.36	97.36	Production and distribution of stationery and office products
Pelikan GmbH	Germany	97.36	97.36	Investment holding
Pelikan France S.A.S.	France	97.36	97.36	Dormant
Pelikan Hardcopy Distribution Verwaltungs GmbH*	Germany	97.36	97.36	Dormant

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16. INVESTMENTS IN SUBSIDIARIES (continued)

NAME OF COMPANY	COUNTRY OF INCORPORATION/ PRINCIPAL PLACE OF BUSINESS	EFFECTIVE PERCENTAGE OF OWNERSHIP		PRINCIPAL ACTIVITIES
		2021 %	2020 %	
Indirect subsidiaries (continued)				
Held through Pelikan Holding AG (continued)				
Pelikan Ofis Ve Kirtasiye Malzemeleri Ticaret Ltd. Sirketi*	Turkey	98.41	98.41	Distribution of stationery and office products
Pelikan Asia Sdn. Bhd.	Malaysia	97.36	97.36	Distribution of stationery and office products
Held through Pelikan Hardcopy Holding AG				
Pelikan Hardcopy Production AG	Switzerland	100.00	100.00	Dormant
Greif Werke GmbH*	Germany	100.00	100.00	Dormant
Initio GmbH*	Germany	100.00	100.00	Dormant
Held through Pelikan Group GmbH				
eCom Logistik GmbH*	Germany	98.64	98.64	Logistics services
Pelikan Vertriebsgesellschaft mbH & Co. KG*	Germany	98.64	98.64	Distribution of stationery and office products
Pelikan N.V./S.A.*	Belgium	98.64	98.64	Distribution of stationery and office products
Pelikan Italia S.p.A.*	Italy	98.64	98.64	Distribution of stationery and office products
Pelikan (Schweiz) AG	Switzerland	98.64	98.64	Distribution of stationery and office products
Convex Schreibwaren-Handels GmbH*	Germany	98.64	98.64	Dormant
Herlitz Bulgaria EooD*	Bulgaria	98.64	98.64	Distribution of stationery and office products
Herlitz Hungária Kft.*	Hungary	98.64	98.64	Distribution of stationery and office products
Herlitz Spol s.r.o.*	Czech Republic	98.64	98.64	Distribution of stationery and office products
Herlitz România S.R.L.*	Romania	50.31	50.31	Distribution of stationery and office products

16. INVESTMENTS IN SUBSIDIARIES (continued)

NAME OF COMPANY	COUNTRY OF INCORPORATION/ PRINCIPAL PLACE OF BUSINESS	EFFECTIVE PERCENTAGE OF OWNERSHIP		PRINCIPAL ACTIVITIES
		2021 %	2020 %	
Indirect subsidiaries (continued)				
Held through Pelikan Group GmbH (continued)				
Herlitz Spolka z.o.o.*	Poland	98.64	98.64	Production and distribution of stationery and office products
Pelikan Vertrieb Verwaltungs-GmbH*	Germany	98.64	98.64	Dormant
Pelikan México S.A. de C.V.	Mexico	98.64	98.64	Production and distribution of stationery and office products
Pelikan Argentina S.A.	Argentina	98.64	98.64	Distribution of stationery and office products
Pelikan Colombia S.A.S.	Colombia	98.64	98.64	Production and distribution of stationery and office products
Pelikan Japan K.K.*	Japan	98.64	98.64	Distribution of stationery and office products
Pelikan Middle East FZE*	United Arab Emirates	98.64	98.64	Distribution of stationery and office products
Pelikan Taiwan Co., Ltd.*	Taiwan	98.64	98.64	Distribution of stationery and office products
Pelikan Procurement Sdn. Bhd.	Malaysia	98.64	98.64	Distribution of stationery and office products

* Not audited by BDO or BDO member firms.

- (a) Investments in subsidiaries amounting to RM177,248,220 (2020: RM157,488,663) were pledged as security for borrowings of the Company as disclosed in Note 26 to the financial statements.
- (b) Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at their acquisition-date fair values. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. Subsequent to initial recognition, the carrying amount of non-controlling interests are the amounts of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.
- (c) The Group's subsidiaries which have non-controlling interests are not material individually or in aggregate to the financial position, financial performance and cash flows of the Group, and hence no disclosure of the respective non-controlling interests is made in the financial statements.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

17. INVESTMENTS IN ASSOCIATES

The details of the associates are as follows:

NAME OF COMPANY	COUNTRY OF INCORPORATION/ PRINCIPAL PLACE OF BUSINESS	EFFECTIVE PERCENTAGE OF OWNERSHIP		PRINCIPAL ACTIVITIES
		2021 %	2020 %	
Indirect associates				
Artof C.A.*	Venezuela	21.91	21.91	Dormant
Kreuzer Produktion + Vertrieb GmbH*	Germany	19.46	19.46	Dormant

* Not audited by BDO or BDO member firms

The Group's associates are accounted for using the equity method of accounting. The associates are not material individually or in aggregate to the financial position, financial performance and cash flows of the Group, and hence no disclosure of the respective associate's summarised financial information is made in the financial statements.

18. OTHER FINANCIAL ASSETS

	GROUP	
	2021 RM'000	2020 RM'000
Quoted shares, outside Malaysia	2,307	2,529
Unquoted shares, outside Malaysia	5	5
	2,312	2,534
Market value of quoted shares	2,307	2,529

Quoted shares, classified as fair value through profit and loss are categorised at Level 1 in the fair value hierarchy. The fair value of quoted shares is determined by reference to the exchange quoted market bid prices at the close of the business at the end of the reporting period. There were no transfers between Level 1 and Level 2 fair value measurement during the financial year.

18. OTHER FINANCIAL ASSETS (continued)

The carrying values of investments in unquoted shares approximate fair values determined based on the current transaction price for an identical investment. The fair value of the unquoted shares is categorised into Level 3 of the fair value hierarchy and the reconciliation during the financial year is as follows:

	GROUP	
	2021	2020
	RM'000	RM'000
At 1 January	5	-
Addition	-	5
At 31 December	5	5

19. PENSION TRUST FUND

	GROUP AND COMPANY	
	2021	2020
	RM'000	RM'000
Current	11,997	13,476
Non-current	138,867	137,388
	150,864	150,864

Pursuant to the acquisitions of Pelikan Holding AG group ("PHAG group") in 2005, part of the defined benefit plans of the PHAG group in Germany (known as "Removable Pension Liabilities") is now funded by an external Pension Trust Fund created for this purpose, whilst the Company assumed the balance of the said Removable Pension Liabilities fixed in Ringgit Malaysia as at the completion date of the acquisitions of PHAG group of RM65,087,000. If the assets in the Pension Trust Fund are capable of paying the entire Removable Pension Liabilities, the Removable Pension Liabilities assumed by the Company will be relinquished.

NOTES TO THE FINANCIAL STATEMENTS

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20. DEFERRED TAX ASSETS/(LIABILITIES)

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Presented after appropriate offsetting as follows:				
Deferred tax assets				
- subject to income tax	93,628	115,100	-	-
Deferred tax liabilities:				
- subject to income tax	(8,156)	(9,630)	-	-
- subject to capital gains tax	(4,528)	(4,602)	-	-
	(12,684)	(14,232)	-	-
	80,944	100,868	-	-
Movement in the deferred tax assets/(liabilities) were as follows:				
At 1 January	100,868	94,520	-	-
(Charged)/credited to statement of comprehensive income: (Note 12)				
- tax losses	(6,221)	111	-	-
- property, plant and equipment	(1,054)	568	-	-
- inventories	(673)	614	-	-
- others	(9,120)	(1,628)	-	-
	(17,068)	(335)	-	-
Foreign currencies translation	(2,856)	6,683	-	-
At 31 December	80,944	100,868	-	-
Subject to income tax:				
Deferred tax assets				
Tax losses	59,505	68,508	-	-
Others	34,123	46,592	-	-
	93,628	115,100	-	-

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

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deferred tax liabilities				
Property, plant and equipment and intangible assets	(8,156)	(9,630)	-	-
Subject to capital gains tax:				
Deferred tax liabilities				
Property, plant and equipment	(4,528)	(4,602)	-	-

The tax effects of unused tax losses, unabsorbed capital allowances and other deductible temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unused tax losses				
- no expiry	202,155	209,183	-	-
- expires by 31 December 2022	5,602	5,675	-	-
- expires by 31 December 2023	3,159	3,159	-	-
- expires by 31 December 2024	5,336	5,404	-	-
- expires by 31 December 2025	-	-	-	-
- expires by 31 December 2026	4,427	4,583	-	-
- expires by 31 December 2027	-	-	-	-
- expires by 31 December 2028	4,700	4,734	-	-
- expires by 31 December 2029	18,722	18,722	13,204	13,204
- expires by 31 December 2030	1,975	1,945	1,162	1,162
- expires by 31 December 2031	1,381	1,567	1,250	1,250
- expires by 31 December 2032	1,483	-	1,164	-
Unabsorbed capital allowances and other deductible temporary differences - no expiry	2,462	2,462	1,896	1,891
	251,402	257,434	18,676	17,507

Deferred tax assets of the Group and of the Company have not been recognised in respect of these items as it is not probable that the taxable profits would be available against which the deductible temporary differences could be utilised. The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the respective local tax authorities.

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21. INVENTORIES

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At cost				
Raw materials	33,809	28,199	-	-
Work in progress	32,906	27,024	-	-
Finished goods	113,274	148,280	-	-
	179,989	203,503	-	-
At net realisable value				
Raw materials	2,758	5,605	-	-
Work in progress	4,164	4,030	-	-
Finished goods	18,822	24,567	-	-
	25,744	34,202	-	-
	205,733	237,705	-	-

Inventories are stated at lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business less the costs of completion and selling expenses.

The cost of inventories of the Group recognised as expense during the financial year amounted to RM560,487,000 (2020: RM536,596,000).

Inventories of the Group pledged as security for borrowings amounted to RM41,218,000 (2020: RM59,920,000) as disclosed in Note 26 to the financial statements.

22. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade receivables				
Amounts due from:				
- Third parties	147,822	147,095	-	-
- Subsidiaries	-	-	3,092	4,745
	147,822	147,095	3,092	4,745
Less: Impairment losses	(8,109)	(8,422)	-	-
	139,713	138,673	3,092	4,745
Other receivables				
Amounts due from:				
- Third parties	90,832	89,236	69,456	69,569
- Subsidiaries	-	-	150,408	289,020
	90,832	89,236	219,864	358,589
Less: Impairment losses	-	-	(52,146)	(54,050)
	90,832	89,236	167,718	304,539
Prepayments	2,248	2,769	455	447
Deposits	761	723	157	157
	233,554	231,401	171,422	309,888

Receivables and deposits are classified and measured at amortised cost using the effective interest method.

Trade receivables of the Group pledged as security for borrowings amounted to RM15,370,000 (2020: RM16,115,000) as disclosed in Note 26 to the financial statements. Credit terms offered by the Group in respect of trade receivables range from 30 days to 120 days (2020: 30 days to 120 days) from date of invoices. Included in trade receivables of the Group are amounts due from related parties amounting to RM12,478 (2020: RM22,745).

Amounts due from subsidiaries, which arose mainly from trade transactions under normal trade terms, advances and payments made on behalf are unsecured, interest free and repayable on demand. Other receivables due from subsidiaries mainly relate to amounts due from intermediate investment holding companies having interest in Pelikan Group GmbH. During the current financial year, these subsidiaries upstreamed RM122,118,000 as settlement of the amounts due and is expected to continue corporate measures to upstream the balance of the amounts due in the following year.

Included in other receivables of the Group are amounts due from related parties with common major shareholders amounting to RM4,000,000 (2020: RM4,250,000), which are unsecured, interest free and repayable on demand.

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22. RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

The currency exposure profile of receivables, deposits and prepayments is as follows:

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
- RM	74,508	74,827	69,986	70,838
- EU Euro ("EUR")	71,222	66,731	91,203	228,859
- US Dollar ("USD")	21,930	14,857	2,061	1,720
- Romanian New Leu ("RON")	14,609	13,710	-	-
- Colombian Peso ("COP")	14,453	15,759	-	-
- Mexican Peso ("MXN")	13,843	21,927	-	-
- Japanese Yen ("JPY")	6,770	9,127	23	391
- Polish Zloty ("PLN")	5,135	5,200	-	-
- Argentine Peso ("ARS")	3,934	3,116	-	-
- Singapore Dollar ("SGD")	2,483	621	-	-
- Czech Koruna ("CZK")	2,340	2,084	8,149	8,063
- Hungarian Forint ("HUF")	1,177	1,689	-	-
- Swiss Franc ("CHF")	421	825	-	-
- Bulgarian Lev ("BGN")	340	420	-	-
- New Taiwan Dollar ("TWD")	274	301	-	-
- Thai Baht ("THB")	68	103	-	17
- Turkish Lira ("TRY")	47	104	-	-
	233,554	231,401	171,422	309,888

The Group applies the MFRS 9 simplified approach in measuring expected credit losses ("ECL") which uses a lifetime expected loss allowance for trade receivables. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product ("GDP") of the countries in which it sells its goods and services to be the most relevant factor, and accordingly adjusts the historical loss rates based on the expected changes in this factor. Judgement and estimates had been used to determine the expected loss rate and appropriate forward-looking information in measuring the ECL.

For all other financial assets, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for the financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result default events on a financial instrument that are possible within 12 months after the reporting date.

22. RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring at the reporting date with the risk of a default occurring at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

On that basis, the loss allowance as at 31 December 2021 and 31 December 2020 was determined as follows for trade receivables:

GROUP	CURRENT RM'000	0 TO 30 DAYS	31 TO 60 DAYS	61 TO 90 DAYS	MORE THAN	TOTAL RM'000
		PAST DUE RM'000	PAST DUE RM'000	PAST DUE RM'000	90 DAYS PAST DUE RM'000	
At 31 December 2021						
Expected loss rate	2.3%	4.9%	7.4%	9.9%	30.3%	
Gross carrying amount - trade receivables	116,811	9,092	3,346	4,404	14,169	147,822
Loss allowance	2,687	446	248	436	4,292	8,109
At 31 December 2020						
Expected loss rate	0.5%	5.7%	8.2%	10.3%	23.3%	
Gross carrying amount - trade receivables	99,569	8,451	5,978	5,775	27,322	147,095
Loss allowance	498	482	490	595	6,357	8,422

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22. RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

COMPANY	CURRENT RM'000	0 TO 30 DAYS PAST DUE RM'000	31 TO 60 DAYS PAST DUE RM'000	61 TO 90 DAYS PAST DUE RM'000	MORE THAN 90 DAYS PAST DUE RM'000	TOTAL RM'000
At 31 December 2021						
Expected loss rate	0.0%	0.0%	0.0%	0.0%	0.0%	
Gross carrying amount - trade receivables	1,413	469	68	43	1,099	3,092
Loss allowance	_*	_*	_*	_*	_*	-
At 31 December 2020						
Expected loss rate	0.0%	0.0%	0.0%	0.0%	0.0%	
Gross carrying amount - trade receivables	1,320	277	-	2,367	781	4,745
Loss allowance	_*	_*	_*	_*	_*	-

* The effects of ECL are insignificant.

The reconciliation of movements in the impairment losses are as follows:

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade receivables:				
At 1 January	8,422	7,488	-	-
Charged for the financial year	2,011	1,612	-	-
Reversal for the financial year	(205)	(260)	-	-
Written off	(1,656)	(693)	-	-
Foreign currencies translation	(463)	275	-	-
At 31 December	8,109	8,422	-	-
Other receivables: (credit impaired financial assets)				
At 1 January	-	-	54,050	133,274
Reversal for the financial year	-	-	(1,904)	(6,004)
Written off	-	-	-	(73,220)
At 31 December	-	-	52,146	54,050

23. DEPOSITS, CASH AND BANK BALANCES

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deposits with licensed banks	8,792	10,501	542	599
Cash and bank balances	180,368	37,396	81,423	3,752
Deposits, cash and bank balances	189,160	47,897	81,965	4,351
Bank overdrafts (Note 26)	(9,982)	(10,643)	-	-
	179,178	37,254	81,965	4,351
Less: Deposits pledged to licensed banks	(542)	(539)	(542)	(539)
	178,636	36,715	81,423	3,812

Deposits, cash and bank balances and bank overdrafts are classified and measured at amortised cost using the effective interest method. No expected credit losses were recognised arising from the deposits, cash and bank balances because the probability of default by these financial institutions were negligible. Bank overdrafts form an integral part of the Group and Company's cash management, and, as such, for the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

Effective interest rates per annum of deposits as at the end of reporting period are as follows:

	GROUP		COMPANY	
	2021 %	2020 %	2021 %	2020 %
Deposits with licensed banks	1.25 - 1.75	1.25 - 3.60	1.25 - 1.75	1.25 - 3.60

The deposits of the Group and of the Company as at 31 December 2021 have maturity periods ranging between one and twelve months (2020: ranging between one and sixty months). Certain deposits have been pledged to financial institutions for borrowings as disclosed in Note 26 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

23. DEPOSITS, CASH AND BANK BALANCES (continued)

The currency exposure profile of deposits, cash and bank balances are as follows:

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
- EUR	159,364	13,531	78,437	2,192
- USD	7,236	6,830	2,307	267
- PLN	5,929	8,470	-	-
- ARS	4,013	2,425	-	-
- RON	2,998	3,215	-	-
- HUF	2,294	1,225	-	-
- SGD	1,615	1,264	-	-
- CHF	1,413	3,111	14	14
- RM	1,387	1,955	1,199	1,869
- BGN	1,025	919	-	-
- JPY	685	1,576	5	6
- TWD	446	430	-	-
- COP	380	2,361	-	-
- THB	250	172	-	-
- MXN	86	133	-	-
- Indian Rupee ("INR")	28	28	-	-
- CZK	8	249	-	-
- British Pound ("GBP")	2	2	2	2
- Chinese Yuan Renminbi ("CNY")	1	1	1	1
	189,160	47,897	81,965	4,351

24. SHARE CAPITAL

	GROUP AND COMPANY			
	2021		2020	
	NUMBER OF SHARES '000	AMOUNT RM'000	NUMBER OF SHARES '000	AMOUNT RM'000
Issued and fully paid with no par value:				
At 1 January/31 December	608,133	640,273	608,133	640,273

(a) Issued and fully paid shares

There was no issue of shares during the financial year.

Fully paid ordinary shares carry one vote per share and carry right to dividends. All ordinary shares rank pari passu with regards to the residual assets of the Company.

(b) Treasury shares

	GROUP AND COMPANY			
	2021		2020	
	NUMBER OF SHARES '000	AMOUNT RM'000	NUMBER OF SHARES '000	AMOUNT RM'000
At cost:				
At 1 January/31 December	4,928	5,150	4,928	5,150

The Company did not make any purchase of its own shares and none of the treasury shares held were resold or cancelled during the financial year. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

Treasury shares have no rights to voting, dividends or participation in other distribution. As at 31 December 2021, the Company held 4,928,011 (2020: 4,928,011) treasury shares, with carrying amount of RM5,149,918 (2020: RM5,149,918).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

25. POST-EMPLOYMENT BENEFIT OBLIGATIONS

The Group operates both funded and unfunded defined benefit plans for its employees. The defined benefit plans, calculated using the projected unit credit method, is determined by independent actuaries, considering the estimated future cash outflows using market yields, at the end of each reporting period, of government securities which have currency and terms to maturity approximating the terms of the related liability. Judgement and estimates had been used to determine the valuation of the plans and the latest actuarial valuations of the plans were carried out in 2021.

	REMOVABLE PENSION LIABILITIES			GROUP TOTAL RM'000
	FUNDED BY PENSION TRUST FUND RM'000	ASSUMED BY THE COMPANY RM'000	OTHERS RM'000	
At 31 December 2021	62,755	65,087	102,038	229,880
At 31 December 2020	85,896	65,087	110,140	261,123

Pursuant to the acquisitions of Pelikan Holding AG group ("PHAG group") in 2005, part of the defined benefit plans of the PHAG group in Germany (known as "Removable Pension Liabilities") is now funded by an external Pension Trust Fund created for this purpose, whilst the Company assumed the balance of the said Removable Pension Liabilities fixed in Ringgit Malaysia as at the completion date of the acquisitions of PHAG group. If the assets in the Pension Trust Fund are capable of paying the entire Removable Pension Liabilities, the Removable Pension Liabilities assumed by the Company will be relinquished.

The post-employment benefit obligations of the Group include liabilities arising from obligations for pension liabilities of discontinued operations in 2017.

25. POST-EMPLOYMENT BENEFIT OBLIGATIONS (continued)

Amounts recognised in the statement of comprehensive income in respect of these defined benefit plans are as follows:

	GROUP	
	2021	2020
	RM'000	RM'000
Service cost:		
Current service cost	1,221	1,178
Past service cost	64	260
Net interest expense	1,343	1,871
Components of defined benefit costs recognised in staff costs in profit or loss	2,628	3,309
Re-measurement on the net defined benefit obligations:		
Return on plan assets (excluding amounts included in net interest expense)	(83)	(120)
Actuarial gains and losses arising from changes in demographic assumptions	(640)	-
Actuarial gains and losses arising from changes in financial assumptions	(3,653)	4,093
Actuarial gains and losses arising from experience adjustments	(1,578)	(2,121)
Components of defined benefit costs recognised in other comprehensive income	(5,954)	1,852
Total	(3,326)	5,161

The amount recognised in the statement of financial position may be analysed as follows:

	GROUP	
	2021	2020
	RM'000	RM'000
Present value of funded defined benefit obligations	25,779	26,140
Fair value of plan assets	(16,836)	(15,586)
Status of funded plans	8,943	10,554
Present value of unfunded defined benefit obligations	220,937	250,569
	229,880	261,123

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25. POST-EMPLOYMENT BENEFIT OBLIGATIONS (continued)

Movements in the present value of the defined benefit obligations were as follows:

	GROUP	
	2021 RM'000	2020 RM'000
Opening defined benefit obligations	276,709	273,136
Current service cost	1,221	1,178
Past service cost	64	260
Interest expense	1,451	1,987
Re-measurement (gains)/losses:		
Actuarial gains and losses arising from changes in demographic assumptions	(640)	-
Actuarial gains and losses arising from changes in financial assumptions	(3,653)	4,093
Actuarial gains and losses arising from experience adjustments	(1,578)	(2,121)
Benefits paid	(15,112)	(16,503)
Foreign currencies translation and others	(11,746)	14,679
Closing defined benefit obligations	246,716	276,709

Movements in the fair value of the plan assets were as follows:

	GROUP	
	2021 RM'000	2020 RM'000
Opening fair value of plan assets	15,586	13,422
Interest income	108	116
Re-measurement gains:		
Return on plan assets (excluding amounts included in net interest expense)	83	120
Contributions from the employer	337	327
Contributions from plan participants	254	245
Benefits paid	528	447
Foreign currencies translation and others	(60)	909
Closing fair value of plan assets	16,836	15,586

25. POST-EMPLOYMENT BENEFIT OBLIGATIONS (continued)

The major categories of plan assets are as follows:

	GROUP	
	2021 RM'000	2020 RM'000
Debt instruments	6,770	6,781
Equity instruments	4,875	4,558
Alternative investments	2,685	2,217
Properties	2,506	2,030
	16,836	15,586

The principal actuarial assumption used in respect of the Group's defined benefit plans is as follows:

	GROUP	
	2021 %	2020 %
Discount rate	0.20 - 9.25	0.15 - 8.00

Significant actuarial assumption used for the determination of the defined benefit obligations is discount rate. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate is 50 basis points higher or lower with all other variable held constant, the Group's defined benefit obligations would decrease or increase by:

	GROUP DISCOUNT RATE	
	INCREASE BY 50 BASIS POINT RM'000	DECREASE BY 50 BASIS POINT RM'000
At 31 December 2021		
(Decrease)/Increase on defined benefit obligations	(7,368)	7,871
At 31 December 2020		
(Decrease)/Increase on defined benefit obligations	(8,874)	9,477

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

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

25. POST-EMPLOYMENT BENEFIT OBLIGATIONS (continued)

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligations recognised in the statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

26. BORROWINGS

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current				
Bank overdrafts	9,982	10,643	-	-
Revolving credits	8,717	88,082	8,452	10,069
Discounted bills	28,691	36,050	28,691	32,755
Short term loans	33,680	81,336	-	-
Term loans	29,141	47,562	16,309	18,922
	110,211	263,673	53,452	61,746
Non-current				
Term loans	22,406	134,564	-	25,149
Total				
Bank overdrafts (Note 23)	9,982	10,643	-	-
Revolving credits	8,717	88,082	8,452	10,069
Discounted bills	28,691	36,050	28,691	32,755
Short term loans	33,680	81,336	-	-
Term loans	51,547	182,126	16,309	44,071
	132,617	398,237	53,452	86,895

Borrowings are classified and measured at amortised cost using the effective interest method.

26. BORROWINGS (continued)

Contractual terms of borrowings:

GROUP	EFFECTIVE INTEREST RATE %	FUNCTIONAL CURRENCY	TOTAL CARRYING AMOUNT RM'000	Maturity Profile						
				< 1 YEAR RM'000	2ND YEAR RM'000	3RD YEAR RM'000	4TH YEAR RM'000	5TH YEAR RM'000	> 5 YEARS RM'000	
2021										
Secured										
Bank overdrafts	2.58 - 3.39	CZK	5,627	5,627	-	-	-	-	-	-
Bank overdrafts	5.10 - 7.15	EUR	4,128	4,128	-	-	-	-	-	-
Revolving credits	3.64	USD	8,452	8,452	-	-	-	-	-	-
Discounted bills	2.08 - 3.69	USD	23,766	23,766	-	-	-	-	-	-
Discounted bills	1.90 - 3.56	EUR	4,850	4,850	-	-	-	-	-	-
Discounted bills	3.39 - 3.48	JPY	75	75	-	-	-	-	-	-
Short term loans	1.30 - 3.52	EUR	24,673	24,673	-	-	-	-	-	-
Term loans	0.90 - 3.80	EUR	29,790	11,107	6,698	6,699	4,066	1,167	53	-
Term loans	5.01 - 7.50	RM	16,309	16,309	-	-	-	-	-	-
Term loans	4.23	PLN	2,513	1,508	1,005	-	-	-	-	-
			120,183	100,495	7,703	6,699	4,066	1,167	53	-
Unsecured										
Bank overdrafts	7.10	EUR	227	227	-	-	-	-	-	-
Revolving credits	5.63	MXN	265	265	-	-	-	-	-	-
Short term loans	0.33 - 1.45	USD	8,534	8,534	-	-	-	-	-	-
Short term loans	2.00	EUR	473	473	-	-	-	-	-	-
Term loans	0.75	JPY	2,935	217	217	217	109	2,175	-	-
			12,434	9,716	217	217	109	2,175	-	-
			132,617	110,211	7,920	6,916	4,175	3,342	53	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

26. BORROWINGS (continued)

Contractual terms of borrowings: (continued)

GROUP 2020	EFFECTIVE INTEREST RATE %	FUNCTIONAL CURRENCY	TOTAL CARRYING AMOUNT RM'000	Maturity Profile					
				< 1 YEAR RM'000	2ND YEAR RM'000	3RD YEAR RM'000	4TH YEAR RM'000	5TH YEAR RM'000	> 5 YEARS RM'000
Secured									
Bank overdrafts	5.10 - 7.15	EUR	4,702	4,702	-	-	-	-	-
Bank overdrafts	1.90 - 2.21	CZK	4,514	4,514	-	-	-	-	-
Revolving credits	2.16	EUR	64,315	64,315	-	-	-	-	-
Revolving credits	3.55 - 6.00	RM	10,319	10,319	-	-	-	-	-
Discounted bills	2.00 - 3.61	USD	24,766	24,766	-	-	-	-	-
Discounted bills	1.51 - 2.08	EUR	8,895	8,895	-	-	-	-	-
Discounted bills	3.65 - 5.10	RM	1,873	1,873	-	-	-	-	-
Short term loans	1.30 - 4.00	EUR	64,103	64,103	-	-	-	-	-
Term loans	0.90 - 4.00	EUR	128,503	25,789	28,628	25,967	27,607	19,314	1,198
Term loans	5.00 - 8.40	RM	44,071	18,922	25,149	-	-	-	-
Term loans	2.82	PLN	4,213	1,580	1,580	1,053	-	-	-
			360,274	229,778	55,357	27,020	27,607	19,314	1,198
Unsecured									
Bank overdrafts	1.48	JPY	1,171	1,171	-	-	-	-	-
Bank overdrafts	7.10	EUR	256	256	-	-	-	-	-
Revolving credits	6.71 - 9.24	MXN	13,448	13,448	-	-	-	-	-
Discounted bills	2.50 - 4.00	EUR	516	516	-	-	-	-	-
Short term loans	0.87 - 1.45	USD	14,894	14,894	-	-	-	-	-
Short term loans	2.40	EUR	1,975	1,975	-	-	-	-	-
Short term loans	3.47	COP	364	364	-	-	-	-	-
Term loans	2.82	PLN	3,120	1,037	1,556	527	-	-	-
Term loans	0.75	JPY	2,219	234	232	232	232	1,289	-
			37,963	33,895	1,788	759	232	1,289	-
			398,237	263,673	57,145	27,779	27,839	20,603	1,198

26. BORROWINGS (continued)

Contractual terms of borrowings: (continued)

COMPANY	EFFECTIVE INTEREST RATE %	FUNCTIONAL CURRENCY	TOTAL CARRYING AMOUNT RM'000	Maturity Profile					
				< 1 YEAR RM'000	2ND YEAR RM'000	3RD YEAR RM'000	4TH YEAR RM'000	5TH YEAR RM'000	> 5 YEARS RM'000
2021									
Secured									
Revolving credits	3.64	USD	8,452	8,452	-	-	-	-	-
Discounted bills	2.08 - 3.69	USD	23,766	23,766	-	-	-	-	-
Discounted bills	1.90 - 3.56	EUR	4,850	4,850	-	-	-	-	-
Discounted bills	3.39 - 3.48	JPY	75	75	-	-	-	-	-
Term loans	5.01 - 7.50	RM	16,309	16,309	-	-	-	-	-
			53,452	53,452	-	-	-	-	-
2020									
Secured									
Revolving credits	3.55 - 4.85	RM	10,069	10,069	-	-	-	-	-
Discounted bills	2.00 - 2.55	USD	24,552	24,552	-	-	-	-	-
Discounted bills	1.51 - 1.80	EUR	8,203	8,203	-	-	-	-	-
Term loans	5.00 - 8.40	RM	44,071	18,922	25,149	-	-	-	-
			86,895	61,746	25,149	-	-	-	-

The carrying amounts of borrowings are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The fair values of borrowings are categorised into Level 2 of the fair value hierarchy. There were no transfers between Level 1 and Level 2 fair value measurement during the financial year.

Discounted bills are secured over the subsidiaries' receivables as disclosed in Note 22 to the financial statements.

Short term loans and bank overdrafts are secured over the subsidiaries' property, plant and equipment as disclosed in Note 14 to the financial statements, inventories as disclosed in Note 21 to the financial statements and trade receivables as disclosed in Note 22 to the financial statements.

The term loans and revolving credits are secured by legal charges over the property, plant and equipment as disclosed in Note 14 to the financial statements, investments in subsidiaries as disclosed in Note 16 to the financial statements and deposits with licensed banks as disclosed in Note 23 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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26. BORROWINGS (continued)

The table below summarises the maturity profile of the Group's and the Company's borrowings at the end of the reporting period based on contractual undiscounted repayment obligations.

	ON DEMAND OR WITHIN ONE YEAR RM'000	ONE TO FIVE YEARS RM'000	OVER FIVE YEARS RM'000	TOTAL RM'000
As at 31 December 2021				
Group				
Financial liabilities:				
Borrowings/Total undiscounted financial liabilities	111,857	23,338	54	135,249
Company				
Financial liabilities:				
Borrowings/Total undiscounted financial liabilities	54,352	-	-	54,352
As at 31 December 2020				
Group				
Financial liabilities:				
Borrowings/Total undiscounted financial liabilities	269,245	140,869	1,231	411,345
Company				
Financial liabilities:				
Borrowings/Total undiscounted financial liabilities	64,205	26,565	-	90,770

26. BORROWINGS (continued)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group and Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the statements of cash flows as cash flows from financing activities.

	←----- 2021 -----→			←----- 2020 -----→		
	BORROWINGS RM'000	LEASE LIABILITIES RM'000	TOTAL RM'000	BORROWINGS RM'000	LEASE LIABILITIES RM'000	TOTAL RM'000
GROUP						
At 1 January	387,594	23,076	410,670	351,612	29,362	380,974
Financing cash flows	(260,971)	(9,927)	(270,898)	17,631	(9,652)	7,979
Interest on lease liabilities, included as part of the cash flows from operating activities	-	(603)	(603)	-	(620)	(620)
Non-cash flows:						
Effect of changes in foreign exchange rates	(3,988)	(960)	(4,948)	18,351	1,711	20,062
Other changes:						
Additions to lease liabilities arising from:						
Sale and leaseback transactions (Note 14a)	-	93,732	93,732	-	-	-
Other lease arrangements	-	6,657	6,657	-	3,069	3,069
Reassessments and modification of lease liabilities	-	-	-	-	(1,414)	(1,414)
Interest on lease liabilities	-	603	603	-	620	620
At 31 December	122,635	112,578	235,213	387,594	23,076	410,670
					2021 RM'000	2020 RM'000
Company (Borrowings)						
At 1 January				86,895		77,863
Financing cash flows				(34,088)		8,894
Non-cash flows:						
Effect of changes in foreign exchange rates				645		138
At 31 December				53,452		86,895

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27. LEASE LIABILITIES

The Group as lessee

Lease liabilities

	2021 RM'000	2020 RM'000
Current	24,407	6,139
Non-current	88,171	16,937
	112,578	23,076

Right-of-use assets (Note 14)

GROUP	BUILDINGS RM'000	MACHINERY, TECHNICAL EQUIPMENT AND MOULD RM'000	OFFICE EQUIPMENT, FURNITURE AND FITTINGS RM'000	MOTOR VEHICLES RM'000	TOTAL RM'000
Carrying amounts					
At 1 January 2020	15,259	8,180	1,848	3,261	28,548
Additions	683	149	236	2,001	3,069
Depreciation	(3,950)	(1,106)	(602)	(2,266)	(7,924)
Reassessments and modification of right-of-use assets	(1,414)	-	-	-	(1,414)
Foreign currencies translation	901	86	53	61	1,101
At 31 December 2020	11,479	7,309	1,535	3,057	23,380
At 1 January 2021	11,479	7,309	1,535	3,057	23,380
Additions	47,254	747	189	1,905	50,095
Depreciation	(4,736)	(1,172)	(566)	(2,047)	(8,521)
Foreign currencies translation	(805)	(286)	(37)	(164)	(1,292)
At 31 December 2021	53,192	6,598	1,121	2,751	63,662

- (a) The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

27. LEASE LIABILITIES (continued)

The right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use assets are depreciated over the underlying asset's useful life.

- (b) Payments associated with short-term leases of premises, equipment and vehicles and all leases of low value assets are recognised on a straight-line basis as an expense in the statements of comprehensive income. Short-term leases are leases with a lease term of 12 months or less. Low value assets comprise IT equipment and small items of office furniture.
- (c) At the end of the financial year, the Group had total cash outflow for leases of RM17,079,000 (2020: RM17,251,000).
- (d) The table below summarises the maturity profile of the Group's lease liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	ON DEMAND OR WITHIN ONE YEAR RM'000	ONE TO FIVE YEARS RM'000	OVER FIVE YEARS RM'000	TOTAL RM'000
As at 31 December 2021				
Lease liabilities	26,410	89,806	1,447	117,663
As at 31 December 2020				
Lease liabilities	6,887	14,747	2,603	24,237

The Group as lessor

The table below summarises the maturity analysis of the operating lease payments:

GROUP	2021 RM'000	2020 RM'000
Year 1	13,612	9,862
Year 2	5,480	6,791
Year 3	3,352	-
Year 4	2,927	-
Year 5	1,489	-
	26,860	16,653

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28. PAYABLES

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current				
Trade payables	73,250	71,294	5,951	8,127
Amounts due to subsidiaries	-	-	63,959	229,363
Accruals	91,984	73,579	1,390	1,382
Dividend payable	120,641	-	120,641	-
Employee related benefits	2,783	2,865	-	-
Other payables	1,633	2,530	4,127	4,383
	290,291	150,268	196,068	243,255
Non-current				
Amounts due to subsidiaries	-	-	50,160	54,325
	290,291	150,268	246,228	297,580

Payables are classified and measured at amortised cost using the effective interest method.

The carrying amounts of payables are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

Credit terms of trade payables granted to the Group and to the Company range from 1 day to 120 days (2020: 1 day to 120 days). Included in trade payables of the Group are amounts due to related parties amounting to RM105,770 (2020: RM127,830). The maturity profile of payables of the Group and of the Company at the reporting date based on contractual undiscounted repayment obligations is repayable on demand or within one year, except for the Company's non-current amounts due to subsidiaries which amounted to undiscounted financial liabilities of RM51,402,000 (2020: RM55,688,000).

Amounts due to subsidiaries, which arose mainly from trade transactions, advances and payments made on behalf are unsecured, interest free and repayable on demand except for trade transactions, which are subject to normal trade credit terms and certain amounts due to subsidiaries amounting to RM52,501,000 (2020: RM185,278,000), which are subject to floating interest rate ranging from 2.46% to 2.90% (2020: 2.48% to 2.95%) per annum.

The dividend payable represents the single-tier special dividend of 20 sen per ordinary share for the financial year ended 31 December 2021, which was paid on 11 January 2022.

Included in accruals of the Group are bonus to customers amounting to RM37,261,000 (2020: RM36,605,000).

28. PAYABLES (continued)

The currencies exposure profiles of payables are as follows:

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
- RM	126,666	6,207	126,431	5,908
- EUR	107,979	55,386	84,950	207,676
- MXN	16,568	14,702	-	-
- USD	12,842	45,220	6,279	55,342
- PLN	7,876	8,889	-	-
- COP	5,978	4,400	-	-
- ARS	3,319	2,390	-	-
- RON	3,164	4,282	-	-
- CZK	1,634	2,054	-	-
- CHF	1,470	1,735	28,551	28,638
- HUF	1,126	1,358	-	-
- JPY	1,122	2,899	-	-
- Indonesian Rupiah ("IDR")	246	238	-	-
- SGD	216	262	-	-
- BGN	41	64	-	-
- TWD	33	49	-	-
- CNY	11	-	11	-
- TRY	-	79	-	-
- GBP	-	54	-	-
- THB	-	-	6	16
	290,291	150,268	246,228	297,580

29. CAPITAL COMMITMENTS

	GROUP	
	2021 RM'000	2020 RM'000
Authorised and contracted for:		
- Property, plant and equipment	113	183

30. CONTINGENT LIABILITIES

In the previous financial year, the Company provided corporate guarantees to financial institutions for financing arrangements of certain subsidiaries, which were accounted for as insurance contracts and amounted to RM149,134,000. There were no claims made against the Company under these corporate guarantees during the financial year.

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31. RELATED PARTY TRANSACTIONS

(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 influence. Related parties may be individuals or other entities.

Related parties of the Group include key management personnel, which are defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

Swift Haulage Berhad and its subsidiaries (collectively known as the 'Swift Group') are related parties to the Group, whereby Mr Loo Hooi Keat is also a director and substantial shareholder of Swift Group.

- (b) In addition to related party disclosures mentioned elsewhere in the financial statements, related party transactions entered into by the Group and the Company during the financial year are set out below. These transactions were carried out in the normal course of business and have been established under negotiated and mutually agreed terms.

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Sale of goods to (net):				
- subsidiaries	-	-	45,315	59,480
- related parties	499	323	-	-
Services rendered from related parties	257	289	-	-

32. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2021 and 31 December 2020.

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(a) Capital management (continued)

The Group monitors capital using a gearing ratio, which is derived by dividing the amount of borrowings, net of cash and bank balances (excluding those reserved for dividend) over shareholders' equity. At the end of the reporting period, the Group's net gearing ratio is 0.15 times (2020: 0.76 times). The Group's policy is to keep its gearing within manageable levels.

(b) Financial risk management

The Group's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing their risks. Financial risk management is carried out through risks reviews, internal controls systems and adherence to the Group's financial risk management policies that are approved by the Board. The use of financial instruments exposes the Group to financial risks, which are categorised as credit risk, liquidity and cash flow risk, interest rate risk, market price risk and foreign currency risk. It is the Group's policy not to engage in speculative transactions.

The policies for controlling these risks when applicable are set out below:

(i) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company's exposure to credit risk arise principally from its receivables.

Receivables

The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

The Group does not have any significant exposure to any individual customer. A significant portion of its trade receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. The ageing of trade receivables as at the end of the financial year is disclosed in Note 22 to the financial statements.

The Company provides unsecured loans and advances to subsidiaries. Management monitors the operating results of its geographical units separately for the purpose of making decisions about resource allocation and performance assessment.

The Group and Company's maximum exposure to credit risk arising from the receivables is represented by the carrying amounts in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(ii) Liquidity and cash flow risk

Liquidity and cash flow risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity and cash flow risk arises primarily from its various payables, loans and borrowings. The Group's objective is to maintain a balance of funding and flexibility through the use of credit facilities, short and long term borrowings.

The maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations are disclosed in Note 26, Note 27 and Note 28 to the financial statements.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk relates mainly to bank borrowings which are subject to floating interest rates.

The following table illustrates the effect of changes in interest rates at 31 December 2021. If the interest rates at the end of the reporting period increased by twenty five (25) basis points with all other variables held constant, the Group's and the Company's profit before tax will decline by:

	2021 RM'000	2020 RM'000
Group		
Increase by 25 basis points	(833)	(1,015)
Company		
Increase by 25 basis points	(175)	(206)

A similar decrease of basis points in the interest rates would have an equal but opposite effect.

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)**(b) Financial risk management (continued)****(iv) Market price risk**

Market price risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group does not actively trade in quoted equity investments apart from certain investments by subsidiaries in bonds/equity in relation to pension scheme investments. The values of such investments subjected to market price risk are small and as such the effects of the market price fluctuations to the Group are not material.

(v) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign currency risk as a result of its normal trade activities when the currency denomination differs from its functional currency.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The following table illustrates the effect of changes in exchange rate on the translation of foreign currency monetary items against the functional currency at 31 December 2021. If the major currencies weakened by 3% at the end of the reporting period, the Group's and the Company's profit before tax will improve/(decline) by:

	2021 RM'000	2020 RM'000
Major currency		
Group		
USD	700	1,900
Company		
EUR	(2,400)	(500)
USD	1,000	2,300

A similar percentage increase in the exchange rate would have an equal but opposite effect.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(v) Foreign currency risk (continued)

The Group operates internationally and is therefore exposed to different currencies of the countries where the Group operates. Exposure to currency risk as a whole is mitigated by the operating environment which provides for a natural hedge. Most payments for foreign payables is matched against receivables denominated in the same foreign currency or whenever possible, by intragroup arrangements and settlements.

The principal closing rates used in translation of foreign currency amounts are as follows:

	2021 RM	2020 RM
Foreign currency		
GBP (British Pound)	5.6318	5.4965
EUR (EU Euro)	4.7279	4.9386
CHF (Swiss Franc)	4.5660	4.5628
USD (US Dollar)	4.1685	4.0270
SGD (Singapore Dollar)	3.0884	3.0462
AUD (Australian Dollar)	3.0268	3.1038
BGN (Bulgarian Lev)	2.4174	2.5251
AED (Arab Emirates Dirham)	1.1348	1.0962
PLN (Polish Zloty)	1.0297	1.0794
RON (Romanian New Leu)	0.9543	1.0137
CNY (Chinese Yuan Renminbi)	0.6550	0.6160
HKD (Hong Kong Dollar)	0.5346	0.5194
NOK (Norwegian Kroner)	0.4726	0.4708
SEK (Swedish Krona)	0.4606	0.4910
TRY (Turkish Lira)	0.3118	0.5424
MXN (Mexican Peso)	0.2037	0.2024
CZK (Czech Koruna)	0.1901	0.1881
TWD (New Taiwan Dollar)	0.1503	0.1433
THB (Thai Baht)	0.1253	0.1342
INR (Indian Rupee)	0.0560	0.0551
ARS (Argentine Peso)	0.0406	0.0479
JPY (Japanese Yen)	0.0362	0.0390
HUF (Hungarian Forint)	0.0128	0.0136
COP (Colombian Peso in thousand)	1.0300	1.1700
IDR (Indonesian Rupiah in thousand)	0.2900	0.2900

33. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

The Russia-Ukraine conflict resulted in rising global commodities and energy prices, supply chain disruption and increased geopolitical unease, in particular the European region.

As at the date of authorisation of the financial statements, the Russia-Ukraine conflict is still evolving and remains unpredictable. Consequently, the Group and the Company are unable to estimate the financial effects of the situation at this juncture. The Group and the Company are actively monitoring and managing the operations of the Group and the Company to minimise any impact arising from these developments.

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia Securities”):

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

Pelikan Group GmbH (“PGG”), a subsidiary of the Company had on 7 July 2021 entered into a conditional Sale and Purchase Agreement dated 7 July 2021 (“SPA”) with HE4 Falkensee 1 S.à.r.l. and HE4 Falkensee 2 S.à.r.l., (“Purchasers”) in relation to the disposal of property located at Straße der Einheit 142-148, 14621 Falkensee, Germany (“Property”) by PGG to the Purchasers, for the cash consideration of EUR81.0 million (equivalent to RM393.7 million) (“Proposed Disposal”).

The Company had raised approximately RM393.7 million from the Proposed Disposal which was completed on 13 December 2021 pursuant to the terms and conditions of the SPA.

As at 31 March 2022, the status of utilisation of the proceeds from the Proposed Disposal was as follows:

PURPOSE	PROPOSED UTILISATION* RM'000	AMOUNT UTILISED RM'000	AMOUNT UNUTILISED RM'000
Repayment of bank borrowings	200,000	200,000	-
Special dividend	120,640	120,640	-
Working capital requirements	35,620	35,620	-
Internal reorganisation related costs	24,600	-	24,600
Estimated expenses for the Proposed Disposal	12,800	12,800	-
Total	393,660	369,060	24,600

*As per Circular to Shareholders dated 22 October 2021.

2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid or payable to the external auditors and their affiliated companies for the financial year ended 31 December 2021 are as follows:

	GROUP (RM'000)	COMPANY (RM'000)
Audit fees	2,552	168
Non-audit fees	58	5

3. MATERIAL CONTRACTS

There was no material contract, not being contract entered into in the ordinary course of business of the Company and its subsidiaries, involving the interests of Directors, Chief Executive who is not a Director and/or major shareholders, either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year ended 31 December 2020.

ANALYSIS OF SHAREHOLDINGS AS AT 31 MARCH 2022

Total number of issued shares (inclusive of treasury shares)	: 608,132,861 ordinary shares
Class of shares	: Ordinary shares
Voting rights	: One vote per ordinary shares
Treasury shares held as at 31 March 2022	: 4,928,011 ordinary shares

DISTRIBUTION OF SHAREHOLDINGS

(Based on the Record of Depositors)

SIZE OF SHAREHOLDINGS	NO. OF SHARE HOLDERS	%*	NO. OF SHARES	%*
1 - 99	771	11.27	26,220	0.00
100 - 1,000	632	9.24	315,960	0.05
1,001 - 10,000	3,179	46.46	16,291,023	2.70
10,001 - 100,000	1,912	27.95	64,495,921	10.70
100,001 to less than 5% of the issued shares	345	5.04	267,063,428	44.27
5% and above of issued shares	3	0.04	255,012,298	42.28
TOTAL	6,842	100.00	603,204,850	100.00

* After netting off the 4,928,011 treasury shares of Pelikan International Corporation Berhad ("PICB") held as at 31 March 2022.

DIRECTORS' SHAREHOLDINGS

(BASED ON THE REGISTER OF DIRECTORS' SHAREHOLDINGS)

NAME OF DIRECTORS	NO. OF SHARES HELD			
	DIRECT INTEREST	%*	INDIRECT INTEREST	%*
1. Dato' Indera Syed Norulzaman bin Syed Kamarulzaman	-	-	-	-
2. Loo Hooi Keat	63,348,423	10.502	37,628,852 ⁽¹⁾	6.238
3. Lim Chee Hoong	-	-	-	-
4. Ahmad Al Farouk bin Ahmad Kamal	-	-	-	-
5. Najuuwa binti Sabli	-	-	-	-
6. Fong Wai Leong	-	-	-	-
7. Kim Kenny	-	-	-	-
8. Ngau Kah Wye (Alternate director to Kim Kenny)	-	-	-	-

Notes:
(1) Deemed interested by virtue of his substantial shareholdings in PBS Office Supplies Holding Sdn. Bhd. and Mahir Agresif (M) Sdn. Bhd. and deemed interested by virtue of shares held by his daughter.

* After netting off the 4,928,011 treasury shares of PICB held as at 31 March 2022.

Save as disclosed above, none of the Directors of the Company has any interest, direct or indirect, in a related corporation of PICB.

ANALYSIS OF SHAREHOLDINGS

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

(Based on the Register of Substantial Shareholders)

NAME OF SUBSTANTIAL SHAREHOLDERS	NO. OF SHARES HELD			
	DIRECT INTEREST	%*	INDIRECT INTEREST	%*
1. Loo Hooi Keat	63,348,423	10.502	37,489,928 ⁽¹⁾	6.215
2. Urusharta Jamaah Sdn. Bhd.	157,185,498	26.058	-	-
3. Merit Plus Ventures Limited	54,836,800	9.090	-	-
4. Ikhlas Capital Master Fund Private Limited	-	-	54,836,800 ⁽²⁾	9.090
5. Ikhlas Capital Singapore Private Limited	-	-	54,836,800 ⁽²⁾	9.090
6. PBS Office Supplies Holding Sdn. Bhd.	37,468,975	6.211	-	-
7. Marktrade Sdn. Bhd.	-	-	37,468,975 ⁽³⁾	6.211

Notes:

(1) Deemed interested by virtue of his substantial shareholdings in PBS Office Supplies Holding Sdn. Bhd. and Mahir Agresif (M) Sdn. Bhd.

(2) Deemed interested by virtue of its substantial shareholdings in Merit Plus Ventures Limited.

(3) Deemed interested by virtue of its substantial shareholdings in PBS Office Supplies Holding Sdn. Bhd.

* After netting off the 4,928,011 treasury shares of PICB held as at 31 March 2022.

LIST OF TOP THIRTY (30) SHAREHOLDERS

(Based on the Record of Depositors)

NAME OF SHAREHOLDERS	NO. OF SHARES	%*
1. Citigroup Nominees (Tempatan) Sdn. Bhd. - Urusharta Jamaah Sdn. Bhd. (1)	157,185,498	26.058
2. CGS-CIMB Nominees (Asing) Sdn. Bhd. - Pledged Securities Account for Merit Plus Ventures Limited	54,836,800	9.090
3. Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Loo Hooi Keat	42,990,000	7.126
4. PBS Office Supplies Holding Sdn. Bhd.	20,992,780	3.480
5. Kenanga Capital Sdn. Bhd. - Pledged Securities Account for PBS Office Supplies Holding Sdn. Bhd.	16,476,195	2.731
6. Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Seow Hoon Hin	13,929,700	2.309
7. Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Ta Kin Yan	11,815,700	1.958

LIST OF TOP THIRTY (30) SHAREHOLDERS (continued)

(Based on the Record of Depositors)

NAME OF SHAREHOLDERS	NO. OF SHARES	%*
8. JF Apex Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Loo Hooi Keat (Margin)	9,808,325	1.626
9. Alliancegroup Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Ta Kin Yan (7000778)	8,700,000	1.442
10. Affin Hwang Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Chan Choong Kong	7,500,000	1.243
11. Loo Hooi Keat	7,460,000	1.236
12. Citigroup Nominees (Asing) Sdn. Bhd. - UBS AG	6,784,200	1.124
13. AmBank (M) Berhad - Pledged Securities Account for Gan Kong Hiok (Smart)	6,400,000	1.060
14. Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Gan Kong Hiok (001)	5,470,040	0.906
15. Laserforms Sdn. Bhd.	3,372,200	0.559
16. Affin Hwang Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Seow Hoon Hin (M09)	3,152,300	0.522
17. Affin Hwang Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Tan Leong Kiat (M02)	2,867,300	0.475
18. Kenanga Nominees (Tempatan) Sdn. Bhd. - Lim Meng Sin (001)	2,408,000	0.399
19. Liew Hup What	2,303,500	0.381
20. CGS-CIMB Nominees (Tempatan) Sdn. Bhd. - Exempt an for CGS-CIMB Securities (Singapore) Pte. Ltd. (Retail Clients)	2,271,728	0.376

ANALYSIS OF SHAREHOLDINGS

LIST OF TOP THIRTY (30) SHAREHOLDERS (continued)

(Based on the Record of Depositors)

NAME OF SHAREHOLDERS	NO. OF SHARES	%*
21. RHB Capital Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Yong Siew Chin (CEB)	2,109,096	0.349
22. DB (Malaysia) Nominee (Asing) Sdn. Bhd. - The Bank of New York Mellon for Ensign Peak Advisors Inc.	2,084,700	0.345
23. Public Invest Nominees (Asing) Sdn. Bhd. - Exempt an for Phillip Securities Pte. Ltd. (Clients)	2,057,900	0.341
24. RHB Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Yong Siew Chin	2,000,000	0.331
25. Tan Jing Jeong	2,000,000	0.331
26. Citigroup Nominees (Tempatan) Sdn. Bhd. - Exempt an for Bank of Singapore Limited (Local)	1,944,500	0.322
27. Public Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Ng Kwai Cheong (E-KLG/TSK)	1,900,000	0.314
28. Pristine Acres Sdn. Bhd.	1,740,000	0.288
29. Yong Koon Wooi	1,700,000	0.281
30. Loo Hooi Keat	1,694,400	0.280
TOTAL	405,954,862	67.299

* After netting off the 4,928,011 treasury shares of PICB held as at 31 March 2022.

LIST OF GROUP PROPERTIES

REGISTERED OWNER	LOCATION	LAND AREA	EXISTING USE	BUILT-UP AREA	AGE OF BUILDING/ DATE OF ACQUISITION	TENURE	RM'000
Pelikan GmbH	Factory Vöhrum Pelikanstrasse 11 D-31228 Peine Germany	68,843 sqm	Production	46,373 sqm	25 - 51 years 17/12/1973	Freehold	47,655
Pelikan México S.A. de C.V.	Carretera a Tehuacán 1033 Col. Maravillas C.P. 72220 Puebla Pue. Mexico	80,109 sqm	Office building & production	18,485 sqm	42 years 30/4/1981	Freehold	14,171
Herlitz Spolka z.o.o.	ul. Szamotulska 2 Baranowo k. Poznania 62-081 Przeźmierowo Poland	37,563 sqm	Office building, production & warehouse	13,433 sqm	22 years 1/1/1999	Freehold	13,439
Herlitz spol. s r.o.	Svatoborska 1355/100 CZ-69701 Kyjov Czech Republic	9,933 sqm	Warehouse	3,389 sqm	20 years 29/1/2015	Freehold	7,837
Pelikan Colombia S.A.S.	Carrera 65B No 18A-17 Bogotá D.C. Colombia	4,478 sqm	Office building & production	5,845 sqm	42 years 1/8/2007	Freehold	3,656
Herlitz România S.R.L.	Sediu Central Str. Depozitelor nr.22 540240 Targu Mures Romania	861 sqm	Land	-	- 15/3/1995	Freehold	37

86,795

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Email : picb@pelikan.com.my

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fortieth Annual General Meeting (“40th AGM”) of Pelikan International Corporation Berhad (“the Company”) will be conducted virtually at the broadcast venue at Tricor Leadership Room, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia (“Broadcast Venue”) via Remote Participation and Voting facilities (“RPV”) provided by Tricor Investor & Issuing House Services Sdn. Bhd. (“Tricor”) via TIIH Online website at <https://tiih.online> on Monday, 23 May 2022 at 3:00 p.m. for the following purposes:

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon. *(Please refer to Explanatory Note 15)*
2. To approve the payment of Directors’ fees amounting to RM430,000 for the financial year ending 31 December 2022 and to be made payable on monthly basis. *(Ordinary Resolution 1)*
3. To approve an amount of up to RM64,500 as benefits payable to the Non-Executive Directors of the Company with effect from 24 May 2022, a day after the 40th AGM until the next Annual General Meeting of the Company in year 2023 pursuant to Section 230(1)(b) of the Companies Act 2016. *(Ordinary Resolution 2)*
4. To re-elect the following Directors who are retiring pursuant to Clause 122 of the Company’s Constitution and being eligible, have each offered themselves for re-election:
 - (a) YBhg. Dato’ Indera Syed Norulzaman bin Syed Kamarulzaman; and *(Ordinary Resolution 3)*
 - (b) Encik Ahmad Al Farouk bin Ahmad Kamal. *(Ordinary Resolution 4)*
5. To re-appoint Messrs. BDO PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Board of Directors of the Company to determine their remuneration. *(Ordinary Resolution 5)*

NOTICE OF ANNUAL GENERAL MEETING

Special Business

To consider and, if thought fit, with or without any modification, to pass the following as Ordinary Resolution:

6. Ordinary Resolution

Authority to Issue Shares pursuant to the Companies Act 2016

(Ordinary Resolution 6)

“THAT subject to the Companies Act 2016, the Constitution of the Company and the approvals of Bursa Malaysia Securities Berhad and any other governmental/regulatory authorities, the Directors of the Company be and are hereby empowered, pursuant to the Companies Act 2016, to issue and allot shares in the Company at any time to such persons and upon such terms and conditions and for such purposes as the Directors of the Company may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding Treasury Shares) for the time being AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company.

AND THAT the Directors of the Company, whether solely or jointly, be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Main Market of Bursa Malaysia Securities Berhad AND be hereby authorised to do all such acts and things including executing all relevant documents as he/they may consider expedient or necessary to complete and give full effect to the abovesaid mandate.”

7. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016.

BY ORDER OF THE BOARD

CHUA SIEW CHUAN (SSM PC No. 201908002648) (MAICSA 0777689)

TAN LOO EE (SSM PC No. 201908002686) (MAICSA 7063694)

Company Secretaries

22 April 2022

NOTES:**1. IMPORTANT NOTICE**

The Broadcast Venue is strictly for the purpose of complying with section 327(2) of the Companies Act 2016 which require the Chairperson of the meeting to be present at the main venue of the meeting.

2. Members/proxies/corporate representatives WILL NOT BE ALLOWED to attend the 40th AGM in person at the Broadcast Venue on the day of the meeting.
3. Members are to attend, speak (including posing questions to the Boards via real time submission of typed texts) and vote (collectively, "participate") remotely at the 40th AGM via the RPV provided by Tricor via its TIIH Online website at <https://tiih.online>. Please follow the Procedures for RPV provided in the Administrative Details for the 40th AGM and read the notes below in order to participate remotely via RPV.
4. A member who is entitled to attend and vote at the meeting via RPV is entitled to appoint at least one (1) proxy to attend and vote in his stead. Where a member appoints up to two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holding to be represented by each proxy. The proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
5. Members may submit questions to the Board prior to the 40th AGM via TIIH Online website at <https://tiih.online> by selecting "e-Services" to login, pose questions and submit electronically no later than **Saturday, 21 May 2022 at 3.00 p.m.** or to use the query box to transmit questions to the Chairman/Board via RPV during live streaming.
6. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SIDCA") and the Company's Constitution, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds to which shares in the Company standing to the credit of the said account.
7. Where a member of the Company is an exempt authorised nominee as defined under the SIDCA and the Company's Constitution which holds Deposited Securities in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
8. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this 40th AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online Website at <https://tiih.online>. Please follow the Procedures for RPV in the Administrative Details for the 40th AGM.
9. The appointment of a proxy may be made by electronic or in a hard copy form in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the 40th AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

(a) In hard copy

In the case of an appointment made in hard copy form, the form of proxy must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

(b) By electronic form

The Form of Proxy can be electronically lodged with the Share Registrar of the Company via TIIH Online website at <https://tiih.online>. Kindly refer to the Administrative Details for the 40th AGM on the procedures for electronic lodgement of Form of Proxy via TIIH Online.

NOTICE OF ANNUAL GENERAL MEETING

10. Please ensure ALL the particulars as required in the form of proxy are completed, signed and dated accordingly.
11. Last date and time for lodging the Form of Proxy is **Saturday, 21 May 2022 at 3.00 p.m.**
12. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the 40th AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
13. A corporate member who has appointed a representative, please deposit the ORIGINAL/DULY CERTIFIED certificate of appointment with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment should be executed in the following manner:
 - (a) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
 - (b) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (i) at least two (2) authorised officers, of whom one shall be a director; or
 - (ii) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
14. For the purpose of determining a member who shall be entitled to attend the 40th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd., in accordance with Clause 77 of the Company's Constitution and Section 34(1) of the SICDA to issue a General Meeting Record of Depositors as at 12 May 2022. Only a depositor whose name appears therein shall be entitled to attend the said meeting or appoint a proxy to attend and/or vote on his stead.

Audited Financial Statements for the financial year ended 31 December 2021

15. This agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval for the Audited Financial Statements from the shareholders. Therefore, this agenda item is not put forward for voting.

Directors' fees and benefits payable

16. The Remuneration Committee ("RC") and the Board have reviewed the Directors' fees payable to the Non-Executive Directors amounting to RM430,000 for the financial year ending 31 December 2022. The payment of Directors' fees for the financial year ending 31 December 2022, if approved by the shareholders, shall be payable on monthly basis.

The RC and the Board have also reviewed the benefits payable to the Non-Executive Directors of the Company with effect from a day after the 40th AGM until the next Annual General Meeting of the Company in year 2023 pursuant to Section 230(1)(b) of the Companies Act 2016. The estimated total amount of the Directors' benefits is mainly on meeting allowance and it is calculated based on the estimated number of scheduled meetings to be held in the financial year ending 31 December 2022 and assuming that all Non-Executive Directors will hold office until the next Forty-First Annual General Meeting of the Company.

Explanatory Note to Special Business

17. Ordinary Resolution - Authority to Issue Shares pursuant to the Companies Act 2016

The proposed adoption of the Ordinary Resolution is for the purpose of granting a renewed general mandate (“**General Mandate**”) and empowering the Directors of the Company, pursuant to the Companies Act 2016, to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The General Mandate will provide flexibility to the Company for allotment of shares for any possible fund-raising activities for the purpose of funding future investment project(s), working capital and/or acquisition(s).

The Company had been granted a general mandate by its shareholders at the Thirty-Ninth Annual General Meeting of the Company held on 24 May 2021 to issue and allot shares not exceeding ten per centum (10%) of the total number of issued shares of the Company (hereinafter referred to as the “**Previous General Mandate**”). As of the date of this Notice, no new shares in the Company were issued pursuant to the Previous General Mandate.

ADMINISTRATIVE DETAILS

FORTIETH ANNUAL GENERAL MEETING (“40th AGM”) OF PELIKAN INTERNATIONAL CORPORATION BERHAD

Date : Monday, 23 May 2022

Time : 3.00 p.m.

Broadcast Venue : Tricor Leadership Room, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

Meeting Platform : TIIH Online website at <https://tiih.online> provided by Tricor Investor & Issuing House Services Sdn. Bhd. in Malaysia.

The 40th AGM will be conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Voting (“RPV”) facilities which are available on Tricor Investor & Issuing House Services Sdn. Bhd.’s (“Tricor”) TIIH Online website at <https://tiih.online>.

The broadcast venue of the 40th AGM 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 at the main venue of the meeting. No members/proxy(ies) from the public will be physically present at the meeting venue.

We strongly encourage you to attend the 40th AGM via the RPV facilities. You may also consider appointing the Chairman of the Meeting as your proxy to attend and vote on your behalf at the 40th AGM.

RPV facilities

The RPV facilities are available on Tricor’s TIIH Online website at <https://tiih.online>.

Members are to attend, speak (including posing questions to the Board in the form of real time submission of typed texts) and vote (collectively, “participate”) remotely at the 40th AGM using RPV facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. (“Tricor”).

A member of the Company who has appointed a proxy or attorney or authorised representative to participate at this 40th AGM via RPV facilities must request his/her proxy or attorney or authorised representative to register himself/herself for RPV at Tricor’s TIIH Online website at <https://tiih.online>.

Kindly refer to Procedures for RPV as set out below for the requirements and procedures.

Procedures to Remote Participation and Voting via RPV Facilities

Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the 40th AGM using the RPV facilities:

PROCEDURE	ACTION
BEFORE THE 40TH AGM DAY	
(a) Register as an user with Tricor's TIIH Online website	<ul style="list-style-type: none"> Using your computer, access the website at https://tiih.online and register as an user under the "e-Services" and select "Create Account by Individual Holder". Kindly refer to the tutorial guide posted on the homepage for assistance. Registration as an user will be approved within one (1) working day and you will be notified via email. If you are already an user with Tricor's TIIH Online website, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at Tricor's TIIH Online website.
(b) Submit your registration for RPV	<ul style="list-style-type: none"> Registration is open from Friday, 22 April 2022 until the day of 40th AGM on Monday, 23 May 2022. Member(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 40th AGM to ascertain their eligibility to participate in the 40th AGM using the RPV. Login with your user ID and password and select the corporate event: "(Registration) PELIKAN 40TH AGM". Read and agree to the Terms & Conditions and confirm the Declaration. Select "Register for Remote Participation and Voting". Review your registration and proceed to register. System will send an e-mail to notify that your registration for remote participation is received and will be verified. After verification of your registration against the General Meeting Record of Depositors as at 12 May 2022, the system will send you an e-mail after 21 May 2022 to approve or reject your registration for remote participation. <p>(Note: Please allow sufficient time for approval of new user of TIIH Online and register for the RPV).</p>
ON THE DAY OF THE 40TH AGM (MONDAY, 23 MAY 2022)	
(a) Login to Tricor's TIIH Online website	<ul style="list-style-type: none"> Login with your user ID and password for remote participation at the 40th AGM at any time from 2.00 p.m. i.e. one (1) hour before the commencement of the 40th AGM on 3.00 p.m. on Monday, 23 May 2022.
(b) Participate through Live Streaming	<ul style="list-style-type: none"> Select the corporate event: "(Live Stream Meeting) PELIKAN 40TH AGM" to engage in the proceedings of the 40th AGM remotely. If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will endeavour to respond to questions submitted by remote participants during the 40th AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.
(c) Online Remote Voting	<ul style="list-style-type: none"> Voting session commences from 3.00 p.m. on Monday, 23 May 2022 until a time when the Chairman announces the end of the session. Select the corporate event: "(Remote Voting) PELIKAN 40TH AGM" or if you are on the live stream meeting page, you can select "GO TO REMOTE VOTING PAGE" button below the Query Box. Read and agree to the Terms & Conditions and confirm the Declaration. Select the CDS account that represents your shareholdings. Indicate your votes for the resolutions that are tabled for voting. Confirm and submit your votes.
(d) End of remote participation	<ul style="list-style-type: none"> Upon the announcement by the Chairman on the conclusion of the 40th AGM, the live streaming will end.

ADMINISTRATIVE DETAILS

Note to users of the RPV facilities:

Should your registration for RPV be approved, we will make available to you the rights to join the live stream meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.

The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.

In the event you encounter any issues with logging-in, connection to the live stream meeting or online voting on the meeting day, kindly call Tricor's Help Line at 011-40805616/011-40803168/011-40803169/011-40803170 or e-mail to tiih.online@my.tricorglobal.com for assistance.

Pre-Meeting Submission of Questions to the Board of Directors

The Board recognises that the 40th AGM is a valuable opportunity for the Board to engage with members. In order to enhance the efficiency of the proceedings of the 40th AGM, members may in advance, before the 40th AGM, submit questions to the Board of Directors via Tricor's TIIH Online website at <https://tiih.online>, by selecting "e-Services" to login, post your questions and submit it electronically no later than **Saturday, 21 May 2022 at 3.00 p.m.** The Board of Directors will endeavor to address the questions received at the 40th AGM.

Entitlement to Participate and Appointment of Proxy

Only members whose names appear on the Record of Depositors as at **12 May 2022** shall be eligible to attend, speak and vote at the 40th AGM or appoint a proxy(ies) and/or the Chairman of the Meeting to attend and vote on his/her behalf.

In view that the 40th AGM will be conducted on a virtual basis, a member can appoint the Chairman of the Meeting as his/her proxy and indicate the voting instruction in the Form of Proxy.

If you wish to participate in the 40th AGM yourself, please do not submit any Form of Proxy for the 40th AGM. You will not be allowed to participate in the 40th AGM together with a proxy appointed by you.

Accordingly, form of proxy and/or documents relating to the appointment of proxy/corporate representative/attorney for the 40th AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than **Saturday, 21 May 2022 at 3.00 p.m.:**

(a) **In hard copy:**

By hand or post to the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur;

(b) **By electronic form:**

All members can have the option to submit Form of Proxy electronically via TIIH Online and the steps to submit are summarised below:

PROCEDURE	ACTION
i. <u>Steps for Individual Members</u>	
(a) Register as a User with Tricor's TIIH Online website	<ul style="list-style-type: none"> Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services" and select "Create Account by Individual Holder". Please refer to the tutorial guide posted on the homepage for assistance. Registration as a user will be approved within one (1) working day and you will be notified via e-mail. If you are already a user with TIIH Online, you are not required to register again.
(b) Proceed with submission of Form of Proxy	<ul style="list-style-type: none"> After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. Select the corporate event: "PELIKAN 40TH AGM - Submission of Proxy Form". Read and agree to the Terms & Conditions and confirm the Declaration. Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf. Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairman as your proxy. Indicate your voting instructions - FOR or AGAINST, otherwise your proxy will decide on your vote. Review and confirm your proxy(ies) appointment. Print the Form of Proxy for your record.
ii. <u>Steps for Corporation or Institutional Members</u>	
(a) Register as an User with Tricor's TIIH Online website	<ul style="list-style-type: none"> Access TIIH online at https://tiih.online. Under e-Services, the authorised or nominated representative of the corporation or institutional member selects "Create Account by Representative of Corporate Holder". Complete the registration form and upload the required documents. Registration will be verified, and you will be notified by email within one (1) to two (2) working days. Proceed to activate your account with the temporary password given in the email and re-set your own password. <p>(Note: The representative of a corporation or institutional member must register as a user in accordance with the above steps before he/she can subscribe to this corporate member electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.)</p>
(b) Proceed with submission of Form of Proxy	<ul style="list-style-type: none"> Login to Tricor's TIIH Online website at https://tiih.online. Select the corporate event: "PELIKAN 40TH AGM - Submission of Proxy Form". Read and agree to the Terms & Conditions and confirm the Declaration. Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. Prepare the file for the appointment of proxies by inserting the required data. Proceed to upload the duly completed proxy appointment file. Select "Submit" to complete your submission. Print the confirmation report of your submission for your record.

ADMINISTRATIVE DETAILS

Poll Voting at Meeting

The voting at the 40th AGM will be conducted on a poll pursuant to Paragraph 8.29A of the Listing Requirements. The Company has appointed Tricor Investor & Issuing House Services Sdn. Bhd. as Poll Administrator to conduct the poll voting electronically (“e-voting”) and Ong Boon Bah & Co as Independent Scrutineers to verify the poll results.

Members/proxy(ies)/corporate representative(s)/attorney(s) can proceed to vote on the resolutions before the end of the voting session which will be announced by the Chairman of the Meeting and submit your votes at any time from the commencement of the 40th AGM at 3.00 p.m. Kindly refer to “Procedures to Remote Participation and Voting via RPV Facilities” provided above for guidance on how to vote remotely via TIH Online.

Results of the voting

The resolutions proposed at the 40th AGM and the results of the voting will be announced at the 40th AGM and subsequently via an announcement made by the Company through Bursa Securities website at www.bursamalaysia.com.

No Breakfast/Lunch Pack, Door Gift or Food Voucher

There will be no distribution of breakfast/lunch packs, door gifts or food vouchers during the 40th AGM.

Annual Report

The Annual Report is available on the Company’s website at www.pelikan.com and Bursa Malaysia’s website at www.bursamalaysia.com under Company’s announcements.

You may request for a printed copy of the Annual Report at <https://tiah.online> by selecting “Request for Annual Report” under the “Investor Services”.

Kindly consider the environment before you decide to request for the printed copy of the Annual Report. The environmental concerns like global warming, deforestation, climate change and many more affect every human, animal and nation on this planet.

Recording Or Photography

Strictly NO unauthorised recording or photography of the proceedings of the 40th AGM is allowed.

Enquiry

If you have any enquiry prior to the meeting, please call our Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at +603 2783 9299 during office hours on Monday to Friday from 8:30 a.m. to 5:30 p.m. (except on public holiday).

Share Registrar - Tricor Investor & Issuing House Services Sdn. Bhd.

General Line : +603 2783 9299

Fax Number : +603 2783 9222

Email : is.enquiry@my.tricorglobal.com

Contact persons

- Ms. Wong Pang Yi : +603 2783 9242 / Email : Pang.Yi.Wong@my.tricorglobal.com

- Mr. Jake Too : +603 2783 9285 / Email : Chee.Onn.Too@my.tricorglobal.com

FORM OF PROXY

Number of Shares Held	
CDS Account No.	



PELIKAN INTERNATIONAL CORPORATION BERHAD
(Registration No. 198001009827 (63611-U))
(Incorporated in Malaysia)

I/We _____ (Full name in capital letters)

NRIC No./Passport No./Registration No. _____ of _____
(Full address)

being a Member of PELIKAN INTERNATIONAL CORPORATION BERHAD, hereby appoint

(Proxy A) _____ (Full name in capital letters)

NRIC No./Passport No. _____ of _____
(Full address)

*and/or failing him/her

(Proxy B) _____ (Full name in capital letters)

NRIC No./Passport No. _____ of _____
(Full 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 Fortieth Annual General Meeting of the Company will be conducted virtually at the Broadcast Venue at the Tricor Leadership Room, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia ("Broadcast Venue") via Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via TIIH Online website at <https://tiih.online> on Monday, 23 May 2022 at 3:00 p.m. and at any adjournment thereof, on the following resolutions referred to in the Notice of the Fortieth Annual General Meeting.

The proportions of my/our holding to be represented by my/our proxy/proxies are as follows:

Proxy A	%
Proxy B	%
	100%

My/our proxy/proxies shall vote as follows:

(Please indicate with an "X" in the spaces provided below how you wish your votes to be cast. If you do not do so, the proxy/proxies will vote or abstain from voting at his/her discretion.)

NO. ORDINARY RESOLUTIONS

	FOR	AGAINST
1. To approve the payment of the Directors' fees for the financial year ending 31 December 2022.		
2. To approve the benefits payable to the Non-Executive Directors with effect from 24 May 2022, a day after the Fortieth Annual General Meeting until the next Annual General Meeting in year 2023.		
3. To re-elect YBhg. Dato' Indera Syed Norulzaman bin Syed Kamarulzaman as Director of the Company.		
4. To re-elect Encik Ahmad Al Farouk bin Ahmad Kamal as Director of the Company.		
5. To re-appoint Messrs. BDO PLT as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.		
6. Authority to issue shares pursuant to the Companies Act 2016.		

Signed this _____ day of _____, 2022

* Strike out whichever not applicable

Contact number: _____

Signature(s) of Member/Common Seal

NOTES:

1. **IMPORTANT NOTICE**
The Broadcast Venue is strictly for the purpose of complying with section 327(2) of the Companies Act 2016 which require the Chairperson of the meeting to be present at the main venue of the meeting.
2. Members/proxies/corporate representatives WILL NOT BE ALLOWED to attend the 40th AGM in person at the Broadcast Venue on the day of the meeting.
3. Members are to attend, speak (including posing questions to the Boards via real time submission of typed texts) and vote (collectively, "participate") remotely at the 40th AGM via the RPV provided by Tricor via its TIH Online website at <https://tiah.online>. Please follow the Procedures for RPV provided in the Administrative Details for the 40th AGM and read the notes below in order to participate remotely via RPV.
4. A member who is entitled to attend and vote at the meeting via RPV is entitled to appoint at least one (1) proxy to attend and vote in his stead. Where a member appoints up to two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holding to be represented by each proxy. The proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
5. Members may submit questions to the Board prior to the 40th AGM via TIH Online website at <https://tiah.online> by selecting "e-Services" to login, pose questions and submit electronically no later than **Saturday, 21 May 2022 at 3.00 p.m.** or to use the query box to transmit questions to the Chairman/Board via RPV during live streaming.
6. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SIDCA") and the Company's Constitution, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds to which shares in the Company standing to the credit of the said account.
 7. Where a member of the Company is an exempt authorised nominee as defined under the SIDCA and the Company's Constitution which holds Deposited Securities in the Company for multiple beneficial owners in one (1) securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
 8. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this 40th AGM via RPV must request his/her proxy to register himself/herself for RPV at TIH Online Website at <https://tiah.online>. Please follow the Procedures for RPV in the Administrative Details for the 40th AGM.
 9. The appointment of a proxy may be made by electronic or in a hard copy form in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the 40th AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
 - (a) In hard copy
In the case of an appointment made in hard copy form, the form of proxy must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - (b) By electronic form
The Form of Proxy can be electronically lodged with the Share Registrar of the Company via TIH Online website at <https://tiah.online>. Kindly refer to the Administrative Details for the 40th AGM on the procedures for electronic lodgement of Form of Proxy via TIH Online.
 10. Please ensure ALL the particulars as required in the form of proxy are completed, signed and dated accordingly.
 11. Last date and time for lodging the Form of Proxy is **Saturday, 21 May 2022 at 3.00 p.m.**
12. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the 40th AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notariably and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
13. A corporate member who has appointed a representative, please deposit the ORIGINAL/DULY CERTIFIED certificate of appointment with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment should be executed in the following manner:
 - (a) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
 - (b) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - i. at least two (2) authorised officers, of whom one shall be a director; or
 - ii. any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
14. For the purpose of determining a member who shall be entitled to attend the 40th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd., in accordance with Clause 77 of the Company's Constitution and Section 34(1) of the SIDCA to issue a General Meeting Record of Depositors as at **12 May 2022**. Only a depositor whose name appears therein shall be entitled to attend the said meeting or appoint a proxy to attend and/or vote on his stead.

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STAMP

SHARE REGISTRAR OF PELIKAN INTERNATIONAL CORPORATION BERHAD

Tricor Investor & Issuing House Services Sdn. Bhd.

Unit 32-01, Level 32, Tower A

Vertical Business Suite

Avenue 3, Bangsar South

No. 8, Jalan Kerinchi

59200 Kuala Lumpur

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Pelikan International Corporation Berhad

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