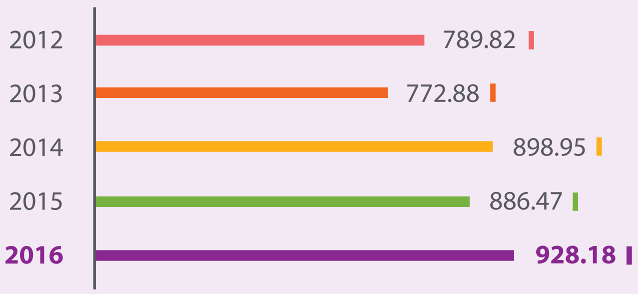
CAN-ONE BERHAD
(638899-K)

Annual Report 2016

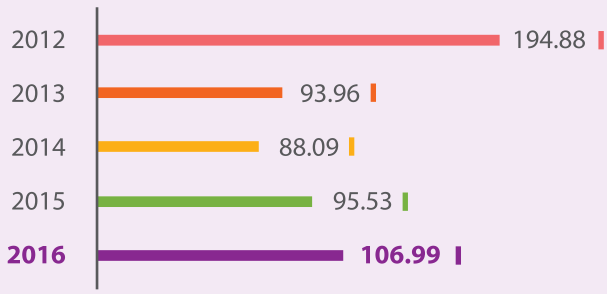
FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

	Financial Year Ended 31 December				
	2012 **(Restated)**	**2013**	**2014**	**2015**	**2016**
Revenue (RM'Million)	789.82	772.88	898.95	886.47	**928.18**
Earnings Before Interest, Taxes, Depreciation and Amortisation (RM'Million)	229.72	129.93	123.32	136.24	**149.86**
Profit Before Taxation (RM'Million)	194.88	93.96	88.09	95.53	**106.99**
Profit After Taxation (RM'Million)	178.13	77.27	71.00	81.03	**86.37**
Net Profit Attributable to Equity Holders (RM'Million)	170.73	69.67	63.78	77.33	**86.37**
Total Assets (RM'Million)	991.07	1,052.22	1,233.29	1,336.69	**1,388.90**
Shareholders' Equity (RM'Million)	396.98	460.61	520.81	661.56	**748.50**
Return on Equity (%)	43.01	15.13	12.25	11.69	**11.54**
Earnings Per Share (Sen)	112.02	45.71	41.85	44.34	**44.95**
Net Asset Per Share (RM)	2.60	3.02	3.42	3.44	**3.90**

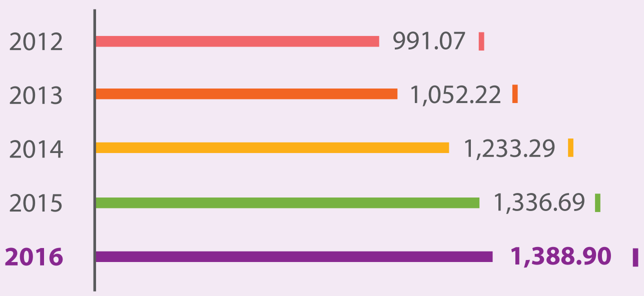
Revenue (RM'Million)



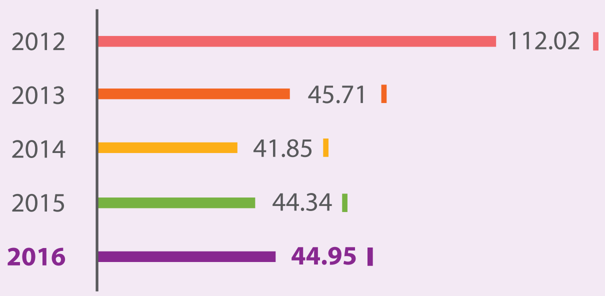
Profit Before Taxation (RM'Million)



Total Assets (RM'Million)



Earnings Per Share (Sen)



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Seri Subahan Bin Kamal
Chairman/Independent Non-Executive Director

Marc Francis Yeoh Min Chang
Chief Operating Officer cum Executive Director

Tan Beng Wah
Executive Director

Yeoh Jin Hoe
Non-Independent Non-Executive Director

Yeoh Jin Beng
Non-Independent Non-Executive Director

Razmi Bin Alias
Independent Non-Executive Director

AUDIT COMMITTEE

Razmi Bin Alias *(Chairman)*
Dato' Seri Subahan Bin Kamal
Yeoh Jin Beng

NOMINATING COMMITTEE

Dato' Seri Subahan Bin Kamal *(Chairman)*
Yeoh Jin Beng
Razmi Bin Alias

REMUNERATION COMMITTEE

Yeoh Jin Beng *(Chairman)*
Dato' Seri Subahan Bin Kamal
Razmi Bin Alias

COMPANY SECRETARIES

Tan Bee Keng (MAICSA 0856474)
Kwong Shuk Fong (MAICSA 7032330)

AUDITORS

KPMG PLT
Chartered Accountants
Level 18, Hunza Tower
163E Jalan Kelawei
10250 Penang, Malaysia
Telephone : 604-2382 288
Fax : 604-2382 222
Email : infopg@kpmg.com.my

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd. (11324-H)
Unit 32-01, Level 32, Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan, Malaysia
Telephone : 603-2783 9299
Fax : 603-2783 9222
Email : is.enquiry@my.tricorglobal.com
Website : www.tricorglobal.com

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

REGISTERED AND CORPORATE OFFICE

2B-4, Level 4
Jalan SS 6/6, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Telephone : 603-7804 8590
Fax : 603-7880 1605
Email : can1@canone.com.my

PRINCIPAL PLACE OF BUSINESS

Lot 2244, Jalan Rajawali
Batu 9, Kampung Kebun Baru
42500 Telok Panglima Garang
Kuala Langat
Selangor Darul Ehsan, Malaysia
Telephone : 603-3122 1988
Fax : 603-3122 2188
Email : ajctpg@aikjoo.com.my

PRINCIPAL BANKERS

Kuwait Finance House (Malaysia) Berhad
HSBC Bank Malaysia Berhad
Hong Leong Bank Berhad
United Overseas Bank (Malaysia) Berhad
AmBank Berhad

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad
Stock Name : CANONE
Stock Code : 5105
Sector : Industrial Products

WEBSITE

www.canone.com.my

CORPORATE STRUCTURE

CAN-ONE BERHAD *
(638899-K)

- 100% Aik Joo Can Factory Sdn. Berhad
- 100% Canzo Sdn. Bhd.
- 100% AJCan Sdn. Bhd.
- 100% Sanjung Nuri Sdn. Bhd.
- 100% Newmarq Sdn. Bhd.
  - 100% Grensing Pte. Ltd.
  - 100% PT. Corum
  - 100% PT. AJ Candace
- 100% Amber Alliance Sdn. Bhd.
  - 80% F & B Nutrition Sdn. Bhd.
    - 100% Can Ridge Sdn. Bhd.
- 20% F & B Nutrition Sdn. Bhd.
- 100% Can-One International Sdn. Bhd.
  - 32.9% Kian Joo Can Factory Berhad *

* *Listed on the Main Market of Bursa Malaysia Securities Berhad*

PROFILE OF DIRECTORS

DATO' SERI SUBAHAN BIN KAMAL

Malaysian, Male, Aged 51, Independent Non-Executive Chairman

He was appointed to the Board of Can-One Berhad ("Can-One" or "the Company") as Independent Non-Executive Director on 26 May 2014. He is also the Chairman of the Nominating Committee and a member of Audit Committee and Remuneration Committee.

He holds a Bachelor of Science (Hons.) Degree in Accounting (Major in Finance and Minor in Economics) from Southern Illinois University at Carbondale, Illinois, United States of America ("USA"). He is a member of the Malaysian Insurance Institute.

He started his employment career with Bank Rakyat Corporate Planning Department in 1989 to 1994. He joined the civil service sector in 1994. He served as Private Secretary to the Parliamentary Secretary, Ministry of Finance (1994 to 1995), Senior Private Secretary to the Deputy Minister of Finance (1995 to 1998) and Senior Private Secretary to the Deputy Minister of Human Resource (1999).

In 1996, he commenced his political career. He was the Treasurer for Barisan Nasional Youth Titiwangsa, Federal Territory; Executive Committee Member of Barisan Nasional Youth Malaysia, and the Selangor State Assemblyman for Taman Templer, Selangor from 2008 to 2013.

He is currently the President of Football Association of Selangor. He was the Manager of Malaysian National Football Team from 2009 to 2013. He is also the President of the Malaysian Hockey Confederation; a member of Curriculum Advisory Board, Universiti Teknologi MARA, Malaysia ("UiTM"); and Chairman of Wawasan Qi Group.

He is also an Independent Non-Executive Director of The New Straits Times Press (Malaysia) Berhad, a subsidiary of Media Prima Berhad which is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

He has several businesses involved in constructions, training and education, property development, project management and logistics.

MARC FRANCIS YEOH MIN CHANG

Malaysian, Male, Aged 32, Chief Operating Officer cum Executive Director

He was appointed to the Board of Can-One as Chief Operating Officer cum Executive Director on 6 July 2012.

He holds a Bachelor of Science Degree in Electrical and Electronic Engineering (Magna cum Laude) from Marquette University, USA and a Master of Business Administration in Finance from University of Southern Queensland, Australia.

He is currently responsible for implementation of Can-One group of companies' ("Can-One Group" or "the Group") board operational strategies and policies. In addition, he also oversees the day-to-day operations and performance of the Group. His experience covers engineering, business development, management and marketing.

He was General Manager of the Engineering and Business Development units of the Group before his appointment to the Board. Prior to this, he was working for Axiata Group Berhad group of companies serving in various senior positions abroad from 2007 to 2010.

He is also an Executive Director of Aluminium Company of Malaysia Berhad ("ALCOM") which is listed on the Main Market of Bursa Securities.

He is the son of Yeoh Jin Hoe (a Director and major shareholder of the Company) while Yeoh Jin Beng (a Director of the Company) is his uncle.

PROFILE OF DIRECTORS

TAN BENG WAH

Malaysian, Male, Aged 48, Executive Director

He was appointed to the Board of Can-One as Executive Director on 16 July 2012. He is responsible for the financial and administration affairs of the Group.

He holds a Bachelor of Accounting Degree and a Master in Business Administration from University Utara Malaysia. He is also a member of the Malaysian Institute of Accountants.

His experience covers finance, human resource, administration and marketing. He was General Manager of the Finance and Administration units of wholly-owned subsidiary, Aik Joo Can Factory Sdn. Berhad prior to his appointment to the Board. Previously, he was attached to Messrs KPMG and a subsidiary of a listed company.

YEOH JIN HOE

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

He is a major shareholder of Can-One. He was appointed to the Board of Can-One as Managing Director on 8 April 2005. He relinquished the position on 11 July 2012 when he was appointed Group Managing Director ("MD") of Kian Joo Can Factory Berhad ("KJCFB"), a company listed on the Main Market of Bursa Securities, and remained on the Board of Can-One as Non-Independent Non-Executive Director.

He has extensive experience in the manufacturing and trading industries, having been the founder of several companies involved in the manufacturing sector. The Kaiserkorp Sdn. Bhd. group of companies ("Kaiserkorp Group") which manufacture and distribute "KingKoil" and other branded mattresses as well as other sleep related products in Malaysia were started by him in the 1980s. He also founded Agrow Malaysia Sdn. Bhd. group of companies, which distribute sanitary wares, ironmongery and builders' hardware. Thereafter, he went on to establish Ibufood Corporation Sdn. Bhd. group of companies ("Ibufood Group") which manufacture and distribute instant noodles, food seasonings, instant soups and marinades.

Under his leadership and guidance, Can-One Group expanded its core business as a tin can manufacturer to include the manufacture of plastic jerry cans, bag-in-boxes, dairy and non-dairy products. He was instrumental in the acquisition by the Group of 32.9% equity interest in KJCFB.

He is also the Group Managing Director of KJCFB's subsidiary company, Box-Pak (Malaysia) Bhd. and an Executive Director of ALCOM. Both the aforesaid companies are listed on the Main Market of Bursa Securities. He is the father of Marc Francis Yeoh Min Chang (the Chief Operating Officer cum Executive Director of the Company) and the brother of Yeoh Jin Beng (a Director of the Company).

PROFILE OF DIRECTORS

YEOH JIN BENG

Malaysian, Male, Aged 65, Non-Independent Non-Executive Director

He was appointed as Non-Independent Non-Executive Director on the Board of Can-One on 8 April 2005. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee.

His expertise is in the manufacture and trading of fast moving consumer goods. He is one (1) of the co-founders of Kaiserkorp Group which manufactures and distributes "KingKoil" and other branded mattresses in Malaysia. Prior to that, he was working for an international pharmaceutical company which dealt in pharmaceutical and other specialty medical products.

He is the Managing Director of Ibufood Group which is involved in the manufacture and distribution of instant noodles and other consumer food products.

He is the brother of Yeoh Jin Hoe (a Director and major shareholder of the Company) and uncle of Marc Francis Yeoh Min Chang (the Chief Operating Officer cum Executive Director of the Company).

RAZMI BIN ALIAS

Malaysian, Male, Aged 59, Independent Non-Executive Director

He joined the Board of Can-One as Non-Independent Non-Executive Director on 8 April 2005 and was re-designated as Independent Non-Executive Director on 16 July 2012. He is also the Chairman of the Audit Committee and a member of the Remuneration Committee and Nominating Committee.

He holds a Diploma in Business Studies from UiTM, a Degree in Business Administration from Western Michigan University, USA and a Masters in Business Administration (Finance) from Central Michigan University, Michigan, USA.

His experience covers finance and corporate functions, business development and trading. He owns and serves as director in several private limited companies which are involved in trading, manufacturing, agro-based products, logistics and investment holding. Prior to that, he was a senior management staff in a local financial institution for fifteen (15) years.

He is currently an Executive Director of Asdion Berhad, a company listed on the ACE Market of Bursa Securities; and an Independent Non-Executive Director of Chee Wah Corporation Berhad, a company listed on the Main Market of Bursa Securities.

Additional Information:

1. *Save for Marc Francis Yeoh Min Chang, Yeoh Jin Hoe and Yeoh Jin Beng, none of the Directors has family relationship with any Director and/or major shareholder of Can-One.*
2. *None of the Directors has any conflict of interest with Can-One.*
3. *Yeoh Jin Beng and Tan Beng Wah have no other directorship in public companies and listed issuers.*
4. *None of the Directors has been convicted of any offence within the past five (5) years nor been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2016 ("FYE 2016").*
5. *Details of the Directors' attendance at Board meetings in FYE 2016 are set out in the Statement on Corporate Governance on page 17 of this Annual Report.*

PROFILE OF KEY SENIOR MANAGEMENT STAFF

KHOO KAY LEONG

Malaysian, Male, Aged 50, Group Chief Financial Officer

Khoo Kay Leong is a member of Malaysian Institute of Accountants ("MIA") and Malaysian Institute of Certified Public Accountants ("MICPA"). He joined Can-One as Group Chief Financial Officer in 2012 and is responsible for the financial matters of the Group.

He has extensive experience in accounting, financial management and taxation, having worked in the commercial sectors of various industries for the past thirty (30) years. He was with Messrs KPMG from 1986 until 1992 where he then left to join the manufacturing sectors. He served in various senior management capacities in local corporations before he joined Can One.

TAN BENG HOCK

Malaysian, Male, Aged 54, Senior General Manager – Jerry Cans Segment, General Cans Division

Tan Beng Hock was a Certified Chartered Accountant. He is the Senior General Manager in charge of the operations in the Jerry Cans segment of the General Cans Division. He joined the Group in 2015.

He has more than twenty (20) years experience in blow moulding and plastic injections manufacturing. Prior to joining the Group, he was the Deputy Chief Operating Officer of a listed corporation involved in the manufacture and trading of plastic products and property management where he served for seventeen (17) years.

CHONG YUE CHIN

Malaysian, Male, Aged 63, General Manager - Tin Cans Segment, General Cans Division

Chong Yue Chin holds a diploma in Mechanical Engineering from Federal Institute of Technology. He is the General Manager in charge of the operations in the Tin Cans segment of the General Cans Division. He joined the Group in 1997.

He has more than twenty five (25) years experience in manufacturing of metal and lithographed tin cans and blow moulding.

He was in charge of the Sales and Marketing department and also headed the jerry cans segment before assuming his current position. Prior to joining the Group, he was a Sales Manager of a manufacturing company.

LIM ENG TAK

Malaysian, Male, Aged 49, General Manager - Flexible and Rigid Packaging Segment, General Cans Division

Lim Eng Tak graduated with a degree in Bachelor of Business from Edith Cowan University, Australia. He is the General Manager in charge of the operations in the Flexible and Rigid Packaging segment of the General Cans Division. He joined the Group in 2013.

He has more than twenty (20) years experience in the manufacturing sector. He was the General Manager of a multinational plastic manufacturing company for eleven (11) years before he joined the Group.

PROFILE OF KEY SENIOR MANAGEMENT STAFF

PHUA TONG YEO

Malaysian, Male, Aged 56, General Manager - Operations, Food Products Division

Phua Tong Yeo graduated with a degree in Mechanical Engineering from Kennedy Western University, USA. He is the General Manager in charge of the operations in the Food Products Division. He joined the Group in 2009.

He has more than twenty five (25) years experience in the manufacturing of dairy and beverage products. Prior to joining the Group, he was the Head of Plant Operations and Production of two (2) fast moving consumers goods companies. Between 1986 to 2004, he was Plant Manager of a multinational dairy manufacturer.

TAN EAM SEE

Malaysian, Male, Aged 61, General Manager - Maintenance, Food Products Division

Tan Eam See graduated with a degree in Mechanical Engineering from University of Strathclyde (Glasgow), United Kindgom. He is a member of The Institution of Engineers, Malaysia and also a First Grade Steam Engineer. He is the General Manager in charge of the maintenance and upgrading of the plant and machinery of the Food Products Division. He joined the Group in 2005.

He has more than thirty eight (38) years experience in plant maintenance and upgrading. Prior to joining the Group, he worked with various food and dairy corporations as Maintenance Engineer and Project Engineer for eleven (11) years.

TAN BEE KENG

Malaysian, Female, Aged 57, Group Company Secretary

Tan Bee Keng is an associate of The Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). She has been the Company Secretary of the Group since 2004. She oversees the Group Secretarial department.

She also acts as Company Secretary for several other public companies listed on the Main Market of Bursa Securities, which are principally involved in the manufacture and distribution of tin cans, aluminium cans, cartons boxes and fast moving consumer goods. She has extensive experience in company secretarial and corporate work. She was previously the Manager-Group Secretarial of a management company serving a public listed group.

KWONG SHUK FONG

Malaysian, Female, Aged 44, Joint Company Secretary

Kwong Shuk Fong is an associate of MAICSA. She was appointed Joint Company Secretary in 2012 and is responsible for the company secretarial matters of the Group. She has more than eighteen (18) years experience in receivership, liquidation, corporate recovery and reconstruction and company secretarial work having served in both the secretarial services and commercial sectors. Prior to joining Can-One, she was an Assistant Company Secretary of a public listed company which is involved in oil and gas, renewable energy, industrial trading and services.

Additional Information:

1. *None of the Key Senior Management staff has any other directorship in public companies and listed issuers.*
2. *None of the Key Senior Management staff has any family relationship with any Director and/or major shareholder of Can-One.*
3. *None of the Key Senior Management staff has any conflict of interest with Can-One.*
4. *None of the Key Senior Management staff has been convicted of any offence within the past five (5) years nor been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2016.*

MANAGEMENT DISCUSSION AND ANALYSIS

The Board of Directors of the Company ("Board") and Management are pleased to present the Management Discussion and Analysis ("MD&A") which contains commentary from the Management to give investors and shareholders a better understanding of the Group's business, operations and financial position for the financial year ended 31 December 2016 ("FYE 2016").

The MD&A should be read in conjunction with the audited financial statements of the Group and of the Company for the FYE 2016 which are set out in pages 34 to 119 of this Annual Report.

OVERVIEW OF BUSINESS AND OPERATIONS, OBJECTIVES AND STRATEGIES

A. Business and Operations

Can-One was established as an investment holding company and provides management services while its subsidiary companies are principally involved in the manufacture of metal and lithographed tin cans, plastic jerry cans, rigid packaging and flexible packaging, collectively reported as General Cans Division. The Group also diversified into the manufacture, packaging and distribution of dairy and non-dairy products which is reported under the Food Products Division.

Customers of General Cans Division range from small retailers to large domestic and overseas companies which are involved in the manufacture of dairy and non-dairy products, edible oil, pharmaceutical products, motor oil, lubricant, paints and chemical. The Group has a market presence within Malaysia as well as various regions of the world, including South-East Asia, South Asia and Oceania.

Food Products Division is principally engaged as an Original Equipment Manufacturer ("OEM") in the production of sweetened creamer and evaporated creamer for various brands of dairy products. Its customers consist of both domestic and overseas companies.

The manufacturing facilities of the Group are strategically located across the regions of Peninsular Malaysia. The extensive coverage improves both the Group's operating efficiency and delivery time and allows the Group to foster close relationships with its customers.

MANAGEMENT DISCUSSION AND ANALYSIS

B. Objectives and Strategies

The Group's objective is to build a strong mutually beneficial business relationship with all its shareholders and stakeholders in every aspect, guided by the following principles:

- To maintain sustainable growth in revenue and profits and to maximise value for shareholders;
- To meet customers' satisfaction by offering high quality products and excellent services at competitive pricing; and
- To develop a talented workforce and to realise employees' potential by trusting, empowering and rewarding them.

Effective growth is a key aspect for business expansion and yielding sustainable returns to shareholders. To achieve this, the Group is constantly innovating and developing new revenue streams by expanding type and range of products, and packaging solutions to customers, and expanding and diversifying its market in order to distribute the Group's products.

Recruitment, retention and development of human talents is one (1) of the key aspects that drives successful business in the long run. The Group is determined to build and maintain a competent management and operation team in each business division that has a variety of skills set and professional competencies through personal development, training and selective recruitment.

REVIEW OF FINANCIAL RESULTS AND FINANCIAL HIGHLIGHTS

Financial Year Ended 31 December	2012 (Restated)	2013	2014	2015	2016
Revenue (RM'Million)	789.82	772.88	898.95	886.47	**928.18**
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MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance Review

The Group recorded an increase in net revenue of 4.7% to RM928.2 million in FYE 2016 from RM886.5 million in financial year ended 31 December 2015 ("FYE 2015"). This was mainly contributed by the increase in revenue generated by the Food Products Division which offset the decrease in revenue registered by the General Cans Division.

Profit before taxation for FYE 2016 was RM107.0 million, an increase of 12.0% or RM11.5 million from RM95.5 million in FYE 2015 mainly due to higher sales with better production efficiencies and foreign exchange gain.

General Cans Division

General Cans Division contributed revenue and profit before taxation of RM400.9 million and RM15.5 million respectively in FYE 2016 as compared to RM404.2 million and RM10.1 million respectively in FYE 2015.

Revenue of this Division decreased by RM3.4 million compared to the last financial year mainly due to lower demand for jerry cans offset by increase in sales of tin cans and rigid packaging. Despite the decrease in revenue, profitability of the Division improved mainly due to better production efficiencies and product mix.

Food Products Division

Revenue of Food Products Division increased by 9.3% to RM617.5 million for FYE 2016 compared to RM565.0 million in FYE 2015 mainly due to higher demand for its products. Higher sales were recorded for evaporated creamer as a result of additional capacity from the commissioning of its new evaporated milk plant in the second half of FYE 2015.

Profit before taxation of this Division increased by RM6.7 million to RM63.8 million in FYE 2016 compared to FYE 2015 mainly due to higher sales, product mix and foreign exchange gain.

International Trading Division

International Trading Division is principally involved in the trading of dairy products and raw materials of the Group. Revenue of this Division decreased from RM128.2 million in FYE 2015 to RM72.4 million in FYE 2016 mainly due to lower inter-company sales of raw materials. Hence, a lower profit before taxation of RM0.7 million in FYE 2016 was reported as compared to RM3.1 million in FYE 2015.

Associated company

Kian Joo Can Factory Berhad contributed a net profit of RM41.6 million to the Group for FYE 2016 compared to RM41.8 million in FYE 2015.

Financial Position Review

The Group's financial position remains strong and net asset per share attributable to equity holders of the Group was RM3.90 as at 31 December 2016 compared to RM3.44 as at 31 December 2015.

The Group's current ratio stood at 1.33 times as at 31 December 2016 which was comparable with 1.30 times as at 31 December 2015. Its net gearing ratio improved from 0.73 times as at 31 December 2015 to 0.52 times as at 31 December 2016. Cash and bank balances stood at a healthy level at RM82.7 million as at 31 December 2016 as compared to RM59.2 million as at 31 December 2015.

CAPITAL EXPENDITURE REQUIREMENTS, CAPITAL STRUCTURE AND CAPITAL RESOURCES

The Group aims to maintain a prudent financial structure to ensure that it has access to adequate capital and financing on terms which are favourable to the Group.

In 2016, the Group invested in new property, plant and equipment of RM19.5 million to support long-term growth in production capacity which in turn will generate revenue for the Group in the immediate and near term. The investment was mainly financed by internally generated funds and partially by term loan.

The Group's total capital commitments, approved but not contracted for, as at 31 December 2016, amounted to RM10.9 million for both the General Cans and Food Product Divisions.

MANAGEMENT DISCUSSION AND ANALYSIS

RISKS ASSUMED IN BUSINESS OPERATIONS

The following are the main financial and non-financial risks that may have an impact on the Group's financial management and operations:

A. Business Risk

The Group summarises the operations into four (4) divisions, i.e. General Cans, Food Products, International Trading and Property and Investment Holding. However, the business risk is concentrated mainly on its manufacturing divisions, i.e. General Cans and Food Products.

Their revenue and operating results could be adversely affected by many factors which include, amongst others, market demand, fluctuation in raw material prices, labour costs, volatile foreign exchange as well as upkeep and maintenance of plant and machineries at optimum level.

The Group mitigates these risks by continuously monitoring the prices of raw materials by establishing long-term business relationship with existing suppliers, expanding the pool of suppliers and striving to improve operational efficiency to drive down cost. Further, the Group maintains sufficient buffer stocks of raw materials to mitigate the effects of volatile price swings and short-term hike in prices. There is no assurance that any change to the above factors will not materially affect the performance of the Group as a whole.

B. Political, Economic and Regulatory Conditions

Adverse developments in the political, economic and regulatory conditions locally and overseas could materially and adversely affect the financial prospects of the Group. Political and economic uncertainties include, but are not limited to, risks of war, expropriation, nationalisation, change in political leadership, global economic downturn, unfavourable changes in government policies which include interest rates, method and rate of taxation, currency exchange control or introduction of new regulations, import duties and tariffs and re-negotiations or nullification of existing contracts.

A decline in the general economy or uncertainties in the future prospects would affect consumer spending and the overall demand in the industries and consequently, affect the Group's financial performance.

Any effect, however is mitigated by the Group's diverse and wide customer base locally and overseas, and the Group will continue to adopt effective measures such as prudent management and efficient operating procedures to further mitigate these factors that may affect the Group's business.

C. Competition Risk

The Group perceived itself as one (1) of the major players in the tin cans manufacturing industry for edible oil, sweetened creamer and evaporated creamer in Malaysia. Like other players, we have developed our respective niche market segments and customer base. Whilst no assurance can be given that the Group will be able to maintain its existing market share in the future, the Group is confident that it will be able to withstand any direct competition as the Group has, over the years, established itself in the tin cans supply chain, enhanced its manufacturing capabilities, innovation and built a diverse portfolio of customers.

The entry barriers for new entrants into production of dairy creamers are high as the industry requires relatively high capital investment to set up manufacturing facilities, to establish distribution channels, compliance with stringent food and safety standards and establish strong research and development capabilities. As an OEM of sweetened creamer and evaporated creamer, innovative and full range products, quality, cost and services are important to ensure customers loyalty. The Group has and will continuously emphasise these areas to achieve cost and service efficiencies without compromising strict control over the quality of its products.

MANAGEMENT DISCUSSION AND ANALYSIS

D. Foreign Exchange Risks

The Group operates its business internationally which exposes itself to foreign currency exchange risk, mainly from the fluctuation of United States Dollar ("USD"). The Group manages its exposures to foreign currency exchange risk in the following manner:

(i) Foreign currency sales and purchases in the same currency provide natural hedge against the fluctuations in the foreign currency exchange rates;
(ii) Maintain part of its cash and bank balances in foreign currency accounts to meet its future obligations in foreign currencies; and
(iii) Enter into foreign currency forward contracts to hedge against the residual foreign currency exposure.

There is no assurance that significant changes in the exchange rates will not have a material adverse effect on the financial position and performance of the Group.

E. Directors, Key Senior Management and Skilled Personnel

The Group believes that its continued success will depend to a significant extent upon skills, experiences, abilities and the continued efforts of its Directors, key senior management team members and skilled personnel. The loss of the Group's Directors and senior management team members could affect the performance of the Group.

The Group recognises the importance of attracting and retaining the key management personnel to support the business operations. The Group presently has in place human resource strategies which include providing competitive and performance-based remuneration package and providing employees with a variety of on-going training programmes to improve their knowledge and capabilities. However, the Group cannot provide any assurance that the above measures will be successful in attracting and retaining the key senior management personnel over time.

F. Risk on Health and Safety

As a manufacturer for food packaging and food products, the Group is fully aware of the importance of health and safety of consumers. Thus, the Group is committed to produce and offer products with high quality assurance for packaging and consumptions, which are key factors directly affecting the end consumer's satisfaction as well as the Group's business operations.

As such, the Group's commitment to stringent production procedures has led to its recognition under the Hazard Analysis and Critical Control Points ("HACCP") certification, accreditations under the ISO 9001:2008 for Quality Management Systems and the Food Safety System Certification ("FSSC") 22000 for Food Safety Management Systems. This is to ensure the consistency in the quality and safety management of products delivered to end consumers.

FORWARD-LOOKING STATEMENT

The Group is cautiously confident that its business will continue to deliver sustainable growth and profitability amidst the up-trend of raw material prices and volatility in foreign currency exchange rates. The unpredictable business environment and expected slowdown in the world and Malaysia economies may however affect the performance of the Group. The management will continue to be vigilant and strive to focus on improving its operational efficiency to drive down cost and sustain its growth momentum.

This year will see the Group's commitment to grow its business while enhancing its cost containment and productivity improvement. Over the long term, the Group will work towards investing in additional production capacities in Malaysia to support the additional demand by its existing customers and to penetrate new markets.

The Group maintains a track record of dividend distribution. The Board is pleased to recommend a first and final single-tier dividend of 4 sen per share in respect of the FYE 2016 (FYE 2015: 4 sen) amounting to RM7.7 million (FYE 2015: RM7.7 million), subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Corporate social responsibility has been a tradition and remains an important part of Can-One and its group of companies ("the Group"). The Group remains committed to fulfilling its responsibilities as a good corporate citizen by acting ethically and responsibly in all areas of its operations. By incorporating best practices in the way it conducts its business, it aims to contribute to the local communities, minimise impact on environment, deliver excellent products and services to its customers, and foster a supportive working environment for its employees.

In 2016, the Group actively involved in local community projects by way of sponsoring its products and/or donating cash to schools and charitable organisations. The recipients were:

a. Pusat Harian Kanak-Kanak Spastik Bandar Ipoh
b. Tabung Majlis Sukan Polis Diraja Malaysia (PDRM)
c. Persatuan Penduduk Kampung Kebun
d. Sekolah Madrasah Darul Mujahidin
e. Anak-anak yatim dan Da'ifin

The Group aims to minimise its environmental footprint through the ways it uses energy and water, and reduces waste and carbon emissions. A few projects were commissioned to identify opportunities for energy optimisation and measuring discharged water quality. Some of the implemented projects were water treatment plant improvement, boiler performance monitoring, chiller system and electrical distribution system improvement. An Industry Engineering team has been set up to lead, monitor and share environmentally-friendly habits among employees in the work environment. The Group applies waste hierarchy of 3Rs (Reduce, Reuse and Recycle) to reduce the amount of waste generated and improve overall waste management.

The Group is actively involved in developing and training of its employees, and providing internship training for students and undergraduates from local technical high schools, colleges and universities. Human capital development is important to groom the employees to be effective leaders to meet the challenges ahead, while at the same time, aligning the learning objectives to meet the Group's overall growth ambitions. LEAN management and many essential skill trainings were conducted in 2016.

The Group has sponsored some of its staff to pursue further education and also sponsored two (2) university undergraduates who require financial assistance to pursue degree in Food Science and Engineering in local universities.

The Group is committed in ensuring that its employees work in a safe and work-life balance working environment by providing all basic facilities and some recreational facilities at work place.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Can-One is committed in ensuring that the Group practices good Corporate Governance in line with the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") issued by the Securities Commission of Malaysia. Set out below is a Statement on how the Company has applied the principles and complied with the recommendations set out in the MCCG 2012.

A) PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

I. The Board's Role and Responsibilities

The Board has six (6) members, comprising two (2) Independent Non-Executive Directors ("NEDs"), two (2) Non-Independent NEDs, one (1) Chief Operating Officer ("COO") cum Executive Director ("ED") and one (1) ED.

The Board has established clear roles and responsibilities in discharging its fiduciary and leadership functions. It is responsible for ensuring proper management of the Company and its subsidiaries, including optimising long-term financial returns for its shareholders. In addition to fulfilling its obligations for increased shareholder value, the Board has responsibility to the Group's customers, employees, suppliers and to the environment, governance and communities where it operates, all of whom are fundamental to a successful business.

Having regard to the responsibilities and obligations, the Board directs and supervises the management of the business and affairs of the Group including:

1. Ensuring that the Group's goals are clearly established and that a strategic plan, which promotes sustainability, is in place to achieve them;

2. Establishing policies for strengthening the performance of the Group including ensuring that management is proactively seeking to build the business through innovation, initiative, technology, new products and the development of its business capital;

3. Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed. This includes ensuring the solvency of the Group and the ability of the Group to meet its contractual obligations and to safeguard its assets;

4. Appointing the COO/ED, including setting the relevant terms and objectives and, where necessary, terminating his employment with the Group;

5. Ensuring that the Group has appropriate business risk management process, including adequate control environment be it the internal control systems and management information systems, systems for compliance with applicable laws, regulations, rules, directives and guidelines and controls in areas of significant financial and business risks;

6. Appointing Board Committees to address specific issues, considering recommendations of the various Board Committees and discussing problems and reservations arising from these Committees' deliberations and reports;

7. Ensuring that the statutory accounts of the Company and of the Group are fairly stated and otherwise conform with the relevant regulations including acceptable accounting policies that result in balanced and understandable financial statements;

STATEMENT ON CORPORATE GOVERNANCE

A) PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (cont'd)

I. The Board's Role and Responsibilities (cont'd)

8. Ensuring that there is in place an appropriate succession plan for members of the Board and senior management;

9. Ensuring that the Group adheres to high standards of ethics and corporate behaviour in accordance with the Group's code of corporate conduct including transparency in the conduct of business. Directors are required to comply with the Directors' Code of Best Practice;

10. Reviewing the Board Charter;

11. Ensuring that there is in place an appropriate corporate disclosure policy and procedure, which leverage on information technology for effective dissemination of information, to ensure comprehensive, accurate and timely disclosures; and

12. Ensuring that there is in place an appropriate investor relations and communications policy which encourages shareholders' participation at general meetings and promotes effective communication and proactive engagements with shareholders.

The Board delegates the day-to-day management of the Company to the COO and ED, but reserves for its consideration, significant matters such as the following:

- Annual budgets
- Approval of financial results
- Declaration of interim dividend
- Proposal of final dividend
- Business plans and restructuring
- Issuance of securities
- Disposal or acquisition of undertakings and assets
- Appointment of key management persons

The Board has established the roles and responsibilities of the Independent Non-Executive Chairman which are distinct and separate from the duties and responsibilities of the COO cum ED. This segregation between the duties of the Independent Non-Executive Chairman and the COO cum ED ensures an appropriate balance of role, responsibility and accountability at Board level. The Board does not consider it necessary to nominate a recognised Senior Independent NED given the separation of the roles of the Chairman who is an Independent NED and the COO cum ED.

The Independent Non-Executive Chairman is primarily responsible for the orderly conduct and effective running of the Board, whilst the COO cum ED and the ED have overall responsibility for the operating units, organisational effectiveness and implementation of the Board's policies and decision.

The Independent NEDs are not employees and they do not participate in the day-to-day management of the Company. In staying clear of any potential conflict of interest situation, the Independent Directors remain in a position to fulfill their responsibility to provide unbiased and independent views, advice and judgement.

A brief profile of each Director is presented on pages 4 to 6 of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

A) PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (cont'd)

II. Board Meetings and Supply of Information

Board meetings for the ensuing financial year are scheduled in advance before the end of each financial year so that Directors are able to plan ahead their schedule for the year. To facilitate constructive and meaningful deliberations, the proceedings of Board meetings are conducted in accordance with a structured agenda. The agenda together with a comprehensive set of Board papers consisting of reports on the Group's financial performance, status of major projects, future development, the quarterly or annual financial results, the minutes of preceding meetings of the Board and the Board Committees, and relevant proposal papers, if any, are furnished to the Directors at least five (5) days in advance to allow them sufficient time to review, consider and deliberate knowledgeably on the matters to be tabled. In order to maintain confidentiality, meeting papers on issues or corporate proposals which are deemed highly confidential, would only be distributed to Directors at the Board meeting itself.

The Group Chief Financial Officer ("Group CFO") attends Board meetings by invitation to update the Board on financial matters and new accounting standards. Advisers and professionals appointed to act for the Company on corporate proposals to be undertaken by the Company are also invited to attend the meeting, if required, to furnish the Board with their views and explanations on relevant agenda item tabled to the Board and to provide clarification on issues that may be raised by any Director.

The Directors' commitment in carrying out their duties and responsibilities is affirmed by their attendance at the Board meetings held during FYE 2016, as reflected below:

Director	Number of meetings attended in FYE 2016	% of Attendance
Dato' Seri Subahan Bin Kamal	4 of 4 meetings	100
Marc Francis Yeoh Min Chang	4 of 4 meetings	100
Tan Beng Wah	4 of 4 meetings	100
Yeoh Jin Hoe	4 of 4 meetings	100
Yeoh Jin Beng	4 of 4 meetings	100
Razmi Bin Alias	4 of 4 meetings	100

In between Board meetings, approvals on matters requiring the sanction of the Board are sought by way of circular resolutions enclosing all the relevant information to enable the Board to make informed decisions. All circular resolutions approved by the Board are tabled for notation at the subsequent Board meeting.

The Board has direct access to the senior management and access to any information relating to the Company's businesses and affairs in the discharge of their duties. Individual Director may also obtain independent professional advice in furtherance of his duties as a Director of the Company, subject to approval by the Chairman or the Board, depending on the quantum of the fees involved.

STATEMENT ON CORPORATE GOVERNANCE

A) **PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES** (cont'd)

II. **Board Meetings and Supply of Information** (cont'd)

The Directors have ready access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Company Secretaries brief the Board on the proposed contents and timing of material announcements to be made to Bursa Securities and keep the Board updated on new directives and statutes issued by the relevant regulatory authorities.

The Company Secretaries attend and ensure that all Board and Board Committee meetings are properly convened, and that accurate and proper record of the proceedings and resolutions passed are taken and maintained in the statutory register at the registered office of the Company. The Company Secretaries also work closely with the management to ensure that there are timely and appropriate information flows within and to the Board and Board Committees, and between the NEDs and management.

III. **The Board Committees**

The Company has four (4) principal Board Committees to assist the Board in discharging its duties. The Board Committees are entrusted with specific responsibilities to oversee the Company's affairs, with authority to act on behalf of the Board in accordance with their respective Terms of Reference. The Chairman of the respective Board Committees is responsible for informing Directors at the Board Meetings of any salient matters noted by the Committees, and which may require the Board's direction. The Board is kept abreast of the actions and the decisions of the Board Committees through minutes of these Committees.

- **Audit Committee**

  The Audit Committee has been established since 15 September 2005. It comprises wholly of NEDs, with a majority of them being independent as set out below:

  Razmi Bin Alias *(Chairman/Independent NED)*
  Dato' Seri Subahan Bin Kamal *(Member/Independent NED)*
  Yeoh Jin Beng *(Member/Non-Independent NED)*

  The details of the terms of reference of the Audit Committee are available on the Company's website at www.canone.com.my. For details of its activities during the FYE 2016, please refer to the Audit Committee Report on pages 28 and 29 of this Annual Report.

- **Nominating Committee**

  The Nominating Committee has been established since 15 September 2005. It comprises wholly of NEDs, with a majority of them being Independent as set out below:

  Dato' Seri Subahan Bin Kamal *(Chairman/Independent NED)*
  Razmi Bin Alias *(Member/Independent NED)*
  Yeoh Jin Beng *(Member/Non-Independent NED)*

  The details of the terms of reference of the Nominating Committee are available on the website at www.canone.com.my.

  The Nominating Committee convened one (1) meeting for the financial year under review which was attended by all its members.

STATEMENT ON CORPORATE GOVERNANCE

A) PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (cont'd)

III. The Board Committees (cont'd)

- **Remuneration Committee**

The Remuneration Committee has been established since 15 September 2005. It comprises wholly of NEDs, with a majority of them being Independent as set out below:

Yeoh Jin Beng *(Chairman/Non-Independent NED)*
Dato' Seri Subahan Bin Kamal *(Member/Independent NED)*
Razmi Bin Alias *(Member/Independent NED)*

The Remuneration Committee's primary responsibility is to structure and review the remuneration policies for key executives of the Group, with a view to ensure that compensation and other benefits encourage performance that enhances the Group's long-term profitability and value. The remuneration package for key executives are subject to the approval of the Board, and in the case of Directors' fees, the approval of the shareholders at the Annual General Meeting ("AGM") of the Company.

In carrying out its duties and responsibilities, the Remuneration Committee has full, free and unrestricted access to the Company's records, properties and personnel. The details of the terms of reference of the Remuneration Committee are available on the Company's website at www.canone.com.my.

The Remuneration Committee convened one (1) meeting for the financial year under review which was attended by all its members.

- **Risk Management Committee**

The Risk Management Committee which was established on 17 April 2013 comprises of the following:

Marc Francis Yeoh Min Chang *(Chairman/COO cum ED)*
Tan Beng Wah *(Member/ED)*
Khoo Kay Leong *(Member/Group CFO)*
General Managers

The Terms of Reference of the Risk Management Committee are to:

- oversee the identification and management of all applicable risks such as compliance risk, liquidity risk, credit risk, operational risk and market risk;
- review and approve risk management framework, methodologies in assessing the risk profiles, risk tolerance limits and risk management policies; and
- ensure that infrastructure, resources, processes and systems are in place for risk management.

IV. Board Charter

The Board had in 2013 adopted a Board Charter which clearly sets out the Board's strategic intent and outline the Board's role, powers, duties and functions. The division of responsibilities between the Board, the different Board Committees, the Chairman, COO and ED as well as the Directors' Code of Best Practice are also contained in the Board Charter. The Board Charter serves as source reference and primary induction literature, providing insights to prospective Board members and the senior management.

STATEMENT ON CORPORATE GOVERNANCE

A) PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (cont'd)

IV. Board Charter (cont'd)

The Board Charter is reviewed and updated in accordance with the needs of the Company to ensure its effectiveness and consistency with the Board's objectives as well as to be compliant with new rules and regulations that come into force.

V. Code of Best Practice for Directors

The Board continues to adhere to the Code of Best Practice for Directors which sets out the standard of conduct expected of Directors with the aim to cultivate good ethical conduct that in turn promotes the values of transparency, integrity, accountability and social responsibility.

B) PRINCIPLE 2 - STRENGTHEN COMPOSITION

I. Board Evaluation

The Nominating Committee ("NC") reviews annually the size and composition of the Board and the Board Committees in order to ensure the Board has the requisite competencies and capacity to effectively oversee the overall business and carry out its responsibilities. The NC uses the Board and the Board Committee Evaluation Form comprising questionnaires for the assessment. The effectiveness of the Board is assessed in the areas of the Board's responsibilities and composition, administration and conduct of meetings, communication and interaction with management and stakeholders and board engagement. A Board Skills Matrix Form is also used as a general assessment of the composition, knowledge skills and experience of the current board.

The annual evaluation of the individual Directors/Board Committee members are performed by the NC via the Directors' Evaluation Form comprising questionnaires pertaining to the Director's knowledge and skills, participation, contributions to interaction and performance, caliber, personality, and time commitment. In the case of Independent Directors, it includes his exercise of independent judgment and objectivity with integrity.

The NC had at its meeting on November 2016, facilitated and carried out the assessment and evaluation of the Board, the Board Committees and individual Directors. Having conducted a detailed evaluation, the NC and the Board were satisfied that each of the members of the Board has the requisite competence to serve on the Board and all of them have discharged their duties and responsibilities effectively during the FYE 2016. There were active participation and contribution by all members at meetings. It was concluded that the current Board comprises of a good and diverse mix of individuals with governmental, manufacturing, marketing, finance and accounting, shipping, engineering, technical and commercial experience, contributing considerable knowledge, judgment and experience to the Group, and is adequate in terms of number.

The NC and the Board acknowledge the recommendation of the MCCG 2012 on the establishment of a gender diversity policy for the Board. There is no plan by the Board to implement a gender diversity policy or target, as the Group adheres to the practice of non-discrimination of any form, whether based on age, gender, race or religion, throughout the Group. This includes the selection of Board members. The Board believes in, and provides equal opportunity to candidates with merit. The Board agreed with the NC that the suitability of a candidate for the Board is dependent on the candidate's skills, expertise, experience, character, time commitment, integrity and other qualities in meeting the needs of the Company, regardless of gender.

STATEMENT ON CORPORATE GOVERNANCE

B) PRINCIPLE 2 - STRENGTHEN COMPOSITION (cont'd)

II. Appointment of Directors

Candidates for appointment to the Board as Independent NEDs are selected after taking into consideration the mix of skills, experience and strength that would be relevant for the effective discharge of the Board's responsibilities. Potential candidates are evaluated by the NC based on their respective profiles as well as their character, integrity, professionalism, independence and also their ability to commit sufficient time and energy to the Company's matters. Prior to consideration by the Board, the candidate is also required to declare his state of health, financial condition and furnish details of any subsisting legal proceedings in which he is a party.

III. Re-election and Re-appointment of Directors

In accordance with the Article 97 of the Company's Articles of Association ("AA"), all Directors shall retire from office once at least in each two (2) years, but shall be eligible for re-election. The retiring Director shall retain office until the close of meeting at which he retires.

Dato' Seri Subahan Bin Kamal, Marc Francis Yeoh Min Chang and Tan Beng Wah are due to retire pursuant to Article 97 of the Company's AA at the close of the forthcoming Thirteenth AGM of the Company, and are seeking re-election. The NC had concluded that they are suitable for re-election.

Article 101 of the Company's AA also provides that Directors newly appointed by the Board shall hold office until the next following AGM and shall be eligible for re-election.

IV. Directors' Remuneration

The current remuneration of the Non-EDs at Company level is based on a standard fee determined by the Board that reflects their expected roles and responsibilities and is subject to the approval of shareholders at the AGM. The remuneration packages for the EDs comprise of a combination of basic salary and a variable performance bonus. Meeting allowance is paid to Directors and Board Committee members in accordance with the number of Board meetings and Board Committees meetings attended by each of them during a financial year. The Directors are also reimbursed reasonable expenses incurred by them in the course of carrying out their duties on behalf of the Company.

The remuneration of the Directors categorised into appropriate components for the FYE 2016 are as follows:

	Company			Group		
	EDs	**Non-EDs**	**Total**	**EDs**	**Non-EDs**	**Total**
Category	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Fees	96	192	288	196	292	488
Salaries	240	240	480	1,019	1,048	2,067
Bonuses	90	100	190	347	550	897
Allowances	10	20	30	10	20	30
Other remuneration	41	41	82	153	192	345
Benefits-in-kind	-	-	-	33	12	45
Total	**477**	**593**	**1,070**	**1,758**	**2,114**	**3,872**

STATEMENT ON CORPORATE GOVERNANCE

B) PRINCIPLE 2 - STRENGTHEN COMPOSITION (cont'd)

IV. Directors' Remuneration (cont'd)

The number of Directors whose total remuneration falls within the following bands are:

Remuneration Range	Number of Directors
EDs	
Between RM800,001 – RM850,000	1
Between RM950,001 – RM1,000,000	1
Non-EDs	
Between RM50,001 – RM100,000	2
Between RM100,001 – RM150,000	1
Between RM1,900,001 – RM1,950,000	1

C) PRINCIPLE 3 - REINFORCE INDEPENDENCE

For the FYE 2016, each of the Independent NEDs provided an annual confirmation of his independence to the NC and the Board. The independent assessment criteria used are according to the definition of "independent director" as prescribed by the Main Market Listing Requirements of Bursa Securities ("Listing Requirements").

The NC and the Board concluded that Dato' Seri Subahan Bin Kamal and Razmi Bin Alias continue to demonstrate behaviour and conduct that are essential indicators of independence, and that each of them is independent of the Company's management and free from any business or other relationship which could interfere with the exercise of independent judgement or his ability to act in the interest of the Company. In addition, each of them has undertaken to notify the Board of any change in the circumstance or development of new interest or relationship that would affect his independence as an Independent Director of the Company. The Board will promptly consider the new information in re-assessing the Director's independence.

The aforesaid two (2) Independent Directors make up one-third (1/3) of the Board which is in compliance with the requisite number prescribed by the Listing Requirements.

D) PRINCIPLE 4 - FOSTER COMMITMENT

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company during the FYE 2016. All the Directors do not hold directorships more than that prescribed by the Listing Requirements. The Board makes clear at the onset its expectations of its new Directors in terms of their time commitment as recommended by the MCCG 2012.

All the Directors had attended the Mandatory Accreditation Programme conducted by Bursa Securities. The Board oversees the training needs of its Directors. Directors received regular updates on the Group's businesses, operations, risk management, internal controls, corporate governance, finance and new changes to the relevant legislation, rules and regulations.

STATEMENT ON CORPORATE GOVERNANCE

D) PRINCIPLE 4 - FOSTER COMMITMENT (cont'd)

Directors are encouraged to attend external professional training programmes relevant and useful in contributing to the effective discharge of their duties as directors. For the financial year under review, training programmes attended by the Directors are as follows:

Director	Seminars and Training Programmes	Organiser	Date
Dato' Seri Subahan Bin Kamal	Corporate Governance ("GC") Breakfast Series for Directors: Future of Auditor Reporting - The Game Changer for Boardroom	Malaysian Institute of Accountants ("MIA"), The Malaysian Institute of Certified Public Accountants ("MICPA") and Bursa Securities	9 March 2016
Yeoh Jin Hoe	Post 2017 Budget Tax Seminar	Messrs BDO	10 November 2016
Razmi Bin Alias	National Entrepreneurship Challenge 2015/2016	Universiti Utara Malaysia, Kementerian Pendidikan Tinggi and Malaysia Practice Enterprise Network Centre ("MyPEC")	16 to 27 January 2016
	Post 2017 Budget Tax Seminar	Messrs BDO	10 November 2016
Yeoh Jin Beng	CG Breakfast Series for Directors: The Strategy, the Leadership, the Stakeholders and the Board	Malaysian Directors Academy ("MINDA") in collaboration with Bursa Securities	6 May 2016
	Launch of the AGM Guide and CG Breakfast Series: How to Leverage on AGMs for Better Engagement with Shareholders	The Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") in collaboration with Bursa Securities	21 November 2016
Marc Francis Yeoh Min Chang	CG Breakfast Series with Directors: Future of Auditor Reporting - The Game Changer for Boardroom	MIA, MICPA and Bursa Securities	9 March 2016
	Post 2017 Budget Tax Seminar	Messrs BDO	10 November 2016

STATEMENT ON CORPORATE GOVERNANCE

D) PRINCIPLE 4 - FOSTER COMMITMENT (cont'd)

Director	Seminars and Training Programmes	Organiser	Date
Tan Beng Wah	Strategic Planning and Team Alignment Training	VA Learning Sdn. Bhd.	7 and 8 January 2016
	Introduction to Lean Management Training: An Awareness Revolution	VA Learning Sdn. Bhd.	21 and 22 January 2016
	Post 2017 Budget Tax Seminar	Messrs BDO	10 November 2016

E) PRINCIPLE 5 - UPHOLD INTEGRITY IN FINANCIAL REPORTING

The Board takes responsibility for presenting a balanced and understandable assessment of the Group's operations and prospects each time it releases its quarterly and annual financial statements to shareholders. The Audit Committee reviews the information to be disclosed to ensure its accuracy and adequacy.

A statement by Directors of their responsibility in preparing the financial statements is set out in page 33 of this Annual Report.

The Company through the Audit Committee, has an appropriate and transparent relationship with the external auditors. In the course of the audit of the Group's financial statements, the external auditors will highlight to the Audit Committee, matters that require their attention. At least twice a year, the Audit Committee will have a separate session with the external auditors without the presence of the COO, ED and management.

F) PRINCIPLE 6 - RECOGNISE AND MANAGE RISKS

The Board recognises the importance of a sound risk management framework and internal control system in order to safeguard the Group's assets and therefore, shareholders' investments in the Group.

The Board affirms its overall responsibility for the Group's system of internal controls. This includes reviewing the adequacy and integrity of financial, organisational, operational, environmental and compliance controls and risk management procedures within an acceptable risk profile. Since certain risks and threats are externally driven, unforeseen and beyond the Group's control, the system can only provide reasonable assurance against misstatement or loss.

The Board had put in place an ongoing process for identifying, evaluating and managing significant risks faced by the Group. The implementation and maintenance of the risk management process is carried out by the Risk Management Committee.

A Statement on Risk Management and Internal Control which provides an overview of the state of internal controls within the Group is set out in pages 30 to 32 of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

G) PRINCIPLE 7 - ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Company recognises the importance of effective and timely communication with shareholders and investors to keep them informed of the Group's latest financial performance and material business/corporate matters affecting the Company. It has put in place Corporate Disclosure Policies and Procedures to ensure communications to the public are timely, factual, accurate, complete, broadly disseminated in accordance with the Listing Requirements and other applicable laws.

The Company maintains a corporate website at www.canone.com.my which provides information relating to the Group's background, products, annual reports, press releases, quarterly results and announcements made to Bursa Securities.

H) PRINCIPLE 8 - STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The AGM remains the principal platform for dialogue and interactions with the shareholders. At every meeting, the Chairman sets out the performance of the Group for the financial year then ended. Question and Answer session will then be convened wherein the Directors, Group CFO and the external auditors will be available to answer to the queries raised by the shareholders.

The Chairman of the Board will announce before the start of all general meetings the right of the shareholders to demand a poll in accordance with the AA of the Company. A full explanation for each resolution proposed at the AGM will usually be provided by the Chairman before the resolution is put to the vote. A press briefing, attended by the COO, ED and Group CFO, is also held after each AGM.

This Statement is made in accordance with a resolution of the Board dated 17 March 2017.

OTHER INFORMATION

NON-AUDIT FEES

During the FYE 2016, the Group paid non-audit fees of RM59,100 to KPMG PLT and KPMG PLT's affiliate.

MATERIAL CONTRACTS

Saved as disclosed below, there were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiaries involving Directors' and major shareholders' interests which subsisted at the end of the FYE 2016 or, if not then subsisting, which were entered into since the end of the previous financial year.

Recurrent Related Party Transactions

At the Twelfth AGM of the Company held on 28 April 2016, the Company had obtained shareholders' mandate to allow the Company and its subsidiaries to enter into recurrent related party transactions ("RRPTs") of a revenue or trading nature which are necessary for the day-to-day operations of the Group and in the ordinary course of business, with related parties.

The aforesaid mandate will lapse at the conclusion of the forthcoming Thirteenth AGM of the Company.

In accordance with Paragraph 3.1.5 of Practice Note 12 of the Listing Requirements, details of the RRPTs conducted during the FYE 2016 pursuant to the aforesaid shareholders' mandate are as follows:

Provider of products/ services	Recipient of products/ services	Nature of Transaction	Actual value transacted from 28 April 2016 up to 31 December 2016 (RM'000)	Interested Related Party
KJCFB group of companies excluding Box-Pak (Malaysia) Bhd. group of companies ("KJCFB Group")	Can-One Group	Purchase of can parts/ components, contract coil cutting services, contract printing services	8,429	Yeoh Jin Hoe (1) Eller Axis Sdn Bhd (2)
KJCFB Group	Can-One Group	Purchase of tin cans	803	
KJCFB Group	Can-One Group	Purchase of contract packing services	Nil	
Can-One Group	KJCFB Group	Sale of can parts/ components, contract printing services	1,344	
Can-One Group	KJCFB Group	Sale of tin cans and soft pack materials	Nil	
Box-Pak (Malaysia) Bhd. group of companies	Can-One Group	Purchase of cartons	3,208	
		Total :	13,784	

OTHER INFORMATION

MATERIAL CONTRACTS (cont'd)

Recurrent Related Party Transactions (cont'd)

Notes:

(1) Yeoh Jin Hoe is a Director and major shareholder of Can-One. He holds 6,690,000 ordinary shares in Can-One ("Can-One Shares") representing 3.48% of the total number of issued Can-One Shares and has an indirect equity interest over 45,157,281 Can-One Shares representing 23.50% of the total number of issued Can-One Shares held via Eller Axis Sdn. Bhd. ("Eller Axis"), a company in which he has more than 20% voting shares. He is also the Group Managing Director and a major shareholder of KJCFB and has an indirect equity interest over 146,131,500 ordinary shares in KJCFB ("KJCFB Shares") representing 32.90% of the total number of issued KJCFB Shares held via Can-One International Sdn. Bhd. ("Can-One International"). He is also the Group Managing Director and a major shareholder of Box-Pak (Malaysia) Bhd. ("Box-Pak") by virtue of his indirect equity interest over 66,016,121 ordinary shares in Box-Pak ("Box-Pak Shares") representing 54.99% of the total number of issued Box-Pak Shares held via KJCFB.

(2) Eller Axis is a major shareholder of Can-One holding 45,157,281 Can-One Shares representing 23.50% of the total number of issued Can-One Shares. Accordingly, it is a major shareholder of KJCFB having an indirect equity interest over 146,131,500 KJCFB Shares representing 32.90% of the total number of issued KJCFB Shares held by Can-One International. It is also a major shareholder of Box-Pak having an indirect equity interest over 66,016,121 Box-Pak Shares representing 54.99% of the total number of issued Box-Pak Shares held by KJCFB.

AUDIT COMMITTEE REPORT

COMPOSITION

The Audit Committee ("Committee") comprises of the following:

Members

Razmi Bin Alias *(Chairman/Independent Non-Executive Director)*
Dato' Seri Subahan Bin Kamal *(Member/Independent Non-Executive Director)*
Yeoh Jin Beng *(Member/Non-Independent Non-Executive Director)*

Secretaries

Tan Bee Keng
Kwong Shuk Fong

The details of the terms of reference of the Audit Committee are available on the Company's website at www.canone.com.my.

NUMBER OF MEETINGS AND ATTENDANCE

The Committee held four (4) meetings during FYE 2016 which were attended by all its members.

SUMMARY OF ACTIVITIES

The main activities undertaken by the Committee in discharging their responsibility during FYE 2016 were as follows:

(i) Reviewed the announcements on the quarterly unaudited financial results of the Group and of the Company before recommendation to the Board for consideration and approval;

(ii) Reviewed the quarterly internal audit reports regarding significant risk areas and internal control matters coming to the attention of the Committee and discussion on the findings with senior management to ensure that appropriate and timely measures have been taken to improve on the internal control system;

(iii) Reviewed the quarterly risk management reports on significant key risks, discussion with the management and action to take to address or mitigate the risks;

(iv) Reviewed with the external auditors, the audit report and their findings arising from the final audit of the financial statements of the Group and of the Company for FYE 2015;

(v) Reviewed the annual audited financial statements of the Group and of the Company for the FYE 2015 with the external auditors prior to submission to the Board for approval;

(vi) Discussed with the management and the external auditors on developments in respect of the Malaysian Financial Reporting Standards ("MFRSs") applicable to the financial statements of the Group and of the Company for the FYE 2016 and their judgment of the items that may affect the financial statements;

AUDIT COMMITTEE REPORT

SUMMARY OF ACTIVITIES (cont'd)

(vii) Reviewed the assistance given by the Company's employees to the internal auditors and external auditors;

(viii) Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control for inclusion in the Annual Report 2015;

(ix) Evaluated the performance of the external auditors and made recommendation to the Board for their re-appointment;

(x) Reviewed and approved the External Audit Plan in respect of the financial statements of the Group and of the Company for FYE 2016 and the scope for the annual audit for the Group presented by the external auditors; and

(xi) Reviewed and approved the Internal Audit Plan for the Group for year 2017 presented by the internal auditors.

INTERNAL AUDIT FUNCTION

In discharging its function, the Company engaged an external independent consulting firm ("Internal Auditors") to undertake independent regular and systematic review of the system of internal controls within the Group based on the approved Internal Audit Plan so as to provide reasonable assurance on the adequacy and effectiveness of governance, risk management and the internal control processes. The Internal Auditors provide the Committee with independent and objective reports on the state of internal control of the Group's operations, the extent of the branches' compliance with the Group's policies, procedures and relevant statutory requirements and made recommendations, where necessary. The Committee then deliberates on the internal audit reports to ensure recommendations made are duly acted upon by the management.

A summary of activities of the internal audit function during FYE 2016 is presented in the Statement on Risk Management and Internal Control. The Group paid a total fee of RM36,540 for services rendered in respect of internal audit for FYE 2016.

This Statement is made in accordance with a resolution of the Board dated 17 March 2017.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board recognises the importance of a sound risk management and system of internal control to meet the Group's business objectives, safeguard shareholders' interest and the Group's assets. It affirms its overall responsibility for the Group's risk management and system of internal control, which includes the establishment of an appropriate control environment and framework as well as reviewing the adequacy and effectiveness of the systems.

In view of the inherent limitations in any system of internal controls, such a system is designed to identify and manage the Group's risk within the acceptable risk profile, rather than eliminate the risk of failure to achieve business objectives. Thus, the system can only provide reasonable but not absolute assurance against material misstatement, loss or fraud. The key areas covered by the Group's risk management and system of internal controls are financial, organisational, operational, environmental and compliance controls.

The Audit Committee and Risk Management Committee assist the Board in the implementation of the risk management and internal control systems within an established framework throughout the Group.

RISK MANAGEMENT

There is an on-going process for identifying, assessing and responding to risks to achieve the objectives of the Group. The process was in place for the period under review and up to the date of issuance of the Statement on Risk Management and Internal Control.

The Group has a formalised risk management process in place to identify, evaluate and manage the significant risks faced by the Group in meeting its business objectives. The risk management process is conducted in accordance with the Group's Risk Management Framework which sets out the Risk Management Policy and Risk Management Methodologies.

In accordance with the Group's Risk Management Framework, the Risk Management Committee ("RMC") oversees the Group's risk management process. The RMC consists of the COO cum ED, the ED, the Group CFO, General Managers of each business unit with the Internal Auditor acting as coordinator. The RMC is chaired by the COO cum ED.

Each business unit has its own Risk Management Working Group ("RMWG") which consists of the COO cum ED, the ED, the Group CFO, General Managers, Branch Managers, Departmental heads, key staffs with the Internal Auditor acting as coordinator. Each RMWG is tasked to identify major business and compliance risks concerning their respective business units, oversees and ensures integration of risk management into their business processes to safeguard the interest of the Group covering strategic, operation, reporting and compliance risks. Risks are identified and assessed by employing the following methodologies:

- Identification of risks
- Assessment of the likelihood and impact of the risks identified
- Response to risks identified according to response options, i.e. Avoid, Treat, Transfer or Tolerate
- Formulate the control strategies in relation to the risk response chosen
- Conduct on-going risk monitoring to review the effectiveness of control strategies in respect of the risks identified and that corrective actions are taken when necessary
- Develop risk profile and control processes and continual updating at least quarterly

The RMWG of each business unit reports to the RMC and the RMC will then meet to discuss and evaluate the RMWGs' reports for adoption. Thereafter, the RMC will report to the Audit Committee twice a year about key risks and risk management activities carried out during that period.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL CONTROL SYSTEM

The Group's internal control mechanism is embedded in the various work processes and procedures at appropriate levels in the Group. The Board maintains an organisational structure with clearly defined levels of responsibility and authority and appropriate reporting procedures which are clearly set out in the Board Charter. The Board meets at least quarterly and has a Schedule of Matters specifically reserved for its collective decision in order that effective control over strategic, management, financial, operational, environmental and compliance issues can be maintained.

The COO cum ED, the ED and Senior Management team are assigned with the responsibility of managing the Group. Key functions such as finance, tax, treasury, corporate, legal matters and contract awarding are controlled centrally by them. They are also accountable for the conduct and performance of the various business units. The COO cum ED, the ED and Senior Management team monitor the affairs of the business units through review of performance and operation reports and having monthly management meetings with the Departmental heads of the business units to identify, discuss and resolve business, financial, operational, environmental, compliance and management issues. The meetings also serve as a platform whereby the Group's goals and objectives are communicated.

INTERNAL AUDIT

The Audit Committee is responsible for reviewing and monitoring the adequacy and effectiveness of the Group's system of internal control. The review and monitoring of the adequacy and effectiveness of the system of internal control are carried out through the internal audit function. In this respect, the Group has outsourced the internal audit function to an external independent consulting firm, Messrs Tan Yen Yeow & Company ("Internal Auditors"). The internal audit function assists the Audit Committee to achieve the following objectives:

- Assess the adequacy and effectiveness of the current internal control system and provide recommendations to improve on the existing control environment in relation to key business processes and risk management practices;
- Highlight opportunity to improve efficiency, effectiveness and economic aspects of the Group's operations; and
- Promote a system of internal control that is responsive to the dynamic and ever changing business environment, cost effective and sustainable.

The annual Internal Audit Plan is reviewed and approved by the Audit Committee prior to each financial year. The plan is developed based on the risk profile and analysis of the businesses of the Group, as well as on past experience. The internal audit will focus its resources on areas of high risks which will be audited more frequently than low risk areas. For purposes of identifying and prioritising risks, the Internal Auditors will first discuss with the RMC and the RMWG, review management reports and financial statements.

During the financial year under review, the Internal Auditors carried out reviews on the following core areas of the business units to assess the adequacy and effectiveness of the internal control system, compliance with regulations and the Group's policies and procedures by each of the business units:

- Inventory management
- Plant and machinery maintenance
- Revenue procedures
- Account receivables and credit control
- Quality assurance procedures
- Compliance with quality standards
- Human resource and payroll

The findings of their audits were tabled at the Audit Committee meetings for deliberation and the Audit Committee's expectations on the corrective measures were communicated to the respective heads of departments and business units.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

OTHER ACTIVITIES

Subsidiary operating companies have been accredited ISO 9001:2008 by Global Group Certification; Food Safety System Certification ("FSSC") 22000 by SGS United Kingdom Ltd; and HACCP (Hazard Analysis and Critical Control Point) Certification from the Ministry of Health Malaysia. Documented internal procedures and standard operating procedures ("SOPs") have been put in place since their accreditation. Surveillance audits are conducted by assessors of the ISO certification bodies to ensure that the SOPs are implemented.

The Group also operates an information system which enables transactions to be captured, compiled and reported in a timely and accurate manner. The information system provides the management with dependable data, analysis and other inputs relevant to the Group's business operations.

Continuous training and development programmes are also provided to enhance employees' competencies and maintain a risk adverse and control conscious culture.

THE REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed on this Statement on Risk Management and Internal Control pursuant to the scope set out in *Recommended Practice Guide ("RPG") 5 (Revised), Guidance for Auditors on Engagements to report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the Annual Report of the Group for the FYE 2016, and reported to the Board that nothing has come to their attention that causes them to believe that this Statement intended to be included in the Annual Report of the Group, in all material respects:

(a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers; or

(b) is factually inaccurate.

RPG 5 (Revised) does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

CONCLUSION

The Board, having received assurance from the COO cum ED, the ED and the Group CFO, is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system for the year under review and up to the date of approval of this Statement. There were no material internal control weaknesses which had resulted in material losses, uncertainties or contingencies that would require disclosure in this Annual Report.

This Statement on Risk Management and Internal Control covers Can-One and its subsidiaries only and excludes associated company, KJCFB. It is made in accordance with a resolution of the Board dated 17 March 2017.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the results and cash flows and changes in equity of the Group and of the Company for that financial year.

In preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2016 as set on pages 38 to 114 of this Annual Report, the Directors ensured that the Group has used the Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs"), applied them consistently and made judgments and estimates that are reasonable and prudent. The Directors also ensured that the MFRSs and IFRSs have been followed and that the financial statements have been prepared on going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy, at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1965, disclosure provisions of the Listing Requirements of Bursa Securities and MFRSs and IFRSs.

This Statement is made in accordance with a resolution of the Board dated 17 March 2017.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities and providing management services. The principal activities of its subsidiaries are disclosed in Note 5 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	**86,373**	**39,626**

RESERVES AND PROVISIONS

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

DIVIDENDS

Since the end of the previous financial year, the Company had paid a first and final single-tier dividend of 4 sen per share, totalling RM7,686,120 for the financial year ended 31 December 2015 on 21 July 2016.

The Board of Directors has proposed a first and final single-tier dividend of 4 sen per share, totalling RM7,686,120 for the financial year ended 31 December 2016, subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Dato' Seri Subahan Bin Kamal
Marc Francis Yeoh Min Chang
Tan Beng Wah
Yeoh Jin Hoe
Yeoh Jin Beng
Razmi Bin Alias

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

The Company	Balance at 01.01.2016	Bought	(Sold)	Balance at 31.12.2016
Direct interest in ordinary shares				
Yeoh Jin Hoe	6,690,000	-	-	6,690,000
Yeoh Jin Beng	300,000	-	-	300,000
Marc Francis Yeoh Min Chang	343,100	-	-	343,100
Tan Beng Wah	2,000	-	-	2,000
Deemed interest in ordinary shares				
Yeoh Jin Hoe	45,157,281	-	-	45,157,281
Razmi Bin Alias	911,119	-	-	911,119

By virtue of his interests of more than 15% in the shares of the Company, Yeoh Jin Hoe is also deemed to have interests in the shares of all the subsidiaries during the financial year to the extent the Company has an interest.

None of the other Directors held or dealt in the shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm in which the Director is a member, or with a company in which the Director has a substantial financial interest other than a Director who has substantial financial interests in a company which traded with the Group in the ordinary course of business as disclosed in Note 31 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling 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.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the authorised, issued and paid-up capital of the Company and no debentures were issued during the financial year.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

OPTIONS GRANTED OVER UNISSUED SHARES

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

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

In the opinion of the Directors, other than the impairment loss on investment in a subsidiary, the financial performance of the Group and of the Company for the financial year ended 31 December 2016 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SIGNIFICANT EVENT

Details of such event are disclosed in Note 32 to the financial statements.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

SUBSEQUENT EVENT

Details of such event are disclosed in Note 33 to the financial statements.

AUDITORS

The auditors, KPMG PLT (converted from a conventional partnership, KPMG, on 27 December 2016), have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 20 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Marc Francis Yeoh Min Chang
Director

Tan Beng Wah
Director

Kuala Lumpur

Date: 17 March 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 RM'000	2015 RM'000
Assets			
Property, plant and equipment	3	**367,042**	366,181
Intangible assets	4	**543**	356
Investment in an associate	6	**502,345**	461,136
Goodwill on consolidation	7	**1,408**	1,408
Total non-current assets		**871,338**	829,081
Inventories	8	**152,789**	138,770
Current tax assets		**2,973**	1,135
Trade and other receivables	9	**276,729**	308,536
Derivative financial assets	10	**-**	1
Cash and bank balances	11	**82,706**	59,171
Assets classified as held for sale	12	**2,357**	-
Total current assets		**517,554**	507,613
Total assets		**1,388,892**	1,336,694
Equity			
Share capital	13	**96,077**	96,077
Reserves	14	**652,419**	565,481
Total equity		**748,496**	661,558
Liabilities			
Loans and borrowings	15	**218,214**	260,471
Deferred tax liabilities	16	**32,093**	25,443
Total non-current liabilities		**250,307**	285,914
Loans and borrowings	15	**257,272**	282,182
Trade and other payables	17	**130,155**	105,629
Current tax liabilities		**2,565**	1,411
Derivative financial liabilities	10	**97**	-
Total current liabilities		**390,089**	389,222
Total liabilities		**640,396**	675,136
Total equity and liabilities		**1,388,892**	1,336,694

The notes on pages 49 to 114 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 RM'000	2015 RM'000
Revenue	18	**928,178**	886,473
Cost of sales		**(802,767)**	(768,785)
Gross profit		**125,411**	117,688
Selling and distribution expenses		**(10,954)**	(9,435)
Administrative expenses		**(28,005)**	(25,866)
Other operating expenses		**(5,386)**	(12,157)
		(44,345)	(47,458)
Other operating income		**4,390**	3,834
Results from operating activities		**85,456**	74,064
Interest income		**668**	668
Finance costs	19	**(20,754)**	(20,997)
Net finance costs		**(20,086)**	(20,329)
Share of profit of equity-accounted associate, net of tax		**41,616**	41,794
Profit before tax	20	**106,986**	95,529
Tax expense	23	**(20,613)**	(14,498)
Profit for the year		**86,373**	81,031
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for:			
- foreign operations		**1,123**	3,914
- a subsidiary with functional currency other than Ringgit Malaysia, net of tax		**4,613**	28,116
Share of other comprehensive income of equity accounted associate, net of tax		**2,515**	8,178
		8,251	40,208
Total comprehensive income for the year		**94,624**	121,239
Profit attributable to:			
Owners of the Company		**86,373**	77,327
Non-controlling interests		**-**	3,704
Profit for the year		**86,373**	81,031
Total comprehensive income attributable to:			
Owners of the Company		**94,624**	115,684
Non-controlling interests		**-**	5,555
Total comprehensive income for the year		**94,624**	121,239
Basic earnings per ordinary share - sen	24	**44.95**	44.34

The notes on pages 49 to 114 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	← Attributable to owners of the Company →							
		← Non-distributable →			Distributable			
	Share capital	Share premium	Other reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2015	76,200	8,560	-	6,278	429,768	520,806	29,133	549,939
Other comprehensive income for the year								
- Foreign currency translation differences for foreign operations	-	-	-	3,914	-	3,914	-	3,914
- Foreign currency translation differences for a subsidiary with functional currency other than Ringgit Malaysia	-	-	-	26,265	-	26,265	1,851	28,116
- Share of other comprehensive income of equity-accounted associate, net of tax	-	-	-	8,178	-	8,178	-	8,178
Total other comprehensive income for the year	-	-	-	38,357	-	38,357	1,851	40,208
Profit for the year	-	-	-	-	77,327	77,327	3,704	81,031
Total comprehensive income for the year	-	-	-	38,357	77,327	115,684	5,555	121,239
Contributions by and distributions to owners of the Company								
- Dividends (Note 25)	-	-	-	-	(7,620)	(7,620)	-	(7,620)
- Dividends paid to non-controlling interests	-	-	-	-	-	-	(2,000)	(2,000)
- Issue of ordinary shares pursuant to additional ownership interests in a subsidiary	19,877	93,023	(75,441)	-	(4,771)	32,688	(32,688)	-
Total transactions with owners of the Company	19,877	93,023	(75,441)	-	(12,391)	25,068	(34,688)	(9,620)
At 31 December 2015	96,077	101,583	(75,441)	44,635	494,704	661,558	-	661,558
	Note 13	Note 14	Note 14	Note 14	Note 14			

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Attributable to owners of the Company							
	Non-distributable				Distributable			
	Share capital	Share premium	Other reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2016	96,077	101,583	(75,441)	44,635	494,704	661,558	-	661,558
Other comprehensive income for the year								
- Foreign currency translation differences for foreign operations	-	-	-	1,123	-	1,123	-	1,123
- Foreign currency translation differences for a subsidiary with functional currency other than Ringgit Malaysia	-	-	-	4,613	-	4,613	-	4,613
- Share of other comprehensive income of equity-accounted associate, net of tax	-	-	-	2,515	-	2,515	-	2,515
Total other comprehensive income for the year	-	-	-	8,251	-	8,251	-	8,251
Profit for the year	-	-	-	-	86,373	86,373	-	86,373
Total comprehensive income for the year	-	-	-	8,251	86,373	94,624	-	94,624
Contributions by and distributions to owners of the Company								
- Dividends (Note 25)	-	-	-	-	(7,686)	(7,686)	-	(7,686)
Total transactions with owners of the Company	-	-	-	-	(7,686)	(7,686)	-	(7,686)
At 31 December 2016	96,077	101,583	(75,441)	52,886	573,391	748,496	-	748,496
	Note 13	Note 14	Note 14	Note 14	Note 14			

The notes on pages 49 to 114 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 RM'000	2015 RM'000
Cash flows from operating activities			
Profit before tax		**106,986**	95,529
Adjustments for:			
Amortisation of intangible assets	4	**193**	163
Depreciation of property, plant and equipment	3	**22,597**	20,219
Loss/(Gain) on disposal of property, plant and equipment	20	**310**	(286)
Interest expense	19	**20,754**	20,997
Interest income	20	**(668)**	(668)
Impairment loss on:			
- property, plant and equipment	20	**779**	3,788
- receivables	20	**1,203**	289
Unrealised gain on foreign exchange		**(941)**	(1,516)
Unrealised loss/(gain) on forward exchange contracts		**98**	(1)
Share of profit of equity-accounted associate, net of tax	6	**(41,616)**	(41,794)
Property, plant and equipment written-off	20	**17**	-
Operating profit before changes in working capital		**109,712**	96,720
Changes in working capital:			
Inventories		**(11,486)**	(12,189)
Trade and other receivables		**35,651**	(12,135)
Trade and other payables		**22,046**	(27,872)
Cash generated from operations		**155,923**	44,524
Tax paid		**(21,905)**	(17,877)
Net cash from operating activities		**134,018**	26,647
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**92**	358
Acquisition of intangible assets		**(367)**	(465)
Acquisition of property, plant and equipment	A	**(19,517)**	(59,258)
Interest received, net of interest received from pledged deposits		**432**	446
Dividend received		**2,922**	-
Net cash used in investing activities		**(16,438)**	(58,919)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 RM'000	2015 RM'000
Cash flows from financing activities			
Drawdown of term loans		**7,616**	40,871
Repayment of term loans		**(53,834)**	(37,627)
Dividend paid to owners of the Company	25	**(7,686)**	(7,620)
Dividend paid to non-controlling interests		**-**	(2,000)
Revolving credits, net		**6,699**	2,000
Bankers' acceptances, net		**8,769**	67,679
Foreign currency trade loans, net		**27,630**	(72,439)
Repayment of finance lease liabilities		**(804)**	(622)
Interest paid		**(20,754)**	(20,997)
Bills receivable financing, net		**(64,790)**	14,542
Net cash used in financing activities		**(97,154)**	(16,213)
Net increase/(decrease) in cash and cash equivalents		**20,426**	(48,485)
Cash and cash equivalents at 1 January		**52,122**	99,326
Effect of exchange differences on cash and cash equivalents		**2,873**	1,281
Cash and cash equivalents at 31 December	B	**75,421**	52,122

NOTES:

A. *Acquisition of property, plant and equipment*

In the last financial year, the Group acquired property, plant and equipment with an aggregate cost of RM61,601,000 of which RM2,343,000 was acquired by means of finance lease. As at 31 December 2015, finance lease of RM532,000 remained undrawn. The balance of RM59,258,000 was made by cash payments.

During the financial year, the finance lease of RM532,000 was drawn down by the Group.

B. *Cash and cash equivalents*

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following:

	Note	2016 RM'000	2015 RM'000
Cash and bank balances	11	**67,839**	41,622
Short-term deposit with licensed banks (excluding deposits pledged)	11	**7,582**	10,500
		75,421	52,122

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 RM'000	2015 RM'000
Assets			
Property, plant and equipment	3	**4**	6
Investments in subsidiaries	5	**217,985**	211,277
Total non-current assets		**217,989**	211,283
Current tax asset		**3**	-
Trade and other receivables	9	**280,347**	275,181
Cash and bank balances	11	**7,785**	7,470
Total current assets		**288,135**	282,651
Total assets		**506,124**	493,934
Equity			
Share capital	13	**96,077**	96,077
Reserves	14	**173,633**	141,693
Equity attributable to owners of the Company		**269,710**	237,770
Liabilities			
Loans and borrowings	15	**167,606**	200,917
Total non-current liabilities		**167,606**	200,917
Loans and borrowings	15	**38,336**	40,200
Trade and other payables	17	**30,472**	15,046
Current tax liabilities		**-**	1
Total current liabilities		**68,808**	55,247
Total liabilities		**236,414**	256,164
Total equity and liabilities		**506,124**	493,934

The notes on pages 49 to 114 are an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 RM'000	2015 RM'000
Revenue	18	**51,844**	21,672
Administrative expenses		**(2,960)**	(3,630)
Other operating expense		**(9,846)**	(337)
Other operating income		**143**	1,153
Results from operating activities		**39,181**	18,858
Interest income		**14,533**	13,924
Finance costs	19	**(13,791)**	(14,210)
Profit before tax	20	**39,923**	18,572
Tax expense	23	**(297)**	(50)
Profit for the year representing total comprehensive income for the year		**39,626**	18,522

The notes on pages 49 to 114 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

		Non-distributable	Distributable	
	Share capital	Share premium	Retained earnings	Total equity
	RM'000	RM'000	RM'000	RM'000
At 1 January 2015	76,200	8,560	33,979	118,739
Profit for the year representing total comprehensive income for the year	-	-	18,522	18,522
Contributions by and distributions to owners of the Company				
- Issue of ordinary shares	19,877	93,023	-	112,900
- Dividends (Note 25)	-	-	(7,620)	(7,620)
- Consideration differences arising from acquisition of non-controlling interests	-	-	(4,771)	(4,771)
	19,877	93,023	(12,391)	100,509
At 31 December 2015/1 January 2016	**96,077**	**101,583**	**40,110**	**237,770**
Profit for the year representing total comprehensive income for the year	**-**	**-**	**39,626**	**39,626**
Contributions by and distributions to owners of the Company				
- Dividends (Note 25)	**-**	**-**	**(7,686)**	**(7,686)**
	-	**-**	**(7,686)**	**(7,686)**
At 31 December 2016	**96,077**	**101,583**	**72,050**	**269,710**
	Note 13	**Note 14**	**Note 14**	

The notes on pages 49 to 114 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 RM'000	2015 RM'000
Cash flows from operating activities			
Profit before tax		**39,923**	18,572
Adjustments for:			
Depreciation of equipment	3	**2**	2
Dividend income	18	**(51,000)**	(21,000)
Interest expense	19	**13,791**	14,210
Interest income	20	**(14,533)**	(13,924)
(Reversal of impairment loss)/Impairment loss on receivables	20	**(143)**	38
Impairment loss on investment in a subsidiary	20	**9,222**	-
Unrealised gain on foreign exchange		**-**	(1,153)
Operating loss before changes in working capital		**(2,738)**	(3,255)
Changes in working capital:			
Trade and other receivables		**(5,023)**	(14,285)
Trade and other payables		**15,426**	14,403
Cash generated from/(used in) operations		**7,665**	(3,137)
Tax paid		**(301)**	(48)
Dividend received		**51,000**	21,000
Net cash from operating activities		**58,364**	17,815
Cash flows from investing activities			
Acquisition of property, plant and equipment		**-**	(4)
Increase in investments in subsidiaries	A	**(15,930)**	(10,000)
Interest received, net of interest received from pledged deposits		**14,297**	13,702
Net cash (used in)/from investing activities		**(1,633)**	3,698

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 RM'000	2015 RM'000
Cash flows from financing activities			
Repayment of term loans		**(35,175)**	-
Dividends paid	25	**(7,686)**	(7,620)
Interest paid		**(13,791)**	(14,210)
Net cash used in financing activities		**(56,652)**	(21,830)
Net increase/(decrease) in cash and cash equivalents		**79**	(317)
Cash and cash equivalents at 1 January		**421**	738
Cash and cash equivalents at 31 December	B	**500**	421

NOTE

A. *Increase in investments in subsidiaries*

During the financial year, the Company increased its investments in certain subsidiaries with a total cash consideration of RM15,930,000. In prior year, the Company increased its investment in a subsidiary of RM118,128,000 of which RM108,128,000 represents the fair value of the investment via issuance of new ordinary shares by the Company to the non-controlling interests.

B. *Cash and cash equivalents*

Cash and cash equivalents included in the statement of cash flows comprise the following amount:

	Note	2016 RM'000	2015 RM'000
Cash and bank balances	11	**500**	421

NOTES TO THE FINANCIAL STATEMENTS

Can-One Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the registered office and principal place of business of the Company are as follows:

REGISTERED OFFICE

2B-4, Level 4
Jalan SS 6/6
Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan

PRINCIPAL PLACE OF BUSINESS

Lot 2244, Jalan Rajawali
Batu 9, Kampung Kebun Baru
42500 Telok Panglima Garang
Kuala Langat
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associate. The financial statements of the Company as at and for the financial year ended 31 December 2016 do not include other entities.

The Company is principally engaged in investment holding activities and providing management services. The principal activities of its subsidiaries are disclosed in Note 5.

The financial statements were authorised for issue by the Board of Directors on 17 March 2017.

1. BASIS OF PREPARATION

(a) Statement of compliance

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 and the requirements of the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- Amendments to MFRS 12, *Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 107, *Statement of Cash Flows - Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses*

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)***
- Amendments to MFRS 2, *Share-based Payment - Classification and Measurement of Share-based Payment Transactions***
- Amendments to MFRS 4, *Insurance Contracts - Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts***
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property - Transfers of Investment Property***

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations in the respective years when the above mentioned standards, amendments and interpretations become effective:

- from the annual period beginning on 1 January 2017 for those amendments that are effective for annual periods beginning on or after 1 January 2017, except for amendments which are not applicable to the Group and the Company.

- from the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018, except for amendments and interpretation which marked with "**" which are not applicable to the Group and the Company.

- from the annual period beginning on 1 January 2019 for the accounting standard that is effective for annual periods beginning on or after 1 January 2019.

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

The initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any material financial impacts to the Group and the Company except as mentioned below:

MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue – Barter Transactions Involving Advertising Services.*

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 15.

MFRS 9*, Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 9.

MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 16.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (cont'd)

(d) Use of estimates and judgements (cont'd)

The significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements are outlined below:

Impairment of receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive.

The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

(ii) Business combinations (cont'd)

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

(v) Associates (cont'd)

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

(vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and total comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Non-current assets held for sale

Non-current assets, or disposal group comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs of disposal.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on *pro rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Non-current assets held for sale (cont'd)

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity-accounted associates ceases once classified as held for sale.

(c) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in foreign currency translation reserve ("FCTR") in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2011 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in FCTR in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group or the Company has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial assets (cont'd)

(c) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(d) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(h)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Financial instruments (cont'd)

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Fair values arising from financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Intangible assets (cont'd)

(ii) Other intangible assets

Other intangible assets, comprise of software costs, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Amortisation

Goodwill with indefinite useful lives is not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives for software costs are 3 years.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(f) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other operating income" and "other operating expenses" respectively in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Property, plant and equipment (cont'd)

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction (capital expenditure-in-progress) are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

	Years
Leasehold land	44 - 99
Buildings	20 - 50
Plant and machinery	5 - 20
Furniture, fittings and office equipment	3 - 15
Motor vehicles	5 - 10

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

(g) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Leased assets (cont'd)

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(h) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and investment in an associate) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Impairment (cont'd)

(ii) Other assets

The carrying amounts of other assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or a group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (or a group of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(i) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on first-in, first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(k) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(m) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(n) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Income tax (cont'd)

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

(o) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Revenue and other income (cont'd)

(iv) Management fees

Management fees are recognised on an accrual basis.

(v) Rental income

Rental income is recognised in profit or loss on an accrual basis.

(p) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(q) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(r) Earnings per ordinary share

The Group presents basic earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Operating Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(t) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Freehold buildings RM'000	Long-term leasehold land* RM'000	Short-term leasehold land RM'000	Leasehold buildings RM'000	Plant and machinery RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Capital expenditure-in-progress RM'000	Total RM'000
Cost										
At 1 January 2015	23,234	44,196	17,833	1,560	39,753	277,922	11,266	12,194	12,717	440,675
Additions	15,695	748	-	-	-	24,966	2,377	1,757	16,058	61,601
Reclassification	-	6,986	-	-	114	17,266	338	-	(24,704)	-
Disposals	-	-	-	-	-	(403)	(2)	(529)	-	(934)
Foreign exchange differences	2,668	5,174	-	-	-	24,080	431	573	97	33,023
At 31 December 2015/ 1 January 2016	**41,597**	**57,104**	**17,833**	**1,560**	**39,867**	**343,831**	**14,410**	**13,995**	**4,168**	**534,365**
Additions	**8,435**	**280**	**-**	**-**	**32**	**7,040**	**581**	**381**	**2,768**	**19,517**
Reclassification	**-**	**43**	**-**	**-**	**225**	**6,229**	**55**	**-**	**(6,552)**	**-**
Disposals	**-**	**-**	**-**	**-**	**-**	**(1,230)**	**(4)**	**(292)**	**-**	**(1,526)**
Transfer to assets classified as held for sale	**-**	**-**	**-**	**-**	**-**	**(3,356)**	**-**	**-**	**-**	**(3,356)**
Written off	**-**	**-**	**-**	**-**	**-**	**-**	**(35)**	**-**	**-**	**(35)**
Foreign exchange differences	**1,092**	**1,426**	**-**	**-**	**-**	**7,131**	**217**	**216**	**(97)**	**9,985**
At 31 December 2016	**51,124**	**58,853**	**17,833**	**1,560**	**40,124**	**359,645**	**15,224**	**14,300**	**287**	**558,950**
Accumulated depreciation and accumulated impairment losses										
At 1 January 2015	-	3,271	1,889	154	2,637	119,771	5,434	6,060	-	139,216
Charge for the year	-	1,080	296	38	876	15,915	997	1,017	-	20,219
Disposals	-	-	-	-	-	(403)	-	(459)	-	(862)
Impairment losses	-	-	-	-	-	3,788	-	-	-	3,788
Foreign exchange differences	-	410	-	-	-	5,112	148	153	-	5,823
Accumulated depreciation	-	4,761	2,185	192	3,513	140,288	6,579	6,771	-	164,289
Accumulated impairment losses	-	-	-	-	-	3,895	-	-	-	3,895
At 31 December 2015/ 1 January 2016	**-**	**4,761**	**2,185**	**192**	**3,513**	**144,183**	**6,579**	**6,771**	**-**	**168,184**
Charge for the year	**-**	**1,164**	**297**	**39**	**881**	**17,585**	**1,516**	**1,115**	**-**	**22,597**
Disposals	**-**	**-**	**-**	**-**	**-**	**(960)**	**(3)**	**(161)**	**-**	**(1,124)**
Impairment losses	**-**	**-**	**-**	**-**	**-**	**353**	**426**	**-**	**-**	**779**
Transfer to assets classified as held for sale	**-**	**-**	**-**	**-**	**-**	**(999)**	**-**	**-**	**-**	**(999)**
Written off	**-**	**-**	**-**	**-**	**-**	**-**	**(18)**	**-**	**-**	**(18)**
Foreign exchange differences	**-**	**177**	**-**	**-**	**-**	**2,131**	**88**	**93**	**-**	**2,489**

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Freehold land RM'000	Freehold buildings RM'000	Long-term leasehold land* RM'000	Short-term leasehold land RM'000	Leasehold buildings RM'000	Plant and machinery RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Capital expenditure-in-progress RM'000	Total RM'000
Accumulated depreciation	-	6,102	2,482	231	4,394	157,939	8,588	7,818	-	187,554
Accumulated impairment losses	-	-	-	-	-	4,354	-	-	-	4,354
At 31 December 2016	-	6,102	2,482	231	4,394	162,293	8,588	7,818	-	191,908
Carrying amounts										
At 1 January 2015	23,234	40,925	15,944	1,406	37,116	158,151	5,832	6,134	12,717	301,459
At 31 December 2015	41,597	52,343	15,648	1,368	36,354	199,648	7,831	7,224	4,168	366,181
At 31 December 2016	**51,124**	**52,751**	**15,351**	**1,329**	**35,730**	**197,352**	**6,636**	**6,482**	**287**	**367,042**

* Long-term leasehold land with unexpired lease period of more than 50 years.

Company	Furniture, fittings and office equipment RM'000
Cost	
At 1 January 2015	16
Addition	4
At 31 December 2015/1 January 2016/31 December 2016	**20**
Accumulated depreciation	
At 1 January 2015	12
Charge for the year	2
At 31 December 2015/1 January 2016	**14**
Charge for the year	**2**
At 31 December 2016	**16**
Carrying amounts	
1 January 2015	4
31 December 2015	6
31 December 2016	**4**

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

3.1 Assets under finance lease

The carrying amounts of property, plant and equipment acquired under finance lease arrangement are as follows:

	Group	
	2016	**2015**
	RM'000	**RM'000**
Capital expenditure-in-progress	**-**	2,468
Motor vehicles	**1,159**	1,667
Plant and machinery	**2,305**	-
	3,464	4,135

3.2 Assets pledged for banking facilities

The carrying amounts of leasehold land, freehold land, factory buildings, plant and machinery collateralised for banking facilities granted to the Group are as follows:

	Group	
	2016	**2015**
	RM'000	**RM'000**
Freehold land	**10,904**	16,530
Leasehold land	**4,050**	4,129
Freehold buildings	**25,563**	35,821
Leasehold buildings	**12,386**	12,662
Plant and machinery	**-**	6,846
	52,903	75,988

3.3 Impairment of property, plant and equipment

During the financial year, the Group recognised impairment losses of RM779,000 (2015 : RM3,788,000) in respect of certain property, plant and equipment of the Group as these assets are not able to generate adequate profit in future. The recoverable amount was based on fair value less costs of disposal estimated using market approach.

3.4 Included in property, plant and equipment of the Group is a building erected on land belonging to a third party with an aggregate carrying amount of RM1,742,000 (2015 : RM1,804,000).

3.5 Included in property, plant and equipment of the Group are machineries placed in customers' premises with an aggregate carrying amount of RM2,416,000 (2015 : RM4,176,000).

NOTES TO THE FINANCIAL STATEMENTS

4 INTANGIBLE ASSETS - GROUP

	2016 RM'000	2015 RM'000
Cost		
Balance at 1 January	**529**	-
Additions	**367**	465
Foreign exchange differences	**28**	64
Balance at 31 December	**924**	529
Accumulated amortisation		
Balance at 1 January	**173**	-
Amortisation	**193**	163
Foreign exchange differences	**15**	10
Balance at 31 December	**381**	173
Carrying amounts	**543**	356

The above represents software cost incurred by the Group.

5. INVESTMENTS IN SUBSIDIARIES - COMPANY

	2016 RM'000	2015 RM'000
At cost		
Unquoted shares	**227,544**	211,614
Less: Impairment loss	**(9,559)**	(337)
	217,985	211,277

Details of the subsidiaries are as follows:

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest 2016 %	Effective ownership interest and voting interest 2015 %	Principal activities
Aik Joo Can Factory Sdn. Berhad	Malaysia	**100**	100	Manufacturing of metal and lithographed cans and plastic jerry cans
AJCan Sdn. Bhd.	Malaysia	**100**	100	Manufacturing of metal and lithographed tin cans

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENTS IN SUBSIDIARIES - COMPANY (cont'd)

Details of the subsidiaries are as follows: (cont'd)

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest 2016 %	2015 %	Principal activities
Canzo Sdn. Bhd.	Malaysia	**100**	100	Manufacturing and trading of plastic jerry cans and related products
Amber Alliance Sdn. Bhd.	Malaysia	**100**	100	Investment holding
Can-One International Sdn. Bhd.	Malaysia	**100**	100	Investment holding
Newmarq Sdn. Bhd.	Malaysia	**100**	100	Investment holding
Sanjung Nuri Sdn. Bhd.	Malaysia	**100**	100	Property investment
F & B Nutrition Sdn. Bhd.	Malaysia	**20**	20	Manufacturing of dairy and non-dairy products
Subsidiary of Amber Alliance Sdn. Bhd.				
F & B Nutrition Sdn. Bhd.	Malaysia	**80**	80	Manufacturing of dairy and non-dairy products
Subsidiary of F & B Nutrition Sdn. Bhd.				
Can Ridge Sdn. Bhd.	Malaysia	**100**	100	Dormant
Subsidiaries of Newmarq Sdn. Bhd.				
Grensing Pte. Ltd. #	Singapore	**100**	100	International trading
PT. Corum #	Indonesia	**100**	100	Manufacturing and trading of metal and lithographed tin cans and plastic jerry cans
PT. AJ Candace *	Indonesia	**100**	100	Dormant

Audited by other member firms of KPMG International.

* *The unaudited management financial statements were consolidated in the Group's financial statements.*

Restriction imposed by bank covenants

The covenants of bank facilities taken by certain subsidiaries of the Group restrict the ability of those subsidiaries to declare dividends to its shareholders exceeding the amount of net profit after tax for the year unless prior written consent from the bank is obtained.

NOTES TO THE FINANCIAL STATEMENTS

6. INVESTMENT IN AN ASSOCIATE - GROUP

	2016 RM'000	2015 RM'000
At cost:		
Quoted shares in Malaysia	**241,864**	241,864
Share of post-acquisition reserves	**260,481**	219,272
	502,345	461,136
Market value of quoted shares	**428,165**	482,234

Details of the associate are as follows:

Name of entity	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest 2016 %	Effective ownership interest and voting interest 2015 %	Principal activities
Kian Joo Can Factory Berhad	Malaysia	**32.9**	32.9	Manufacturing and distribution of tin cans and investment holding

The following table summarises the information of the Group's associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate.

Group	Kian Joo Can Factory Berhad 2016 RM'000	Kian Joo Can Factory Berhad 2015 RM'000
Summarised financial information		
As at 31 December		
Non-current assets	**1,458,304**	1,278,087
Current assets	**985,921**	923,420
Non-current liabilities	**(273,524)**	(253,714)
Current liabilities	**(549,714)**	(453,599)
Net assets	**1,620,987**	1,494,194
Non-controlling interests	**(94,101)**	(92,562)
Net assets attributable to owners of the associate	**1,526,886**	1,401,632

NOTES TO THE FINANCIAL STATEMENTS

6. INVESTMENT IN AN ASSOCIATE - GROUP (cont'd)

	Kian Joo Can Factory Berhad	
	2016	**2015**
Group	**RM'000**	**RM'000**
Year ended 31 December		
Profit from continuing operations	**126,493**	127,034
Other comprehensive income	**7,644**	24,857
Total comprehensive income	**134,137**	151,891
Included in the total comprehensive income is:		
Revenue	**1,717,714**	1,601,893
Net assets/carrying amount as at 31 December		
Group's share of net assets/carrying amount in the consolidated statement of financial position	**502,345**	461,136
Group's share of results for the year ended 31 December		
Group's share of profit or loss from continuing operations	**41,616**	41,794
Group's share of other comprehensive income	**2,515**	8,178
Group's share of total comprehensive income	**44,131**	49,972
Other information		
Dividends received	**2,922**	-

Significant restrictions

There are no significant restrictions on the ability of the associate to declare cash dividends.

7. GOODWILL ON CONSOLIDATION - GROUP

	2016	**2015**
	RM'000	**RM'000**
Balance at 1 January/31 December	**1,408**	1,408

The above goodwill is in respect of the Group's acquisition of a subsidiary.

(a) Key sources of estimation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units ("CGU") to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from cash-generating unit and also to apply a suitable discount rate in order to calculate the present value of those cash flows.

NOTES TO THE FINANCIAL STATEMENTS

7. GOODWILL ON CONSOLIDATION - GROUP (cont'd)

(b) Recoverable amount based on value in use

The recoverable amount of a CGU is determined based on value in use calculations with the following key assumptions:

(i) Cash flows are projected based on the financial budgets approved by the Directors.

(ii) Discount rate used for cash flows discounting purposes is the management's estimate of average cost of capital required in the respective segments. The discount rate applied for cash flow projections is at 10%.

(iii) Profit margins are projected based on the industry trends, historical profit margins achieved or predetermined profit margins for dairy products.

With regards to the assessment of value in use, management believes that no reasonably possible change in any of the above key assumptions would cause the recoverable amounts of the unit to be materially below its carrying amounts.

8. INVENTORIES - GROUP

	2016 RM'000	2015 RM'000
At cost		
Raw materials	**100,599**	88,664
Work-in-progress	**21,829**	23,484
Manufactured inventories	**18,510**	17,199
Goods-in-transit	**9,996**	8,962
	150,934	138,309
At net realisable value		
Raw materials	**1,492**	77
Work-in-progress	**283**	384
Manufactured inventories	**80**	-
	1,855	461
	152,789	138,770

The write down of inventories to net realisable value during the year amounted to RM4,777,000 (2015 : RM4,129,000) is included in cost of sales.

The amount of inventories recognised in cost of sales amounted to RM653,073,000 (2015 : RM628,376,000).

NOTES TO THE FINANCIAL STATEMENTS

9. TRADE AND OTHER RECEIVABLES

	Note	2016 RM'000	2015 RM'000
Group			
Trade			
Trade receivables	9.1	**263,632**	292,857
Amount due from associated companies	9.2	**513**	499
Less: Allowance for impairment loss		**(2,678)**	(1,475)
		261,467	291,881
Non-trade			
Other receivables		**2,541**	3,110
Deposits		**4,437**	1,781
Prepayments		**8,284**	11,764
		15,262	16,655
		276,729	308,536
Company			
Trade			
Amount due from a subsidiary	9.2	**218**	288
Non-trade			
Amount due from subsidiaries	9.3	**281,114**	276,044
Less: Allowance for impairment loss		**(987)**	(1,153)
		280,127	274,891
Other receivables		**1**	1
Deposits		**1**	1
		280,347	275,181

9.1 Trade receivables

Included in trade receivables of the Group is RM760,000 (2015 : RM63,474,900) representing receivables where rights for collection had been fully transferred to a financial institution under the bills receivable financing facility as stated in Note 15.1.

NOTES TO THE FINANCIAL STATEMENTS

9. TRADE AND OTHER RECEIVABLES (cont'd)

9.2 Amounts due from associated companies and a subsidiary

The amounts due from associated companies and a subsidiary are subject to normal trade terms.

9.3 Amount due from subsidiaries

Included in the amount due from subsidiaries is RM271,677,000 (2015 : RM241,117,000) which earns interest ranging from 4.81% to 5.60% (2015 : 5.40% to 5.60%) per annum. Other than as disclosed, the non-trade receivables due from subsidiaries are unsecured, interest free and repayable on demand.

10. DERIVATIVE FINANCIAL (LIABILITIES)/ASSETS - GROUP

	2016		**2015**	
	Nominal value	**Assets/ (Liabilities)**	**Nominal value**	**Assets/ (Liabilities)**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Derivatives held for trading at fair value through profit or loss				
- Forward exchange contracts	**21,998**	**(97)**	6,420	1

Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. When necessary, the forward exchange contracts are rolled over at maturity.

11. CASH AND BANK BALANCES

	2016	**2015**
	RM'000	**RM'000**
Group		
Cash and bank balances	**67,839**	41,622
Short-term deposits placed with licensed banks	**14,867**	17,549
	82,706	59,171
Company		
Cash and bank balances	**500**	421
Short-term deposits placed with licensed banks	**7,285**	7,049
	7,785	7,470

Included in short-term deposits placed with licensed banks of the Group and the Company is RM7,285,000 (2015 : RM7,049,000) pledged for bank borrowings.

NOTES TO THE FINANCIAL STATEMENTS

12. ASSETS CLASSIFIED AS HELD FOR SALE – GROUP

	2016 RM'000
Plant and machinery	
Balance at 1 January	-
Transfer from property, plant and equipment (Note 3)	**2,357**
Balance at 31 December	**2,357**

In December 2016, the Group accepted an offer to dispose of certain plant and machineries for RM3,000,000. The transaction is expected to be completed during the financial year ending 31 December 2017.

13. SHARE CAPITAL – GROUP/COMPANY

	2016		2015	
	Amount RM'000	Number of shares '000	Amount RM'000	Number of shares '000
Ordinary shares of RM0.50 each				
Authorised:	**100,000**	**200,000**	100,000	200,000
Issued and fully paid:				
At 1 January	**96,077**	**192,153**	76,200	152,400
Issued of shares	**-**	**-**	19,877	39,753
At 31 December	**96,077**	**192,153**	96,077	192,153

14. RESERVES

	Note	2016 RM'000	2015 RM'000
Group			
Non-distributable			
Share premium	14.1	**101,583**	101,583
Foreign currency translation reserve	14.2	**52,886**	44,635
Other reserve	14.3	**(75,441)**	(75,441)
Distributable			
Retained earnings		**573,391**	494,704
		652,419	565,481

NOTES TO THE FINANCIAL STATEMENTS

14. RESERVES (cont'd)

	Note	2016 RM'000	2015 RM'000
Company			
Non-distributable			
Share premium	14.1	**101,583**	101,583
Distributable			
Retained earnings		**72,050**	40,110
		173,633	141,693

14.1 Share premium

The share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

14.2 Foreign currency translation reserve

Translation reserve relates to foreign currency differences arising from the translation of the financial statements of foreign operations and translation of the financial statements of a subsidiary which are stated in a functional currency that is other than Ringgit Malaysia.

14.3 Other reserve

Other reserve relates to difference between carrying amount of non-controlling interests in a subsidiary acquired and the consideration paid.

NOTES TO THE FINANCIAL STATEMENTS

15. LOANS AND BORROWINGS

	Note	2016 RM'000	2015 RM'000
Group			
Non-current			
Secured			
Term loans		**178,159**	214,361
Finance lease liabilities	15.1	**1,580**	1,800
		179,739	216,161
Unsecured			
Term loans		**38,475**	44,310
		218,214	260,471
Current			
Secured			
Term loans		**41,227**	43,589
Bankers' acceptances		**10,360**	4,577
Foreign currency trade loans		**17,185**	7,818
Finance lease liabilities	15.1	**713**	765
Bills receivable financing	15.2	**639**	56,342
		70,124	113,091
Unsecured			
Term loans		**12,927**	14,746
Bankers' acceptances		**70,879**	67,893
Foreign currency trade loans		**80,097**	61,036
Revolving credits		**17,916**	11,000
Bills receivable financing		**5,329**	14,416
		187,148	169,091
		257,272	282,182
Company			
Non-current			
Secured term loans		**167,606**	200,917
Current			
Secured term loans		**38,336**	40,200

NOTES TO THE FINANCIAL STATEMENTS

15. LOANS AND BORROWINGS (cont'd)

15.1 Finance lease liabilities

Finance lease liabilities are payable as follows:

	2016			2015		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
Less than 1 year	**827**	**114**	**713**	921	156	765
Between 1 and 5 years	**1,714**	**134**	**1,580**	1,969	169	1,800
	2,541	**248**	**2,293**	2,890	325	2,565

15.2 Bills receivable financing

Included in bills receivable financing is a partial payment on receivables of RM639,000 (2015 : RM56,342,000) made by a financial institution for the purchase of the Group's trade receivables. Credit protection is accorded by the financial institution in the event of non-collection of the receivables. Hence, the Group has no obligation for repayment of the said bills receivable financing.

15.3 Security

The secured borrowings are secured against legal charges over certain land and buildings and plant and machinery of certain subsidiaries, certain trade receivables, investment in associate, fixed deposits and corporate guarantee from the Company and certain subsidiaries.

16. DEFERRED TAX LIABILITIES - GROUP

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	2016	2015
	RM'000	RM'000
Property, plant and equipment	**31,971**	26,403
Revaluation	**2,131**	2,179
Provision and others	**(2,009)**	(3,139)
	32,093	25,443

NOTES TO THE FINANCIAL STATEMENTS

16. DEFERRED TAX LIABILITIES - GROUP (cont'd)

Movement in temporary differences during the year:

	At 1.1.2015 RM'000	Recognised in profit or loss (Note 23) RM'000	Foreign exchange differences RM'000	At 31.12.2015 RM'000
Property, plant and equipment	27,447	(1,054)	10	26,403
Revaluation	2,308	(129)	-	2,179
Provision and others	(17)	(3,122)	-	(3,139)
	29,738	(4,305)	10	25,443

	At 1.1.2016 RM'000	Recognised in profit or loss (Note 23) RM'000	Recognised in other comprehensive income (Note 23) RM'000	Foreign exchange differences RM'000	At 31.12.2016 RM'000
Property, plant and equipment	**26,403**	**(1,688)**	**7,220**	**36**	**31,971**
Revaluation	**2,179**	**(48)**	**-**	**-**	**2,131**
Provision and others	**(3,139)**	**1,130**	**-**	**-**	**(2,009)**
	25,443	**(606)**	**7,220**	**36**	**32,093**

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	2016 RM'000	2015 RM'000
Unutilised reinvestment allowance	**38,380**	40,022
Tax loss carry-forwards	**13,595**	-
	51,975	40,022

Deferred tax assets have not been recognised in respect of the above items because it is not probable that future taxable profits will be available against which the subsidiary can utilise the benefits therefrom.

NOTES TO THE FINANCIAL STATEMENTS

17. TRADE AND OTHER PAYABLES

	Note	2016 RM'000	2015 RM'000
Group			
Trade			
Trade payables		**66,128**	47,816
Amount due to associated companies	17.1	**7,657**	6,293
Amount due to a related party	17.1	**33**	-
		73,818	54,109
Non-trade			
Other payables		**33,581**	34,043
Accrued expenses		**20,777**	17,304
Deposits received		**1,979**	173
		56,337	51,520
		130,155	105,629
Company			
Non-trade			
Amount due to subsidiaries	17.2	**29,657**	14,305
Accrued expenses		**815**	730
Other payables		**-**	11
		30,472	15,046

17.1 Amount due to associated companies and a related party

The amount due to associated companies and a related party are subject to normal trade terms.

17.2 Amount due to subsidiaries

The amount due to subsidiaries is subject to interest rate ranging from 4.81% to 4.83% (2015 : 4.50% to 4.81%) per annum and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

18. REVENUE

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Sales of goods	**928,178**	886,473	**-**	-
Dividend income	**-**	-	**51,000**	21,000
Management fee	**-**	-	**844**	672
	928,178	886,473	**51,844**	21,672

19. FINANCE COSTS

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Term loans	**15,953**	17,866	**12,353**	13,702
Other short-term borrowings	**4,640**	3,075	**-**	-
Finance lease liabilities	**161**	56	**-**	-
Amount due to subsidiaries	**-**	-	**1,438**	508
	20,754	20,997	**13,791**	14,210

20. PROFIT BEFORE TAX

Profit before tax is arrived at:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
After charging:				
Auditors' remuneration				
Audit fees				
- KPMG in Malaysia				
- current year	**166**	140	**40**	39
- prior year	**13**	3	**-**	-
- Affiliates of KPMG in overseas	**83**	101	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

20. PROFIT BEFORE TAX (cont'd)

Profit before tax is arrived at: (cont'd)

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
After charging: (cont'd)					
Other services					
- KPMG in Malaysia					
- current year		**5**	5	**5**	5
- Local affiliates of KPMG in Malaysia					
- current year		**45**	63	**3**	3
- prior year		**9**	-	**-**	-
Amortisation of intangible assets	4	**193**	163	**-**	-
Depreciation of property, plant and equipment	3	**22,597**	20,219	**2**	2
Directors' emoluments:					
Directors of the Company					
- Fees	21	**488**	488	**288**	288
- Others	21	**3,339**	3,000	**782**	779
Other Directors					
- Fees	21	**72**	70	**-**	-
Net foreign exchange loss		**464**	3,841	**617**	-
Rental of land and building		**1,642**	1,405	**-**	-
Loss on forward exchange contracts					
- unrealised	10	**97**	-	**-**	-
Inventories written down	8	**4,777**	4,129	**-**	-
Impairment loss/(Reversal of impairment loss) on:					
- receivables, net		**1,203**	289	**(143)**	38
- investment in a subsidiary		**-**	-	**9,222**	-
- property, plant and equipment	3	**779**	3,788	**-**	-
Property, plant and equipment written off		**17**	-	**-**	-
Loss on disposal of property, plant and equipment		**310**	-	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

20. PROFIT BEFORE TAX (cont'd)

Profit before tax is arrived at: (cont'd)

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
and after crediting:					
Interest income		**668**	668	**14,533**	13,924
Gain on disposal of property, plant and equipment		**-**	286	**-**	-
Net foreign exchange gain		**-**	-	**-**	854
Gain on forward exchange contracts					
- unrealised	10	**-**	1	**-**	-
Rental income from property		**564**	800	**-**	-

21. KEY MANAGEMENT PERSONNEL COMPENSATIONS

The key management personnel compensations are as follows:

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Directors of the Company				
- Fees	**488**	488	**288**	288
- Remuneration	**3,339**	3,000	**782**	779
- Benefits-in-kind	**45**	28	**-**	-
	3,872	3,516	**1,070**	1,067
Other Directors				
- Fees	**72**	70	**-**	-
	72	70	**-**	-
Other key management personnel				
- Remuneration	**2,989**	2,665	**1,217**	983
- Benefits-in-kind	**32**	31	**15**	13
	3,021	2,696	**1,232**	996
	6,965	6,282	**2,302**	2,063

NOTES TO THE FINANCIAL STATEMENTS

21. KEY MANAGEMENT PERSONNEL COMPENSATIONS (cont'd)

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

22. EMPLOYEE INFORMATION

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Staff costs	**81,362**	73,402	**2,605**	2,382

Staff costs of the Group and of the Company include contributions to the Employees' Provident Fund of RM4,611,000 (2015 : RM4,019,000) and RM246,000 (2015 : RM221,000) respectively.

23. TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Income tax expense	**20,613**	14,498	**297**	50
Share of tax of equity-accounted associate *	**9,107**	8,685	**-**	-
Total tax expense	**29,720**	23,183	**297**	50

Current tax expense

Malaysian	- current year	**22,669**	16,399	**297**	51
	- prior years	**(1,989)**	922	**-**	(1)
Overseas	- current year	**458**	498	**-**	-
	- prior years	**81**	984	**-**	-
		21,219	18,803	**297**	50

NOTES TO THE FINANCIAL STATEMENTS

23. TAX EXPENSE (cont'd)

Recognised in profit or loss (cont'd)

		Group		Company	
		2016	2015	2016	2015
		RM'000	RM'000	RM'000	RM'000
Deferred tax expense					
Malaysian	- current year	**74**	(1,244)	**-**	-
	- prior years	**(709)**	(3,061)	**-**	-
Overseas	- current year	**(2)**	-	**-**	-
	- prior years	**31**	-	**-**	-
		(606)	(4,305)	**-**	-
Share of tax of equity-accounted associate *					
- current year		**8,099**	7,733	**-**	-
- prior years		**1,008**	952	**-**	-
		9,107	8,685	**-**	-
Total tax expense recognised in profit or loss		**29,720**	23,183	**297**	50
Recognise in other comprehensive income					
Deferred tax expense		**7,220**	-	**-**	-

Reconciliation of tax expense

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Profit for the year	**86,373**	81,031	**39,626**	18,522
Total tax expense	**29,720**	23,183	**297**	50
Profit excluding tax	**116,093**	104,214	**39,923**	18,572

NOTES TO THE FINANCIAL STATEMENTS

23. TAX EXPENSE (cont'd)

Reconciliation of tax expense (cont'd)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Income tax calculated using Malaysian tax rate #	**27,862**	26,054	**9,582**	4,643
Non-deductible expenses	**5,074**	5,649	**2,955**	658
Tax exempt income	**-**	(14)	**(12,240)**	(5,250)
Tax incentives	**(87)**	(3,036)	**-**	-
Effect of:				
- different tax rates in foreign jurisdictions	**(32)**	(251)	**-**	-
- current year unrecognised deferred tax assets	**2,603**	-	**-**	-
Reversal of deferred tax on revaluation of property	**(48)**	(129)	**-**	-
Difference in effective tax rate of equity-accounted associate	**(3,066)**	(3,935)	**-**	-
	32,306	24,338	**297**	51
Over provision in prior years	**(2,586)**	(1,155)	**-**	(1)
Total tax expense	**29,720**	23,183	**297**	50

* It represents share of tax of equity-accounted associate which has been included in the share of results of equity-accounted associate as presented in the consolidated statement of profit or loss and other comprehensive income.

With effect from 1 January 2016, the tax of the Group and the Company has been reduced from 25% to 24% due to the change in Malaysian corporate tax rate.

24. EARNINGS PER ORDINARY SHARE

The calculation of basic earnings per ordinary share as at 31 December 2016 was based on the Group's profit attributable to the owners of the Company of RM86,373,000 (2015 : RM77,327,000) and on the weighted average number of ordinary shares outstanding during the year of 192,153,000 (2015 : 174,400,000).

25. DIVIDENDS

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
2016			
First and final 2015 single-tier dividend	**4**	**7,686**	**21 July 2016**
2015			
First and final 2014 single-tier dividend	5	7,620	29 May 2015

NOTES TO THE FINANCIAL STATEMENTS

25. DIVIDENDS (cont'd)

A first and final single-tier dividend of 4 sen per share, totalling RM7,686,120 for the financial year ended 31 December 2016 has been proposed for shareholders' approval at the forthcoming Annual General Meeting. These financial statements do not reflect the above dividend which will be accounted for as an appropriation of retained earnings in the financial year ending 31 December 2017 when approved by the shareholders.

26. OPERATING SEGMENTS - GROUP

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Chief Operating Officer (the chief operating decision maker) reviews internal management reports at least on a quarterly basis.

The following summary describes the operations in each of the Group's reportable segments:

- Segment 1 - General cans - manufacture of metal and lithographed tin cans, plastic jerry cans, flexi packaging and rigid packaging
- Segment 2 - Food products - manufacturing, packaging and distribution of dairy and non-dairy products
- Segment 3 - International trading
- Segment 4 - Property and investment holding

Performance is measured based on segment profit before tax and interest as included in the internal management reports that are reviewed by the Chief Operating Officer (the chief operating decision maker). Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Management monitors the operating results of its business units separately for the purpose of making decision about resource allocation and performance assessment.

Segment assets

The total of segment assets is measured based on all assets of a segment (excluding current tax assets), as included in the internal management reports that are reviewed by the Chief Operating Officer. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Chief Operating Officer. Hence, no disclosure is made on segment liability.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment and intangible assets other than goodwill.

NOTES TO THE FINANCIAL STATEMENTS

26. OPERATING SEGMENTS - GROUP (cont'd)

	General cans RM'000	Food products RM'000	International trading RM'000	Property and investment holding RM'000	Total RM'000	Reconciliations/ Eliminations RM'000	Note	Consolidated Financial Statements RM'000
31 December 2016								
Segment profit	19,545	66,618	657	120,675	207,495	(80,423)	26.1.1	127,072
Included in the measure of segment profit/(loss) are:								
Revenue from external customers	308,912	574,038	45,228	-	928,178	-		928,178
Inter-segments sales	91,954	43,459	27,161	-	162,574	(162,574)		-
Inventories written down	(4,777)	-	-	-	(4,777)	-		(4,777)
Impairment loss on property, plant and equipment	(779)	-	-	-	(779)	-		(779)
Property, plant and equipment written off	(17)	-	-	-	(17)	-		(17)
Impairment loss on investment in a subsidiary	-	-	-	(9,222)	(9,222)	9,222		-
(Impairment loss)/ Reversal of impairment loss on receivables	(1,203)	-	-	143	(1,060)	(143)		(1,203)
Share of profit of associate, net of tax	-	-	-	41,616	41,616	-		41,616
Depreciation and amortisation	(14,042)	(8,729)	-	(19)	(22,790)	-		(22,790)
Not included in the measure of segment profit/(loss) but provided to Chief Operating Officer:								
Interest income	1,206	784	-	577	2,567	(1,899)		668
Finance costs	(5,228)	(3,630)	(4)	(13,791)	(22,653)	1,899		(20,754)
Income tax expense	(7,054)	(13,200)	(13)	(346)	(20,613)	-		(20,613)
Segment assets	439,727	468,069	24,858	529,607	1,462,261	(76,342)	26.1.2	1,385,919
Included in the measure of segment assets are:								
Addition to non-current assets other than financial instruments	6,693	13,304	-	-	19,997	(113)		19,884

NOTES TO THE FINANCIAL STATEMENTS

26. OPERATING SEGMENTS - GROUP (cont'd)

	General cans RM'000	Food products RM'000	International trading RM'000	Property and investment holding RM'000	Total RM'000	Reconciliations/ Eliminations RM'000	Note	Consolidated Financial Statements RM'000
31 December 2015								
Segment profit	14,498	59,019	3,135	72,499	149,151	(33,293)	26.1.1	115,858
Included in the measure of segment profit/(loss) are:								
Revenue from external customers	320,456	532,980	33,037	-	886,473	-		886,473
Inter-segments sales	83,771	31,989	95,113	-	210,873	(210,873)		-
Inventories written down	(4,129)	-	-	-	(4,129)	-		(4,129)
Impairment of plant and equipment	(2,704)	(1,084)	-	-	(3,788)	-		(3,788)
Impairment loss on receivables	(289)	-	-	(38)	(327)	38		(289)
Share of profit of associate, net of tax	-	-	-	41,794	41,794	-		41,794
Depreciation and amortisation	(13,184)	(7,179)	-	(19)	(20,382)	-		(20,382)
Not included in the measure of segment profit/(loss) but provided to Chief Operating Officer:								
Interest income	709	680	-	222	1,611	(943)		668
Finance costs	(5,120)	(2,623)	-	(14,210)	(21,953)	956		(20,997)
Income tax expense	(2,360)	(11,580)	(509)	(49)	(14,498)	-		(14,498)
Segment assets	429,089	462,896	25,361	487,435	1,404,781	(69,222)	26.1.2	1,335,559
Included in the measure of segment assets are:								
Addition to non-current assets other than financial instruments	30,942	31,120	-	4	62,066	-		62,066

NOTES TO THE FINANCIAL STATEMENTS

26. OPERATING SEGMENTS - GROUP (cont'd)

26.1 Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

26.1.1 The following items are added to/(deducted from) segment profit to arrive at "Profit before tax" presented in the consolidated statement of profit or loss and other comprehensive income:

	2016	**2015**
	RM'000	**RM'000**
Interest income	**668**	668
Finance costs	**(20,754)**	(20,997)
	(20,086)	(20,329)

26.1.2 The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2016	**2015**
	RM'000	**RM'000**
Current tax assets	**2,973**	1,135

In presenting geographical information, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments and investment in an associate.

26.2 Geographical information

	Revenue		**Non-current assets**	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Malaysia	**699,565**	654,355	**360,525**	359,079
Asia (excluding Malaysia)	**192,451**	198,953	**8,468**	8,866
Others	**36,162**	33,165	**-**	-
Consolidated	**928,178**	886,473	**368,993**	367,945

NOTES TO THE FINANCIAL STATEMENTS

26. OPERATING SEGMENTS - GROUP (cont'd)

26.3 Major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

	Revenue		
	General cans RM'000	Food products RM'000	Total RM'000
2016			
All common control companies of:			
- Customer A	**39,954**	**140,967**	**180,921**
2015			
All common control companies of:			
- Customer A	52,850	173,979	226,829

27. FINANCIAL INSTRUMENTS

27.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables ("L&R");
(b) Fair value through profit or loss ("FVTPL");
- Held for trading ("HFT"); and
(c) Financial liabilities measured at amortised cost ("FL").

	Carrying amount RM'000	L&R/ (FL) RM'000	FVTPL -HFT RM'000
Group			
31 December 2016			
Financial assets			
Trade and other receivables (exclude deposits and prepayments)	**264,008**	**264,008**	**-**
Cash and bank balances	**82,706**	**82,706**	**-**
	346,714	**346,714**	**-**

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL INSTRUMENTS (cont'd)

27.1 Categories of financial instruments (cont'd)

	Carrying amount RM'000	L&R/ (FL) RM'000	FVTPL -HFT RM'000
Group			
31 December 2016			
Financial liabilities			
Loans and borrowings	**(475,486)**	**(475,486)**	**-**
Trade and other payables (exclude deposits received)	**(128,176)**	**(128,176)**	**-**
Derivative financial liabilities	**(97)**	**-**	**(97)**
	(603,759)	**(603,662)**	**(97)**
31 December 2015			
Financial assets			
Trade and other receivables (exclude deposits and prepayments)	294,991	294,991	-
Cash and bank balances	59,171	59,171	-
Derivative financial assets	1	-	1
	354,163	354,162	1
Financial liabilities			
Loans and borrowings	(542,653)	(542,653)	-
Trade and other payables (exclude deposits received)	(105,456)	(105,456)	-
	(648,109)	(648,109)	-

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL INSTRUMENTS (cont'd)

27.1 Categories of financial instruments (cont'd)

	Carrying amount RM'000	L&R/(FL) RM'000
Company		
31 December 2016		
Financial assets		
Trade and other receivables (exclude deposits)	**280,346**	**280,346**
Cash and bank balances	**7,785**	**7,785**
	288,131	**288,131**
Financial liabilities		
Loans and borrowings	**(205,942)**	**(205,942)**
Trade and other payables	**(30,472)**	**(30,472)**
	(236,414)	**(236,414)**
31 December 2015		
Financial assets		
Trade and other receivables (exclude deposits)	275,180	275,180
Cash and bank balances	7,470	7,470
	282,650	282,650
Financial liabilities		
Loans and borrowings	(241,117)	(241,117)
Trade and other payables	(15,046)	(15,046)
	(256,163)	(256,163)

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL INSTRUMENTS (cont'd)

27.2 Net gains and losses arising from financial instruments

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net (losses)/gains arising on:				
Loans and receivables	**1,758**	(2,302)	**14,059**	14,740
Fair value through profit or loss:				
- HFT	**(97)**	1	**-**	-
Financial liabilities measured at amortised cost	**(23,511)**	(22,157)	**(13,791)**	(14,210)
	(21,850)	(24,458)	**268**	530

27.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

27.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers, advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally credit evaluations are performed on customers requiring credit over a certain amount and where required, financial guarantees by banks, shareholders or Directors of customers are obtained.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL INSTRUMENTS (cont'd)

27.4 Credit risk (cont'd)

Receivables (cont'd)

Exposure to credit risk, credit quality and collateral (cont'd)

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Domestic	**201,617**	254,947	**218**	288
Asia, other than Malaysia	**56,200**	33,238	**-**	-
Others	**3,650**	3,696	**-**	-
	261,467	291,881	**218**	288

Impairment losses

The Group and the Company maintain an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

	Gross	Individual impairment	Net
	RM'000	RM'000	RM'000
Group			
31 December 2016			
Not past due	**149,249**	**-**	**149,249**
Past due 1-30 days	**69,273**	**-**	**69,273**
Past due 31-120 days	**13,210**	**(32)**	**13,178**
Past due more than 120 days	**32,413**	**(2,646)**	**29,767**
	264,145	**(2,678)**	**261,467**

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL INSTRUMENTS (cont'd)

27.4 Credit risk (cont'd)

Receivables (cont'd)

Impairment losses (cont'd)

	Gross RM'000	Individual impairment RM'000	Net RM'000
Group			
31 December 2015			
Restated			
Not past due	117,561	-	117,561
Past due 1-30 days	64,353	-	64,353
Past due 31-120 days	96,541	-	96,541
Past due more than 120 days	14,901	(1,475)	13,426
	293,356	(1,475)	291,881
Company			
31 December 2016			
Not past due	**218**	**-**	**218**
31 December 2015			
Not past due	288	-	288

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Group 2016 RM'000	Group 2015 RM'000
At 1 January	**1,475**	1,186
Impairment loss recognised	**2,191**	289
Impairment loss reversed	**(988)**	-
At 31 December	**2,678**	1,475

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL INSTRUMENTS (cont'd)

27.4 Credit risk (cont'd)

Receivables (cont'd)

Impairment losses (cont'd)

The movements in the allowance for impairmet losses of non-trade receivables during the financial year were:

	Company	
	2016	**2015**
	RM'000	**RM'000**
At 1 January	**1,153**	1,115
Impairment loss recognised	**-**	38
Impairment loss written off	**(23)**	-
Impairment loss reversed	**(143)**	-
At 31 December	**987**	1,153

The allowance account in respect of trade and non-trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM267 million (2015 : RM299 million) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL INSTRUMENTS (cont'd)

27.4 Credit risk (cont'd)

Inter company balances

Risk management objectives, policies and processes for managing the risk

The Company provides advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Advances are only provided to subsidiaries of the Company.

As at the end of the reporting period, there was no indication that the advances to subsidiaries are not recoverable except for an amount of RM987,000 (2015 : RM1,153,000) which has been provided for impairment loss. The Company does not specifically monitor the ageing of current advances to the subsidiaries. Nevertheless, these advances are not considered to be overdue and are repayable on demand.

27.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL INSTRUMENTS (cont'd)

27.5 Liquidity risk (cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount	Contractual interest rate	Contractual cash flows	Under 1 year	1 - 2 years	2 - 5 years	More than 5 years
	RM'000	%	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
31 December 2016							
Non-derivative financial liabilities							
Secured term loans	219,386	4.77 - 5.71	249,741	52,289	55,756	141,265	431
Unsecured term loans	51,402	3.05 - 4.90	57,592	15,082	12,411	24,516	5,583
Finance lease liabilities	2,293	2.34 - 3.25	2,541	827	639	1,075	-
Bankers' acceptances	81,239	3.12 - 4.03	81,239	81,239	-	-	-
Foreign currency trade loans	97,282	1.44 - 2.25	97,282	97,282	-	-	-
Revolving credits	17,916	2.83 - 4.41	17,916	17,916	-	-	-
Bills receivable financing							
- interest bearing	639	1.68 - 1.71	639	639	-	-	-
- non-interest bearing	5,329	-	5,329	5,329	-	-	-
Trade and other payables (exclude deposits received)	128,176	-	128,176	128,176	-	-	-
	603,662		640,455	398,779	68,806	166,856	6,014
Forward exchange contracts (gross settled):							
Outflow	381	-	23,258	23,258	-	-	-
Inflow	(284)	-	(23,161)	(23,161)	-	-	-
	603,759		640,552	398,876	68,806	166,856	6,014

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL INSTRUMENTS (cont'd)

27.5 Liquidity risk (cont'd)

Maturity analysis (cont'd)

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Group							
31 December 2015							
Non-derivative financial liabilities							
Secured term loans	257,950	4.11 - 5.55	304,532	57,361	54,391	148,462	44,318
Unsecured term loans	59,056	3.05 - 5.05	65,661	17,108	13,934	29,209	5,410
Finance lease liabilities	2,565	2.38 - 3.25	2,890	921	868	1,101	-
Bankers' acceptances	72,470	2.47 - 4.50	72,470	72,470	-	-	-
Foreign currency trade loans	68,854	0.90 - 1.37	68,854	68,854	-	-	-
Revolving credits	11,000	3.86 - 4.83	11,000	11,000	-	-	-
Bills receivable financing							
- interest bearing	4,684	2.15 - 2.49	4,684	4,684	-	-	-
- non-interest bearing	66,074	-	66,074	66,074	-	-	-
Trade and other payables (exclude deposits received)	105,456	-	105,456	105,456	-	-	-
	648,109		701,621	403,928	69,193	178,772	49,728
Forward exchange contracts (gross settled):							
Outflow	21	-	6,397	6,397	-	-	-
Inflow	(22)	-	(6,398)	(6,398)	-	-	-
	648,108		701,620	403,927	69,193	178,772	49,728

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL INSTRUMENTS (cont'd)

27.5 Liquidity risk (cont'd)

Maturity analysis (cont'd)

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Company							
31 December 2016							
Non-derivative financial liabilities							
Secured term loans	**205,942**	**5.45**	**234,890**	**48,900**	**52,641**	**133,349**	**-**
Trade and other payables							
- interest bearing	**29,657**	**4.81 - 4.83**	**29,657**	**29,657**	**-**	**-**	**-**
- non-interest bearing	**815**	**-**	**815**	**815**	**-**	**-**	**-**
Financial guarantees	**-**	**-**	**267,000**	**267,000**	**-**	**-**	**-**
	236,414		**532,362**	**346,372**	**52,641**	**133,349**	**-**
31 December 2015							
Non-derivative financial liabilities							
Secured term loans	241,117	5.55	285,608	53,311	50,979	139,436	41,882
Trade and other payables							
- interest bearing	14,305	4.50 - 4.81	14,305	14,305	-	-	-
- non-interest bearing	741	-	741	741	-	-	-
Financial guarantees	-	-	299,000	299,000	-	-	-
	256,163		599,654	367,357	50,979	139,436	41,882

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL INSTRUMENTS (cont'd)

27.6 Market risk

Market risk is the risk that changes in market prices, such as foreign currency exchange rates and interest rates that will affect the Group's financial position or cash flows.

27.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily Ringgit Malaysia ("RM") and United States Dollar ("USD"). The currencies giving rise to this risk are primarily USD, RM and Singapore Dollar ("SGD").

Risk management objectives, policies and processes for managing the risk

The Group's uses forward exchange contracts to hedge its foreign currency risk. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward exchange contracts are rolled over at maturity.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currencies of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in		
	Functional currency in		
	RM		USD
	SGD	USD	RM
	RM'000	RM'000	RM'000
Group			
31 December 2016			
Trade and other receivables	**1,869**	**55,729**	**84,046**
Cash and bank balances	**567**	**18,996**	**17,336**
Trade and other payables	**-**	**(38,861)**	**(70,851)**
Loans and borrowings	**-**	**(34,121)**	**(77,801)**
Net exposure	**2,436**	**1,743**	**(47,270)**

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL INSTRUMENTS (cont'd)

27.6 Market risk (cont'd)

27.6.1 Currency risk (cont'd)

Exposure to foreign currency risk (cont'd)

	Denominated in		
	Functional currency in		
	RM		USD
	SGD	**USD**	**RM**
	RM'000	**RM'000**	**RM'000**
Group			
31 December 2015			
Trade and other receivables	1,401	68,083	86,812
Cash and bank balances	1,015	4,007	18,827
Trade and other payables	(26)	(53,064)	(41,499)
Loans and borrowings	-	(8,636)	(53,012)
Net exposure	2,390	10,390	11,128

Currency risk sensitivity analysis

i) *Group entities which functional currency is RM*

A 10% strengthening of the Ringgit Malaysia (RM) against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss	
	2016	**2015**
	RM'000	**RM'000**
Group		
SGD	**(185)**	(179)
USD	**(132)**	(779)

A 10% weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL INSTRUMENTS (cont'd)

27.6 Market risk (cont'd)

27.6.1 Currency risk (cont'd)

Currency risk sensitivity analysis (cont'd)

ii) *Group entity which functional currency is USD*

A 10% strengthening of the USD against RM at the end of reporting period would have increased/(decreased) post-tax profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	2016 RM'000	2015 RM'000
Group		
RM	**3,593**	(835)

A 10% weakening of USD against RM at the end of the reporting period would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remained constant.

27.6.2 Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing loans and borrowings and interest earning deposits. The Group's policy is to borrow principally on the floating basis but to retain a portion of fixed rate debt. The objectives for the mix between fixed and floating rate loans and borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL INSTRUMENTS (cont'd)

27.6 Market risk (cont'd)

27.6.2 Interest rate risk (cont'd)

Exposure to interest rate risk

The interest rate profile of the Group's significant interest earning and interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2016 RM'000	2015 RM'000
Group		
Fixed rate instruments		
Financial assets	**14,867**	17,549
Financial liabilities	**(203,354)**	(168,971)
	(188,487)	(151,422)
Floating rate instruments		
Financial liabilities	**(266,803)**	(307,608)
Company		
Fixed rate instruments		
Financial assets	**73,020**	7,049
Financial liabilities	**(29,657)**	(14,305)
	43,363	(7,256)
Floating rate instruments		
Financial assets	**205,942**	241,117
Financial liabilities	**(205,942)**	(241,117)
	-	-

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL INSTRUMENTS (cont'd)

27.6 Market risk (cont'd)

27.6.2 Interest rate risk (cont'd)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Group		Company	
	Profit or loss		Profit or loss	
	100 bp Increase RM'000	100 bp Decrease RM'000	100 bp Increase RM'000	100 bp Decrease RM'000
31 December 2016				
Floating rate instruments	**(2,028)**	**2,028**	**-**	**-**
31 December 2015				
Floating rate instruments	(2,307)	2,307	-	-

27.7 Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings approximate their fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL INSTRUMENTS (cont'd)

27.7 Fair value of financial instruments (cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2016										
Group										
Financial liabilities										
Forward exchange contracts	-	(97)	-	(97)	-	-	-	-	(97)	(97)
Term loans	-	-	-	-	-	-	(279,495)	(279,495)	(279,495)	(270,788)
Finance lease liabilities	-	-	-	-	-	-	(2,439)	(2,439)	(2,439)	(2,293)
	-	(97)	-	(97)	-	-	(281,934)	(281,934)	(282,031)	(273,178)
Company										
Financial liabilities										
Term loans	-	-	-	-	-	-	(213,321)	(213,321)	(213,321)	(205,942)
2015										
Group										
Financial assets										
Forward exchange contracts	-	1	-	1	-	-	-	-	1	1
Financial liabilities										
Term loans	-	-	-	-	-	-	(312,384)	(312,384)	(312,384)	(317,006)
Finance lease liabilities	-	-	-	-	-	-	(2,780)	(2,780)	(2,780)	(2,565)
	-	-	-	-	-	-	(315,164)	(315,164)	(315,164)	(319,571)
Company										
Financial liabilities										
Term loans	-	-	-	-	-	-	(234,186)	(234,186)	(234,186)	(241,117)

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL INSTRUMENTS (cont'd)

27.7 Fair value of financial instruments (cont'd)

The Company provides financial guarantees to banks for credit facilities granted to certain subsidiaries.

The fair value of such guarantees is negligible as the probability of the subsidiaries defaulting on the credit lines is remote.

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on Government bonds).

Non-derivative financial liabilities

Fair value which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For other borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year. (2015 : no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The fair value of term loans and finance lease liabilities are calculated using discounted cash flows.

NOTES TO THE FINANCIAL STATEMENTS

28. CAPITAL MANAGEMENT - GROUP

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investors, creditors and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

During 2016, the Group's strategy which was unchanged from 2015, was to maintain the net debt-to-equity ratio at below 1.5 : 1. The net debt-to-equity ratios at 31 December 2016 and 31 December 2015 were as follows:

	2016	**2015**
	RM'000	**RM'000**
Total borrowings (Note 15)	**475,486**	542,653
Less: Cash and bank balances (Note 11)	**(82,706)**	(59,171)
Net debt	**392,780**	483,482
Total equity	**748,496**	661,558
Net debt-to-equity ratio	**0.52**	0.73

There were no changes in the Group's approach to capital management during the financial year.

29. CAPITAL AND OTHER COMMITMENTS - GROUP

	2016	**2015**
	RM'000	**RM'000**
Property, plant and equipment		
Contracted but not provided for	**10,885**	7,362

30. CONTINGENT LIABILITIES - COMPANY

Corporate guarantees

The Company has provided corporate guarantees amounting to RM993,236,000 (2015 : RM966,868,000) to secure banking facilities granted to certain subsidiaries. As at 31 December 2016, the amount of facilities utilised amounted to RM267,251,000 (2015: RM298,971,000).

NOTES TO THE FINANCIAL STATEMENTS

31. RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include Directors and certain members of senior management of the Group.

The Group has related party relationship with the following:

i) subsidiaries of the Company as disclosed in Note 5 to the financial statements;
ii) associate company and its subsidiaries ("associated companies");
iii) a company in which a Director has substantial financial interests - Aluminium Company of Malaysia Berhad ("related party"); and
iv) key management personnel as defined above.

Significant related party transactions

Related party transactions have been entered into the normal course of business under normal trade terms. The significant related party transactions of the Group and of the Company, other than key management personnel compensations as disclosed in the Note 21 to the financial statements, are as follows:

	2016	2015
	RM'000	RM'000
Group		
Purchases from a related party	**170**	-
Purchases from associated companies	**18,164**	21,097
Dividend income from associate	**(2,922)**	-
Sales to associated companies	**(1,729)**	(1,600)
Company		
Interest payable to subsidiaries	**1,438**	508
Management fees from subsidiaries	**(844)**	(672)
Interest income from subsidiaries	**(14,298)**	(13,702)
Dividend income from subsidiaries	**(51,000)**	(21,000)

Trade and non-trade balances with subsidiaries, associated companies and a related party are disclosed in Notes 9 and 17 to the financial statements. All outstanding balances are to be settled in cash.

32. SIGNIFICANT EVENT

On 26 November 2013, associated company, Kian Joo Can Factory Berhad ("KJCFB") received a letter of offer from Aspire Insight Sdn. Bhd. ("Aspire") to acquire the entire business and undertaking including all of the assets and liabilities of KJCFB ("Offer") for a cash consideration of approximately RM1.466 billion. On 10 January 2014, the Board of Directors of KJCFB, via its Advisor, MIDF Amanah Investment Bank Berhad ("Advisor") announced that it has deliberated and agreed to accept Aspire's Offer.

NOTES TO THE FINANCIAL STATEMENTS

32. SIGNIFICANT EVENT (cont'd)

On 24 March 2014, KJCFB announced that it has entered into a Business Sale Agreement ("BSA"), Properties Sale Agreements and Assets Sale Agreement with Aspire in relation to the proposed disposal of the entire business and undertaking of KJCFB to Aspire for a total consideration of RM1.466 billion which translates to approximately RM3.30 per ordinary share of RM0.25 each in KJCFB ("Proposed Disposal").

Upon completion of the Proposed Disposal, KJCFB will undertake a capital repayment exercise to return the cash proceeds arising from the Proposed Disposal to the shareholders via the proposed distribution of the proceeds arising from the Proposed Disposal to all entitled shareholders of KJCFB in cash at not less than RM3.30 per ordinary share of RM0.25 each in KJCFB via a proposed capital reduction and repayment exercise in accordance with Section 64 of the Companies Act, 1965 ("Proposed Proceeds Distribution").

The above proposals are subject to approval by relevant authorities and shareholders of KJCFB and written confirmation from Aspire on whether the due diligence is satisfactory.

Bursa Securities had vide its letter dated 27 May 2014 (which was received on 29 May 2014) granted KJCFB an extension of time until 23 August 2014 to submit the draft Circular to shareholders in relation to the above proposals for Bursa Securities' approval. On 22 August 2014, Bursa Securities granted KJCFB a further extension until 23 November 2014.

Pursuant to a letter dated 28 August 2014, KJCFB and Aspire agreed to extend the date on which all conditions precedent to the BSA should be fulfilled from 23 September 2014 to 23 March 2015.

Bursa Securities vide its letter dated 26 November 2014 approved a further extension of time for KJCFB to submit the draft Circular to shareholders from 24 November 2014 to 31 March 2015. Subsequently on 18 March 2015, KJCFB and Aspire agreed to further extend the deadline from 23 March 2015 to 23 September 2015. On 21 September 2015, KJCFB and Aspire agreed to extend the deadline from 23 September 2015 to 23 March 2016.

Subsequently, Bursa Securities vide its letter dated 6 April 2015 approved a further extension till 30 September 2015. On 7 October 2015, Bursa Securities further extended the deadline for submission of the draft Circular to shareholders of KJCFB to 31 March 2016.

On 23 March 2016, KJCFB and Aspire agreed to extend the date on which all conditions precedent to the BSA should be fulfilled from 23 March 2016 to 23 September 2016. On 15 April 2016, KJCFB and Aspire mutually agreed to terminate the BSA and its anciliary agreements.

33. SUBSEQUENT EVENT

On 15 March 2017, F & B Nutrition Sdn. Bhd., a wholly-owned subsidiary entered into a Sale and Purchase Agreement ("SPA") to acquire a piece of freehold industrial land, together with a unit of factory erected thereon at a consideration of RM30,000,000. The SPA is conditional upon satisfaction of the conditions precedent therein.

NOTES TO THE FINANCIAL STATEMENTS

34. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements, are as follows:

	Group		**Company**	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total retained earnings of the Company and its subsidiaries:				
- Realised	**419,671**	389,382	**72,050**	40,110
- Unrealised	**(17,742)**	(17,859)	**-**	-
	401,929	371,523	**72,050**	40,110
Total retained earnings of an associate:				
- Realised	**226,436**	182,344	**-**	-
- Unrealised	**66,863**	69,340	**-**	-
	695,228	623,207	**72,050**	40,110
Less: Consolidation adjustments	**(121,837)**	(128,503)	**-**	-
Total retained earnings	**573,391**	494,704	**72,050**	40,110

The determination of realised and unrealised profits is based on the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

STATEMENT BY DIRECTORS

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

In the opinion of the Directors, the financial statements set out on pages 38 to 113 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2016 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 34 on page 114 to the financial statements has been compiled in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Marc Francis Yeoh Min Chang
Director

Tan Beng Wah
Director

Kuala Lumpur

Date: 17 March 2017

STATUTORY DECLARATION

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

I, **Khoo Kay Leong**, the officer primarily responsible for the financial management of Can-One Berhad, do solemnly and sincerely declare that the financial statements set out on pages 38 to 114 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named **Khoo Kay Leong**, NRIC: 660808-07-5325, at Georgetown in the State of Penang on 17 March 2017.

Khoo Kay Leong

Before me:
Goh Suan Bee
(No. P125)
Commissioner for Oaths
Penang

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CAN-ONE BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Can-One Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 38 to 114.

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 2016, and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' 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' *Code of Ethics for Professional Accountants* ("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 year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter of the Group

Recoverability of trade receivables

Refer to Note 9 - Trade and other receivables and Note 27.4 - Financial instruments: Credit risk - Receivables.

The trade receivable balance represented 51% of the Group's current assets as at 31 December 2016 and credit risk of customers remains a concern due to the current soft economic climate in Malaysia. The Directors applied assumptions in assessing the level of allowance for doubtful debts required to make a provision or to write-down the value of trade receivables and because of the significant amount involved and judgement exercised together with the inherent uncertainty in the assumptions applied by the Directors to determine the level of allowance, this matter has been identified as a key audit matter.

Key audit matter of the Group (cont'd)

How the matter was addressed in our audit

Our audit procedures included amongst others:

- Assessed the adequacy of the Group's allowances made against doubtful trade receivables by challenging the Directors' assumptions, taking into account our own expectations based on the Group's previous experience of customers' historical and post year end payment trends;
- Inspected settlement plan and agreement with the Group's trade receivables to ascertain the conduct of those receivables and to corroborate with the Directors' basis and assumptions;
- Inspected post year end cash receipt relating to collection of past due debts; and
- Assessed the completeness and accuracy of the trade receivable ageing report used by Directors in assessing and monitoring the debtors' profile.

Key audit matter of the Company

We have determined that there are no key audit matters in the audit of the financial statements of the Company to communicate in our auditors' report.

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 annual report 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 annual report and, in doing so, consider whether the annual report 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 the annual report, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CAN-ONE BERHAD

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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.

- 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 gives a true and fair view.

- 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.

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 auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CAN-ONE BERHAD

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements, being accounts that have been included in the consolidated accounts.

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 34 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTER

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.

KPMG PLT
LLP0010081-LCA & AF 0758
Chartered Accountants

Chan Kam Chiew
Approval Number: 2055/06/18 (J)
Chartered Accountant

Date: 17 March 2017

Penang

LIST OF PROPERTIES
AS AT 31 DECEMBER 2016

Location	Tenure	Area (Square metres)	Description and Existing Use	Approximate Age of Buildings (Years)	Net Book Value as at 31.12.2016 (RM'000)	Year of Last Revaluation/ Acquisition
4829, Tingkat Mak Mandin 5 Mak Mandin Industrial Estate 13400 Butterworth Pulau Pinang Malaysia	99 years leasehold expiring on 23.9.2070	Land 6,380.40 Built-up 3,001.70	Office and Factory Buildings/ Industrial	Office Block - 50 Factory - 28	5,108	2011
4821, Tingkat Mak Mandin 5 Mak Mandin Industrial Estate 13400 Butterworth Pulau Pinang Malaysia	99 years leasehold expiring on 11.12.2066	Land 4,269.27 Built-up 2,161.85	Office and Factory Buildings/ Industrial	46	2,836	2011
4822, Tingkat Mak Mandin 5 Mak Mandin Industrial Estate 13400 Butterworth Pulau Pinang Malaysia	99 years leasehold expiring on 29.9.2071	Land 2,905.36 Built-up 3,372.38	Office and Factory Building/ Industrial	46	2,110	2011
5888, Lorong Mak Mandin 7 Mak Mandin Industrial Estate 13400 Butterworth Pulau Pinang Malaysia	99 years leasehold expiring on 28.8.2067	Land 4,990.57 Built-up 3,260	Factory Building/ Industrial	46	2,848	2011
Lot No. 1983, Mukim 14 Seberang Prai Utara Mak Mandin Industrial Estate 13400 Butterworth Pulau Pinang Malaysia	60 years leasehold expiring on 3.6.2051	Land 5,128.81	Vacant Land	Not Applicable	1,329	2011
5102, Jalan Permatang Pauh Mak Mandin Industrial Estate 13400 Butterworth Pulau Pinang Malaysia	99 years leasehold expiring on 6.12.2069	Land 9,100.32 Built-up 5,372.49	Office and Factory Buildings/ Industrial	46	5,499	2011
Lot 2244, Jalan Rajawali Batu 9, Kampung Kebun Baru 42500 Teluk Panglima Garang Selangor Darul Ehsan Malaysia	Freehold	Land 16,199.60 Built-up 11,020.07	Office and Factory Buildings/ Industrial	19	13,300	2011

LIST OF PROPERTIES
AS AT 31 DECEMBER 2016

Location	Tenure	Area (Square metres)	Description and Existing Use	Approximate Age of Buildings (Years)	Net Book Value as at 31.12.2016 (RM'000)	Year of Last Revaluation/ Acquisition
Lot 2243, Jalan Rajawali Batu 9, Kampung Kebun Baru 42500 Teluk Panglima Garang Kuala Langat Selangor Darul Ehsan Malaysia	Freehold	Land 17,830.97 Build-up 9,471	Factory Buildings/ Industrial	5	20,683	2011
Lot 2234, Jalan Rajawali Batu 9, Kampung Kebun Baru 42500 Teluk Panglima Garang Kuala Langat Selangor Darul Ehsan Malaysia	Freehold	Land 16,313.60 Built-up 7,158.37	Office and Factory Buildings/ Industrial	Office Block and Factory - 20 New Factory - 9	22,561	2011
Lot 2223 Jalan Kasawari Batu 9, Kampung Kebun Baru 42500 Teluk Panglima Garang Kuala Langat Selangor Darul Ehsan Malaysia	Freehold	Land 16,313.96 Built-up 9,731.13	Factory Buildings	7	19,421	2011
Lot 1, Persiaran Raja Lumu Pandamaran Industrial Estate 42000 Port Klang Selangor Darul Ehsan Malaysia	Land under tenancy with renewable option	Built-up 1,858.06	Office and Factory Buildings/ Industrial	21	1,742	2011
Lot 8985 Off Jalan Ikan Bawal Telok Gong 42000 Port Klang Selangor Darul Ehsan Malaysia	99 years leasehold expiring on 16.10.2068	Land 13,715 Built-up 7,394.34	Office and Factory Buildings/ Industrial	9	13,651	2011
PLO 718, Jalan Keluli 8 Kawasan Perindustrian Pasir Gudang 81700 Pasir Gudang Johor Darul Takzim Malaysia	60 years leasehold expiring on 19.3.2067	Land 28,779.41 Built-up 13,121.16	Office and Factory Buildings/ Industrial	Factory 1 - 11 Factory 2 - 6	17,287	2011

LIST OF PROPERTIES
AS AT 31 DECEMBER 2016

Location	Tenure	Area (Square metres)	Description and Existing Use	Approximate Age of Buildings (Years)	Net Book Value as at 31.12.2016 (RM'000)	Year of Last Revaluation/ Acquisition
Lot 2042, Mukim Teluk Panglima Garang Daerah Kuala Langat Selangor Darul Ehsan Malaysia	Freehold	Land 20,234	Vacant Land	Not Applicable	4,460	2013
Lot 2043, Mukim Teluk Panglima Garang Daerah Kuala Langat Selangor Darul Ehsan Malaysia	Freehold	Land 20,234	Vacant Land	Not Applicable	7,321	2014
Lot 2078, Mukim Teluk Panglima Garang Daerah Kuala Langat Selangor Darul Ehsan Malaysia	Freehold	Land 20,234	Vacant Land	Not Applicable	7,321	2014
PT5452, Mukim Telok Panglima Garang Daerah Kuala Langat Selangor Darul Ehsan Malaysia	Freehold	Land 8,600	Vacant Land	Not Applicable	8,808	2016

ANALYSIS OF SHAREHOLDINGS
AS AT 15 MARCH 2017

Total number of issued shares	:	192,153,000
Class of shares	:	Ordinary share
Voting rights	:	One (1) vote per ordinary share held
Number of shareholders	:	2,939

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of shares held	%
Less than 100 shares	18	0.61	260	#
100 to 1,000 shares	545	18.54	453,010	0.24
1,001 to 10,000 shares	1,646	56.01	7,768,530	4.04
10,001 to 100,000 shares	610	20.76	18,168,600	9.45
100,001 to 9,607,649 shares	118	4.01	82,448,319	42.91
9,607,650 shares and above	2	0.07	83,314,281	43.36
Total	**2,939**	**100.00**	**192,153,000**	**100.00**

Note:

\# *Negligible.*

SUBSTANTIAL SHAREHOLDERS
(According to the Register of Substantial Shareholders)

	Direct		Indirect		Total	
Name	No. of shares held	%	No. of shares held	%	No. of shares held	%
Eller Axis Sdn. Bhd. ("EASB")	45,157,281	23.50	-	-	45,157,281	23.50
Yeoh Jin Hoe	6,690,000	3.48	45,157,281 [a]	23.50 [a]	51,847,281	26.98
Genkho Candoz Sdn. Bhd. ("GCSB")	38,157,000	19.86	-	-	38,157,000	19.86
Teh Khoy Gen	-	-	38,157,000 [b]	19.86 [b]	38,157,000	19.86
Koon Yew Yin	14,240,500	7.41	-	-	14,240,500	7.41

Notes:

[a] *Deemed interest by virtue that he has more than 20% voting shares in EASB.*
[b] *Deemed interest by virtue that he has more than 20% voting shares in GCSB.*

ANALYSIS OF SHAREHOLDINGS
AS AT 15 MARCH 2017

DIRECTORS' SHAREHOLDINGS
(According to the Register of Directors' Shareholdings)

Name	Direct		Indirect		Total	
	No. of shares held	%	No. of shares held	%	No. of shares held	%
Dato' Seri Subahan Bin Kamal	-	-	-	-	-	-
Marc Francis Yeoh Min Chang	343,100	0.18	-	-	343,100	0.18
Tan Beng Wah	2,000	#	-	-	2,000	#
Yeoh Jin Hoe	6,690,000	3.48	45,157,281 [(a)]	23.50 [(a)]	51,847,281	26.98
Razmi Bin Alias	-	-	911,119 [(b)]	0.47 [(b)]	911,119	0.47
Yeoh Jin Beng	300,000	0.16	-	-	300,000	0.16

Notes:

\# *Negligible.*
[(a)] *Deemed interest by virtue that he has more than 20% voting shares in EASB.*
[(b)] *Deemed interest by virtue that he has more than 20% voting shares in Iska Tenaga Sdn Bhd.*

ANALYSIS OF SHAREHOLDINGS
AS AT 15 MARCH 2017

LIST OF THIRTY (30) LARGEST SHAREHOLDERS
(According to the Record of Depositors)

No.	Name	No. of shares held	%
1.	Eller Axis Sdn. Bhd.	45,157,281	23.50
2.	Genkho Candoz Sdn. Bhd.	38,157,000	19.86
3.	Sanwoi (Malaysia) Sdn. Bhd.	7,590,000	3.95
4.	Kenanga Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Koon Yew Yin (002)*	6,734,700	3.50
5.	Agnes Goh Cheng Suan	5,000,000	2.60
6.	Scott Sebastian Yeoh Min Hsing	4,500,000	2.34
7.	HLIB Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Yeoh Jin Hoe (MG0183-199)*	4,390,000	2.28
8.	Winchem (Malaysia) Sdn. Bhd.	4,000,000	2.08
9.	TA Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Koon Yew Yin*	3,343,500	1.74
10.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Koon Yew Yin (6000051)*	2,598,400	1.35
11.	HLIB Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Taipanmatics Sdn. Bhd. (MG0170-199)*	2,532,300	1.32
12.	See Seok Yong	2,200,000	1.14
13.	Yeoh Jin Aik	2,000,000	1.04
14.	Yeoh Jin Hoe	2,000,000	1.04
15.	Low Kam Fatt	1,510,000	0.79
16.	Citigroup Nominees (Asing) Sdn. Bhd. *- Exempt An for Citibank New York (Norges Bank 1)*	1,471,400	0.77
17.	Maybank Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Koon Yew Yin*	1,402,500	0.73
18.	RHB Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Koon Yew Yin*	1,078,200	0.56
19.	HLIB Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Exosoft Sdn. Bhd. (MG0171-199)*	1,077,200	0.56
20.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Patricia Woon Lai Ching @ Lee Yah Seng (7000096)*	1,042,000	0.54
21.	Zainuddin Bin Din	1,000,000	0.52
22.	Iska Tenaga Sdn. Bhd.	911,119	0.47
23.	Chee Khay Leong	870,000	0.45
24.	Patricia Woon Lai Ching @ Lee Yah Seng	815,700	0.42
25.	HSBC Nominees (Asing) Sdn. Bhd. *- Exempt An for Credit Suisse (SG BR-TST-ASING)*	791,800	0.41
26.	Goh Thong Beng	764,000	0.40
27.	Chee Khay Leong	650,000	0.34
28.	Citigroup Nominees (Asing) Sdn. Bhd. *- CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc*	637,500	0.33
29.	EB Nominees (Tempatan) Sendirian Berhad *- Pledged Securities Account for Patricia Woon Lai Ching @ Lee Yah Seng (SFC)*	600,000	0.31
30.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Yap Chee Kheng (8055840)*	576,000	0.30
	Total	**145,400,600**	**75.67**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirteenth Annual General Meeting ("AGM") of Can-One Berhad ("Can-One" or "the Company") will be held at Greens 3 (Sport Wing), Tropicana Golf and Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 27 April 2017 at 10.00 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2016 and the Reports of the Directors and Auditors thereon. **(Please refer to Note C of this Agenda)**

2. To declare a first and final single-tier dividend of 4 sen per share for the financial year ended 31 December 2016. **Resolution 1**

3. To re-elect the following Directors of the Company who retire pursuant to Article 97 of the Company's Articles of Association:

   (i) Dato' Seri Subahan Bin Kamal **Resolution 2**
   (ii) Marc Francis Yeoh Min Chang **Resolution 3**
   (iii) Tan Beng Wah **Resolution 4**

4. To approve the payment of Directors' fees amounting to RM560,000 to Directors of the Company and its subsidiaries for the financial year ended 31 December 2016. **Resolution 5**

5. To approve the payment of benefits of up to RM30,000 to the Non-Executive Directors of the Company and its subsidiaries for the financial year ending 31 December 2017. **Resolution 6**

6. To re-appoint KPMG PLT (converted from conventional partnership, KPMG, on 27 December 2016) as Auditors of the Company to hold office until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

AS SPECIAL BUSINESS

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

   Proposed authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016 **Resolution 8**

   "THAT subject to the Companies Act, 2016, the Articles of Association of the Company and the approvals of the relevant governmental and/or regulatory authorities, if applicable, the Board of Directors of the Company ("Board") be and is hereby empowered pursuant to Sections 75 and 76 of the Companies Act, 2016, to allot and issue shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Board may in its absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being (excluding treasury shares);

NOTICE OF ANNUAL GENERAL MEETING

AND THAT such authority shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it shall lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first;

AND FURTHER THAT the Board be and is also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad."

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

Proposed renewal of authority for the Company to purchase its own shares **Resolution 9**

"THAT subject to compliance with the Companies Act, 2016, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), provisions of the Company's Memorandum and Articles of Association and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company as may be determined by the Board of Directors of the Company ("Board") from time to time through Bursa Securities upon such terms and conditions as the Board may deem fit and expedient in the interest of the Company, provided that:

(i) the aggregate number of shares to be purchased pursuant to this resolution shall not exceed ten per centum (10%) of the total number of issued shares of the Company as at the date of the share buy-back;

(ii) an aggregate amount of the funds not exceeding the retained profits of the Company as at the date of the share buy-back, be utilised by the Company for the purchase of its own shares; and

(iii) the shares of the Company to be purchased may be cancelled, retained as treasury shares, distributed as dividends or resold on Bursa Securities, or a combination of any of the above, at the absolute discretion of the Board;

AND THAT the authority conferred by this resolution will commence immediately upon the passing of this resolution and will continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it shall lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

NOTICE OF ANNUAL GENERAL MEETING

whichever occurs first but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the MMLR of Bursa Securities or any other relevant authorities;

AND FURTHER THAT the Board be and is hereby authorised to do all such acts and things and to take all such steps as they deem fit, necessary, expedient and/or appropriate in order to complete and give full effect to the purchase by the Company of its own shares with full powers to assent to any condition, modification, variation and/or amendment as may be required or imposed by the relevant authorities."

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

Proposed renewal of mandate for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature **Resolution 10**

"THAT subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature as set out in Section 2.4(a) of the Company's Circular to Shareholders dated 5 April 2017 provided that:

(i) such transactions are necessary for the day-to-day operations of the Company and/or its subsidiaries and are carried out in the ordinary course of business on normal commercial terms and on terms not more favourable to the parties with which such recurrent transactions are to be entered into than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and

(ii) the mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the mandate during the financial year;

AND THAT the mandate conferred by this resolution shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or

(ii) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Companies Act, 2016 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is earlier;

AND FURTHER THAT the Board of Directors of the Company be and is hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as it may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this resolution."

NOTICE OF ANNUAL GENERAL MEETING

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

Proposed new mandate for the Company and its subsidiaries to enter into additional recurrent related party transactions of a revenue or trading nature **Resolution 11**

"THAT subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and its subsidiaries to enter into additional recurrent related party transactions of a revenue or trading nature as set out in Section 2.4(b) of the Company's Circular to Shareholders dated 5 April 2017 provided that:

(i) such transactions are necessary for the day-to-day operations of the Company and/or its subsidiaries and are carried out in the ordinary course of business on normal commercial terms and on terms not more favourable to the parties with which such recurrent transactions are to be entered into than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and

(ii) the mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the mandate during the financial year;

AND THAT the mandate conferred by this resolution shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or

(ii) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Companies Act, 2016 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is earlier;

AND FURTHER THAT the Board of Directors of the Company be and is hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as it may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this resolution."

11. To transact any other business of which due notice shall have been given in accordance with the Company's Articles of Association and/or the Companies Act, 2016.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF DIVIDEND PAYMENT AND DIVIDEND ENTITLEMENT DATE

NOTICE IS HEREBY GIVEN THAT a first and final single-tier dividend of 4 sen per share in respect of the financial year ended 31 December 2016 ("Dividend"), if approved by shareholders at the Thirteenth Annual General Meeting of the Company, will be paid to shareholders on 21 July 2017. The entitlement date for the Dividend shall be 11 July 2017.

Shareholders will be entitled to the Dividend only in respect of:

(a) shares transferred into their Securities Account before 4.00 p.m. on 11 July 2017, for transfers; and

(b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

TAN BEE KENG (MAICSA 0856474)
KWONG SHUK FONG (MAICSA 7032330)
Company Secretaries

Petaling Jaya, Selangor Darul Ehsan
Malaysia
5 April 2017

Notes:

(A) GENERAL MEETING RECORD OF DEPOSITORS

Only members whose name appears in the General Meeting Record of Depositors as at 19 April 2017 shall be entitled to attend this Meeting or appoint proxy(ies) to attend and vote in his stead.

(B) PROXY

(i) A member of the Company entitled to attend and vote at this Meeting is entitled to appoint not more than two (2) proxies of his own choice to attend and vote in his stead. A proxy may but need not be a member of the Company. Where a member appoints two (2) proxies, the member must specify the proportion of his shareholding to be represented by each proxy, failing which, the appointment shall be invalid.

(ii) Where a Member of the Company is an Authorised Nominee, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a Member of the Company is an Exempt Authorised Nominee ("EAN") which holds ordinary shares 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 EAN may appoint in respect of each omnibus account it holds.

Where an Authorised Nominee appoints two (2) proxies, or where an EAN appoints two (2) or more proxies, the appointment shall be invalid unless the proportion of shareholdings to be represented by each proxy are specified in the instrument appointing the proxies.

(iii) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation, under its common seal or under the hand of an officer or its attorney duly authorised in that behalf.

NOTICE OF ANNUAL GENERAL MEETING

(iv) To be valid, the instrument appointing a proxy must be completed and deposited at the Registered Office of the Company at 2B-4, Level 4, Jalan SS 6/6, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than twenty-four (24) hours before the time appointed for the taking of the poll or any adjournment thereof.

(v) Any alteration in the form of proxy must be initialled.

(C) AUDITED FINANCIAL STATEMENTS

This agenda item is meant for discussion only as under the provision of Section 340(1) of the Companies Act, 2016, the audited financial statements do not require a formal approval of the members. Hence, this item will not be put forward for voting.

(D) POLL VOTING

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), all the Resolutions set out in this Notice will be put to the vote by way of poll. Independent Scrutineers will be appointed to conduct the polling process and to verify the results of the poll.

(E) PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the forthcoming Thirteenth AGM and/or any adjournment thereof, a member of the Company:

(i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");

(ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and

(iii) agrees that the member will indemnify the Company in respect of any penalties, claims, demands, losses and damages as a result of the member's breach of warranty.

(F) EXPLANATORY NOTES ON SPECIAL BUSINESS

Resolution 8 – Proposed authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of Companies Act, 2016

The Company had at the Twelfth AGM held on 28 April 2016, obtained general mandate for issuance of shares by the Board of Directors of the Company ("Board") pursuant to the then Companies Act, 1965. As at the date of this Notice, no new shares in the Company were issued pursuant to the general mandate granted to the Board at the Twelfth AGM and hence, no proceeds were raised.

The Ordinary Resolution 8 proposed, if passed, will renew authority and empower the Board, from the date of the forthcoming Thirteenth AGM, to allot and issue ordinary shares at any time to such persons for such purposes as the Board may in its absolute discretion, consider to be in the interest of the Company, without having to convene a general meeting provided that the aggregate number of the shares issued shall not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being. The renewed authority from the shareholders will be effective immediately upon passing of the Ordinary Resolution and shall continue to be in force until:

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

whichever occurs first.

The general mandate will provide flexibility to the Company to raise capital for purpose of funding future investment, working capital and/or acquisitions.

NOTICE OF ANNUAL GENERAL MEETING

Resolution 9 – Proposed renewal of authority for the Company to purchase its own shares

The Ordinary Resolution 9 proposed, if passed, will renew the authority for the Company to purchase through Bursa Securities such number of ordinary shares in the Company up to an aggregate amount not exceeding ten per centum (10%) of the total number of issued shares of the Company. The renewed authority from the shareholders will be effective immediately upon passing of the Ordinary Resolution and shall continue to be in force until:

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

whichever occurs first.

For further information, please refer to the Share Buy-Back Statement dated 5 April 2017 which is despatched together with the Company's Annual Report 2016.

Resolution 10 – Proposed renewal of mandate for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature ("RRPTs")

The Ordinary Resolution 10 proposed, if passed, will renew the mandate for the Company and its subsidiary companies to enter into the RRPTs with Box-Pak (Malaysia) Bhd. and/or its subsidiary companies and also with Kian Joo Can Factory Berhad and/or its subsidiary companies, as set out in Section 2.4(a) of the Circular to Shareholders dated 5 April 2017.

The aforesaid mandate from shareholders is on an annual basis and subject to renewal at the next AGM of the Company.

For further information, please refer to the Circular to Shareholders dated 5 April 2017 which is despatched together with the Company's Annual Report 2016.

Resolution 11 – Proposed new mandate for the Company and its subsidiaries to enter into additional RRPTs

The Ordinary Resolution 11 proposed, if passed, will give mandate to the Company and its subsidiary companies to enter into additional RRPTs with Aluminium Company of Malaysia Berhad and/or its subsidiary company, as set out in Section 2.4(b) of the Circular to Shareholders dated 5 April 2017.

The aforesaid mandate from shareholders is on an annual basis and subject to renewal at the next AGM of the Company.

For further information, please refer to the Circular to Shareholders dated 5 April 2017 which is despatched together with the Company's Annual Report 2016.

CAN-ONE BERHAD
(638899-K)

FORM OF PROXY

CDS Account No.	No. of Shares Held

I/We .... (NRIC/Company No. ....)
(Full Name in Block Letters)

of .... Tel No. ....
(Address)

being a member/members of Can-One Berhad hereby appoint:

Full Name (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholdings

*and/or (*delete if not applicable)

Full Name (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholdings

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Thirteenth Annual General Meeting of the Company to be held at Greens 3 (Sport Wing), Tropicana Golf & Country Resort Club, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 27 April 2017 at 10.00 a.m. and at any adjournment thereof.

My/our proxy/proxies will vote on the resolutions as indicated by an 'X' in the spaces provided below. In the absence of specific direction as to voting, my/our proxy/proxies will vote or abstain from voting at his/their discretion.

RESOLUTION	ORDINARY BUSINESS	FOR	AGAINST
1	To declare a first and final single-tier dividend of 4 sen per share for the financial year ended 31 December 2016.		
2	To re-elect as Director, Dato' Seri Subahan Bin Kamal who retires pursuant to Article 97 of the Company's Articles of Association.		
3	To re-elect as Director, Marc Francis Yeoh Min Chang who retires pursuant to Article 97 of the Company's Articles of Association.		
4	To re-elect as Director, Tan Beng Wah who retires pursuant to Article 97 of the Company's Articles of Association.		
5	To approve the payment of Directors' fees amounting to RM560,000 to Directors of the Company and its subsidiaries for the financial year ended 31 December 2016.		
6	To approve the payment of benefits of up to RM30,000 to the Non-Executive Directors of the Company and its subsidiaries for the financial year ending 31 December 2017.		
7	To re-appoint KPMG PLT (converted from conventional partnership, KPMG, on 27 December 2016) as Auditors of the Company and to authorise the Directors to fix their remuneration.		
	SPECIAL BUSINESS		
8	Proposed authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016.		
9	Proposed renewal of authority for the Company to purchase its own shares.		
10	Proposed renewal of mandate for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature.		
11	Proposed new mandate for the Company and its subsidiaries to enter into additional recurrent related party transactions of a revenue or trading nature.		

Dated this .... day of .... 2017.

....
Signature/Seal of Shareholder

Notes:

(i) Only members whose name appears in the General Meeting Record of Depositors as at 19 April 2017 shall be entitled to attend this Meeting or appoint proxy(ies) to attend and vote in his stead.

(ii) A member of the Company entitled to attend and vote at this Meeting is entitled to appoint not more than two (2) proxies of his own choice to attend and vote in his stead. A proxy may but need not be a member of the Company. Where a member appoints two (2) proxies, the member must specify the proportion of his shareholding to be represented by each proxy, failing which, the appointment shall be invalid.

(iii) Where a Member of the Company is an Authorised Nominee, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a Member of the Company is an Exempt Authorised Nominee ("EAN") which holds ordinary shares 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 EAN may appoint in respect of each omnibus account it holds. Where an Authorised Nominee appoints two (2) proxies, or where an EAN appoints two (2) or more proxies, the appointment shall be invalid unless the proportion of shareholdings to be represented by each proxy are specified in the instrument appointing the proxies.

(iv) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation, under its common seal or under the hand of an officer or its attorney duly authorised in that behalf.

(v) To be valid, the instrument appointing a proxy must be completed and deposited at the Registered Office of the Company at 2B-4, Level 4, Jalan SS 6/6, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than twenty-four (24) hours before the time appointed for the taking of the poll or any adjournment thereof.

(vi) Any alteration in the form of proxy must be initialled.

(vii) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions will be put to vote by poll. Independent Scrutineers will be appointed to conduct the polling process and to verify the results of the poll.

(viii) By submitting an instrument appointing a proxy and/or representative, the member accepts and agrees to the Personal Data Privacy terms set out in the Notice of the Thirteen Annual General Meeting dated 5 April 2017.

Fold this flap for sealing

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Affix
Stamp

THE COMPANY SECRETARY
CAN-ONE BERHAD
2B-4, Level 4
Jalan SS 6/6, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

1st fold here

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(638899-K)

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