CAN-ONE BERHAD

Incorporated in Malaysia
Registration No. 200401000396 (638899-K)
("**Can-One**" or "**the Company**")

SUMMARY OF KEY MATTERS DISCUSSED AT THE SIXTEENTH ANNUAL GENERAL MEETING ("16TH AGM") OF CAN-ONE CONDUCTED FULLY VIRTUAL AND LIVE-STREAMED FROM THE BROADCAST VENUE AT THE CONFERENCE ROOM, LOT 4, JALAN PERUSAHAAN DUA, 68100 BATU CAVES, SELANGOR DARUL EHSAN, MALAYSIA ON MONDAY, 29 JUNE 2020 AT 10.00 A.M.

Pursuant to Paragraph 9.21(2)(b) of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("**MMLR**"), a listed issuer must publish a summary of key matter matters discussed at the annual general meeting, as soon as practicable after the conclusion of the annual general meeting.

All the ordinary resolutions that were tabled at the 16th AGM of Can-One were voted by way of poll via Remote Participation and Voting ("**RPV**") at https://tiih.online in accordance with Paragraph 8.29A(1) of the MMLR and were duly approved by the shareholders of Can-One. The shareholders also received the Audited Financial Statements of Can-One group of companies ("**Group**" or "**Can-One Group**") and of Can-One, along with the Reports of the Directors and Auditors for the financial year ended 31 December 2019.

The following results of the vote by poll at the 16th AGM of Can-One were broadcasted on the screen:

16TH AGM	**Voted in favour**		**Voted against**		**Total votes casted**	
	No. of shares	**%**	**No. of shares**	**%**	**No. of shares**	**%**
ORDINARY BUSINESS						
Ordinary Resolution 1 Declaration of a first and final single-tier dividend of 4 sen per share in respect of the financial year ended 31 December 2019.	136,921,533	99.998	3,238	0.002	136,924,771	100.000
Ordinary Resolution 2 Declaration of a special single-tier dividend of 2 sen per share in respect of the financial year ended 31 December 2019.	136,921,533	99.998	3,238	0.002	136,924,771	100.000
Ordinary Resolution 3 Re-election of Director, Yeoh Jin Beng who retires pursuant to Clause 82 of the Company's Constitution.	136,621,333	99.997	3,438	0.003	136,624,771	100.000
Ordinary Resolution 4 Re-election of Director, Foo Kee Fatt who retires pursuant to Clause 82 of the Company's Constitution.	136,725,433	99.854	199,338	0.146	136,924,771	100.000
Ordinary Resolution 5 Approval of the payment of Directors fees amounting to RM1,719,000 to Directors of the Company and its subsidiaries for the financial year ended 31 December 2019.	126,679,233	99.976	30,138	0.024	126,709,371	100.000

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	No. of shares	**%**	**No. of shares**	**%**	**No. of shares**	**%**
Ordinary Resolution 6 Approval of the payment of benefits of up to RM200,000 to the Non-Executive Directors of the Company and its subsidiaries for the financial year ending 31 December 2020.	129,073,433	99.980	25,638	0.020	129,099,071	100.000
Ordinary Resolution 7 Re-appointment of KPMG PLT, Chartered Accountants, as Auditors of the Company to hold office until the conclusion of the next AGM of the Company and to authorise the Directors to fix the remuneration of the Auditors.	136,725,533	99.854	199,238	0.146	136,924,771	100.000
SPECIAL BUSINESS						
Ordinary Resolution 8 Proposed authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016.	136,890,233	99.989	14,538	0.011	136,904,771	100.000
Ordinary Resolution 9 Proposed renewal of authority for the Company to purchase its own shares.	136,901,433	99.983	23,338	0.017	136,924,771	100.000
Ordinary 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.	81,117,552	99.986	11,338	0.014	81,128,890	100.000

The following questions received via the Query Box at https://tiih.online before and during the 16th AGM of the Company were duly answered by the Chairman of the Meeting and Mr. Ooi Teik Huat, a Chief Financial Officer in the Group:

Question 1 : Please refer to Page 72 of the Annual Report 2019: (Loss)/Profit attributable to owners of the Company
- from continuing operations = (RM11,008,000)
- from discontinued operation = RM725,671,000

(a) Does this mean that we have sold the "Jewel in the Crown" and we can expect only losses going forward from the remainder of the business?

(b) How will the proceeds of the disposal be applied besides the very tiny microscopic amount of so-called "Special" dividend?

Answer 1 : (a) 2019 was a very eventful year for Can-One Group. The loss of continuing operations had included transaction cost related to the acquisition of Kian Joo Can Factory Berhad ("**Kian Joo**") which is slightly over RM10 million and the interest on the loan for the said acquisition of about RM27 million. It also included transaction cost on the disposal of F & B Nutrition Sdn Bhd ("**F&B**").

I would like to draw your attention to Page 17 of the Annual Report on the Management Discussion and Analysis where the adjusted earnings before interest, tax, depreciation and amortisation ("**EBITDA**") was presented. The adjusted EBITDA had included the EBITDA of F&B which had remained flattish for the past 2 years and yet the adjusted EBITDA had jumped from RM113 million to close to RM1,155 million. This would be a better gauge for the performance of the Group going forward as it removes all the impact of the corporate exercises.

(b) When Can-One acquired Kian Joo, Can-One incurred a loan of over RM1.0 billion. Up-to-date, Can-One have received RM912 million of the sale proceeds from the disposal of F&B, out of which RM750 million had been used to reduce the acquisition loan. This is in accordance with the Circular to shareholders dated 25 July 2019 in respect of the disposal of F&B which was discussed and presented at the Extraordinary General Meeting on 9 August 2019. The remaining proceeds received had been utilised partially for transaction costs for the corporate exercise and retiring working capital borrowings.

Question 2 : Please give e-vouchers to attendees who participate in RPV.

Answer 2 : We take note of your request and we will definitely look into this should virtual meetings be held in future.

Question 3 : It was reported by your Management in the press that the Company could earn more following the disposal of F&B. However, the quarterly results ended 31 March 2020 showed a loss and the Movement Control Order ("**MCO**") only commenced from 18 March 2020. If the loss was due to MCO for only 14 days in the quarter, then the Second Quarter ended 30 June 2020 will be worse.

Please provide explanation for the loss and prospect for the remainder of the current financial year.

Answer 3 : The figures reported in Quarter 1, 2020 do not reflect the true earnings potential of the entire Group post disposal of F&B. Again, I would like draw you attention to the adjusted EBITDA number on Page 17 of the Annual Report of the Group. F&B contributed a profit after tax of RM33 million in financial year 2017 and RM52 million in financial year 2018. Kian Joo group of companies ("**Kian Joo Group**") which we acquired has better earnings potential judging from its past results and the projects it is currently undertaking. Putting aside the impact of new projects undertaken by the Group, Kian Joo is capable of contributing more than RM100 million in profit based on its past results. As of Quarter 1, 2020, all the mature business under Kian Joo are contributing profit to the Group. However, the results were hampered by losses contributed by new initiatives undertaken by the Group in Myanmar and new projects undertaken by the Group under the contract packaging activities and also foreign exchange loss which is unrealised in respect of a subsidiary in Indonesia. The initiatives undertaken by the Group in Myanmar and for contract packaging activities are meant for future growth and would eventually contribute profit to the Group. For the Myanmar project, as reported earlier, we expect it to contribute positively in 4 to 5 years. For the contract packaging activities, we expect it to contribute positive results in the next 2 to 3 years.

Question 4 :

(a) Gearing is high. How to address this?

(b) How did MCO affect Can-One's business?

(c) Strategy post MCO?

(d) Is there margin compression going forward?

Answer 4 :

(a) Can-One Group gearing has actually dropped from 0.98 times in 2012 to 0.81 times in 2013 to 0.76 times in 2014 to 0.73 times in 2015. In 2019, it has dropped further to 0.61 times. Gearing is not necessary bad, as it enables the Group to grow. As the Company continues to grow, its gearing will reduce. When we have a major exercise like the acquisition of Kian Joo, it will increase again. But it will make the Group stronger. This is also testimony of the trust our banking partners have in the Group.

(b) In respect of Covid-19 pandemic, it is a disruptive event which definitely would have short-term and long-term impact on the Group. As we mentioned in the Management Discussion and Analysis in the Annual Report and our Quarter 1, 2020 announcement, the operation and financial impact could be significant to the Group.

Firstly, sales were impacted due to reduction of customers' demand in consumer products and packing material supplied by us. We supply a lot of packaging materials to the fast moving consumer good segment. During MCO, some of these segments were not operating and some of our plants were not allowed to operate or were only allowed to operate with half the capacity.

In some cases, we also took initiative to discontinue supply to some customers if the credit risk is bigger than what we can accept. Some customers, whether intentionally or not, took the MCO as an opportunity to delay payments to us. Nonetheless, in all crisis there will be opportunities. During the MCO, some of our competitors struggled to supply to certain customer group that we had targeted, thus it was an opportunity for us to cater to these customer group.

Answer 4 : (b) Secondly, the supply chain was affected. Pre-planned purchases of materials were on-going but delivery to customers slowed down somewhat. Consequently, our inventory level built up and we had to increase our working capital borrowings to fund these purchases. But this will be a short-term phenomena as we had adjusted our purchases quantity post MCO, and our inventory level would moderate once the excess stock has being utilised.

The pressure on working capital increased due to all the said reasons, but for short-term. Fortunately, with the strong backing from our bankers, we have ample banking lines to fund us through this period.

Our capital expenditure project was also delayed because engineers from abroad could not travel to render support on the new machinery. On the human capital side, we had played our part to keep all our workers employed. We had decreased production to reduce overtime and other related payroll cost in order to maintain the cost in check.

(c) On a long term basis, we believe the economy will recover and things will get back to normal. For the time being, Covid-19 pandemic is not anticipated to pose a significant impact to our long-term plan.

(d) We are in competitive businesses and margin compression will always be there. But, the Management will always continuously review the operations costs, the way we operate our factories and improve the operation efficiency in order to protect our margin.

Question 5 : Why is the share price of the Company not performing well since month of May compared with value of the Company?

Answer 5 : The share price is not something the Management can address. We continue to try to improve the results of the Company and hopefully, the share price will follow suit.

Hopefully, in the next couple of months, our performance will improve.

Question 6 : To attract new investors, will the Board consider making a bonus issue as the Company’s reserves stand at a huge RM1.53 billion from RM6.33 million?

Answer 6 : We will definitely look into the merit of your suggestion.

Question 7 : Tell us more about the new operations of the Yangon subsidiary plant (i.e. Myanmar). So far, the Group had invested USD415 million in factories and plant and the Group anticipates positive results after 4 to 5 years.

(a) Are your business prospects/ markets according to plan?

(b) Lastly, why is this 100% investment held by KJ Can (Singapore) Pte Ltd?

Answer 7 : (a) Our investment in Myanmar comprises 2 factories sitting on a large piece of land measuring 43.1 acres. Both factories had commenced operation in January last year. One of the factories manufactures carton boxes with a designed capacity of around 4,000 metric tonne per month. However, it is currently running at below 25% capacity, in a low volume but high mix business. It has yet to yield positive results but performance is according to our original plan.

The other factory manufactures aluminium cans. There are 2 international players that are currently competing with us in Myanmar. Our current targets are the beer factories, soft drinks and Asian drink players in Myanmar. There are currently 5 breweries in Myanmar and we supply to all 5 of them. This factory has yet to achieve profit but they have contributed positive EBITDA number and is performing slightly better than what we originally anticipated.

(b) We have decided to hold the investments in Myanmar via intermediary holding company in Singapore, because Singapore has better trade agreement with Myanmar compared to Malaysia. Singapore also offered us greater flexibility in arranging for funding to finance our projects with a wide number of international banks there. We can also manage our foreign currency exposure there as there is less bureaucratic process to increase or reduce our investment there eventually. There are also some slight tax advantages in Singapore.

Question 8 : How do you justify Mr. Yeoh Jin Hoe's total remuneration of RM4.967 million during financial year 2019 when he is a Non-Executive Director?

Please elaborate.

Answer 8 : Mr. Yeoh Jin Hoe's remuneration packages are mainly derived from Kian Joo and Box-Pak (Malaysia) Bhd, where he is the Group Managing Director.

Question 9 : Clarification related to Question 1. Going forward, what business(es) will be the main source of profit?

Answer 9 : There are several type of businesses in Can-One Group now. We have the mature businesses under the general can operations in Malaysia and Vietnam. We have matured business under the carton box factories in Malaysia and Vietnam and we have aluminium can factories. These are matured businesses which we anticipate will continue to generate profit for the Group.

We have businesses in incubation stage such as carton box and aluminium can businesses in Myanmar as well as contract packaging activities in Malaysia. These are projects for the future and they are anticipated to eventually contribute profit to the Group.

The 16th AGM of the Company concluded and closed at 11.11 a.m.