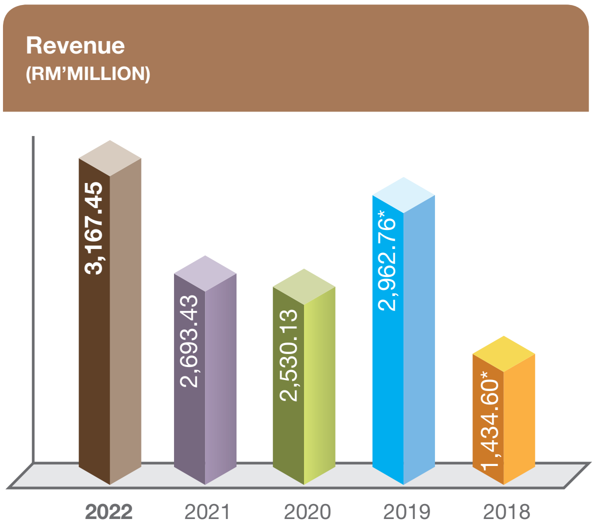
CAN-ONE BERHAD
Registration No. 200401000396 (638899-K)

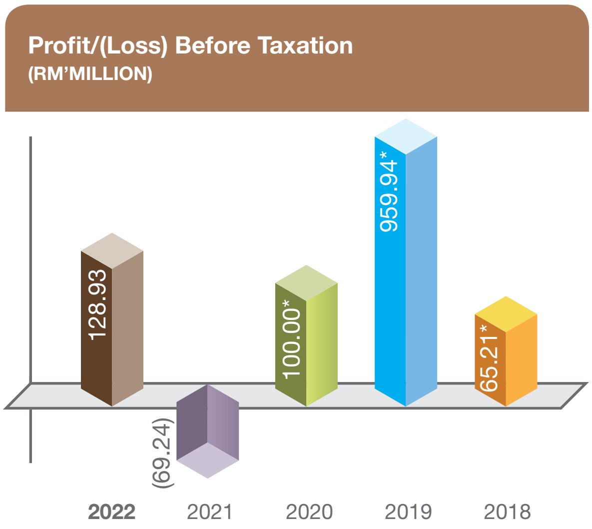
ANNUAL REPORT 2022

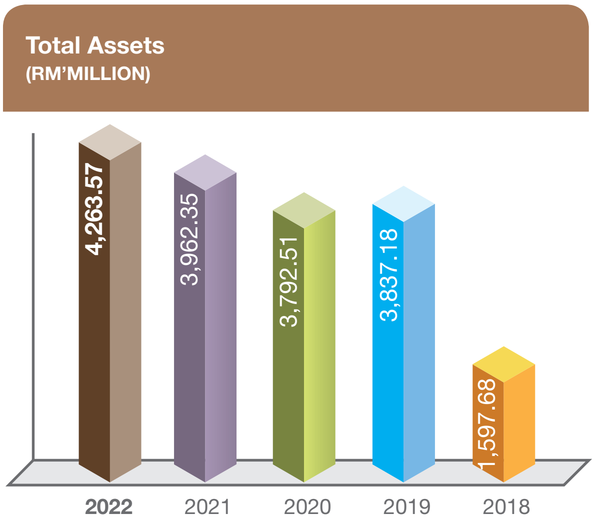
The **CANs** Company

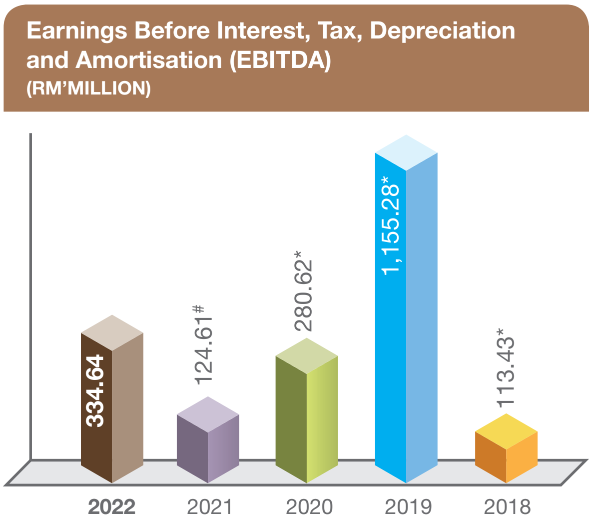
FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

	Financial Year Ended 31 December				
	2022	**2021**	**2020**	**2019**	**2018**
Revenue (RM'Million)	**3,167.45**	2,693.43	2,530.13	2,962.76*	1,434.60*
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) (RM'Million)	**334.64**	124.61#	280.62*	1,155.28*	113.43*
Profit/(Loss) Before Taxation (RM'Million)	**128.93**	(69.24)	100.00*	959.94*	65.21*
Profit/(Loss) After Taxation (RM'Million)	**87.89**	(108.94)	80.92*	939.34*	46.58*
Net Profit/(Loss) Attributable to Equity Holders (RM'Million)	**91.65**	(52.86)	76.42*	714.66*	46.58*
Total Assets (RM'Million)	**4,263.57**	3,962.35	3,792.51	3,837.18	1,597.68
Paid-Up Capital (RM'Million)	**197.66**	197.66	197.66	197.66	197.66
Shareholders' Equity (RM'Million)	**1,826.58**	1,733.80	1,781.35	1,727.88	830.77
Return on Equity (%)	**5.02**	(3.05)	4.29	41.36	5.61
Total Borrowings and Lease Liabilities (RM'Million)	**1,603.07**	1,481.16	1,302.26	1,397.09	540.12
Earnings/(Loss) Per Share (Sen)	**47.70**	(27.51)	39.77*	371.92*	24.24*
Net Assets Per Share (RM)	**9.51**	9.02	9.27	8.99	4.32
Debt-To-Equity Ratio (times)	**0.88**	0.85	0.73	0.81	0.65


Revenue
(RM'MILLION)


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


Total Assets
(RM'MILLION)


Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)
(RM'MILLION)

* *This amount is total of continuing and discontinued operations.*

\# *2021 EBITDA amount included impairment losses of property, plant and equipment and right-of-use assets of RM197.0 million and RM34.5 million respectively*

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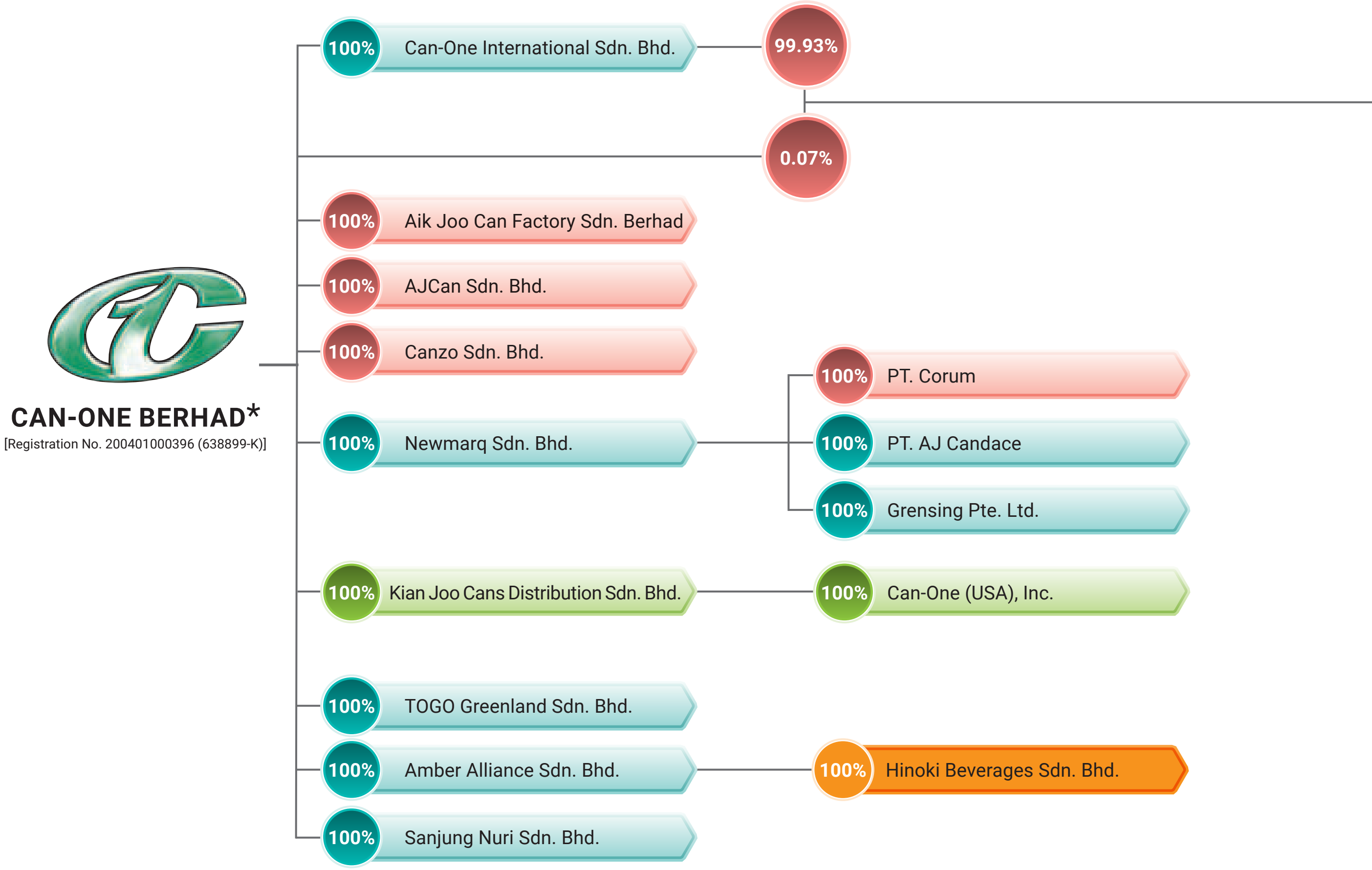
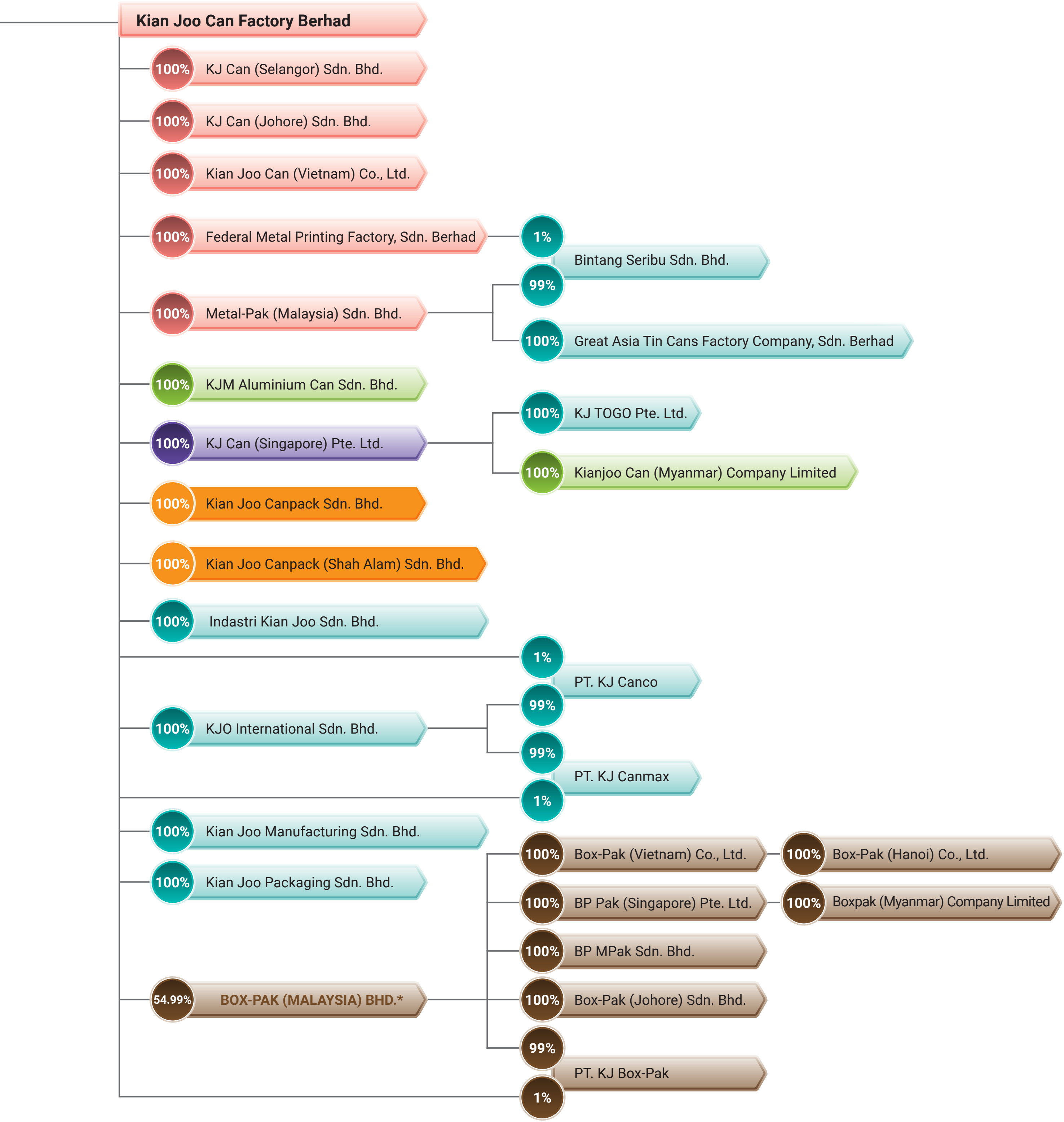
CORPORATE STRUCTURE

AS AT 15 APRIL 2023



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

🟥 General packaging division - General cans (Tin cans, jerry cans and rigid packaging) segment
🟩 General packaging division - Aluminium cans segment
🟫 General packaging division - Cartons segment
🟧 Contract manufacturing division
🟪 Trading division
🟦 Property development and investment holding division


Kian Joo Can Factory Berhad
100% KJ Can (Selangor) Sdn. Bhd.
100% KJ Can (Johore) Sdn. Bhd.
100% Kian Joo Can (Vietnam) Co., Ltd.
100% Federal Metal Printing Factory, Sdn. Berhad
1%
Bintang Seribu Sdn. Bhd.
99%
100% Metal-Pak (Malaysia) Sdn. Bhd.
100% Great Asia Tin Cans Factory Company, Sdn. Berhad
100% KJM Aluminium Can Sdn. Bhd.
100% KJ TOGO Pte. Ltd.
100% KJ Can (Singapore) Pte. Ltd.
100% Kianjoo Can (Myanmar) Company Limited
100% Kian Joo Canpack Sdn. Bhd.
100% Kian Joo Canpack (Shah Alam) Sdn. Bhd.
100% Indastri Kian Joo Sdn. Bhd.
1%
PT. KJ Canco
99%
100% KJO International Sdn. Bhd.
99%
PT. KJ Canmax
1%
100% Kian Joo Manufacturing Sdn. Bhd.
100% Box-Pak (Vietnam) Co., Ltd.
100% Box-Pak (Hanoi) Co., Ltd.
100% Kian Joo Packaging Sdn. Bhd.
100% BP Pak (Singapore) Pte. Ltd.
100% Boxpak (Myanmar) Company Limited
100% BP MPak Sdn. Bhd.
54.99% BOX-PAK (MALAYSIA) BHD.*
100% Box-Pak (Johore) Sdn. Bhd.
99%
PT. KJ Box-Pak
1%

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Marc Francis Yeoh Min Chang
Group Managing Director

Chee Khay Leong
Executive Director

Goh Teck Hong
Executive Director

Yeoh Jin Hoe
Non-Independent Non-Executive Director

Yeoh Jin Beng
Non-Independent Non-Executive Director

Foo Kee Fatt
Independent Non-Executive Director

Datuk Dr. Syed Hussain Bin Syed Husman, J.P.
Independent Non-Executive Director

Rajaretnam Soloman Daniel
Independent Non-Executive Director

Kee E-Lene
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Foo Kee Fatt *(Chairman)*
Datuk Dr. Syed Hussain Bin Syed Husman, J.P.
Rajaretnam Soloman Daniel

NOMINATING COMMITTEE

Rajaretnam Soloman Daniel *(Chairman)*
Datuk Dr. Syed Hussain Bin Syed Husman, J.P.
Kee E-Lene

REMUNERATION COMMITTEE

Datuk Dr. Syed Hussain Bin Syed Husman, J.P. *(Chairman)*
Foo Kee Fatt
Yeoh Jin Hoe

COMPANY SECRETARIES

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

Kwong Shuk Fong
SSM PC No. 202008002178
MAICSA 7032330

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

AmBank (M) Berhad
OCBC Bank (Malaysia) Berhad
AmBank Islamic Berhad
United Overseas Bank (Malaysia) Berhad
HSBC Bank Malaysia Berhad
Maybank Islamic Berhad

AUDITORS

KPMG PLT
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Telephone : +603-7721 3388
Fax : +603-7721 3399

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.
[Registration No. 197101000970 (11324-H)]
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan, Malaysia
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

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad
Stock Name : CANONE
Stock Code : 5105
Sector : Industrial Products & Services
Sub-sector : Packaging Materials

WEBSITE

www.canone.com.my

PROFILE OF DIRECTORS

DATO' SERI SUBAHAN BIN KAMAL

Chairman/Senior Independent Non-Executive Director

Malaysian

57 age

gender

Dato' Seri Subahan Bin Kamal was appointed as Independent Non-Executive Director of Can-One Berhad ("Can-One" or "the Company") on 26 May 2014. He was re-designated to Senior Independent Non-Executive Director and elected Chairman of the Board of Directors of Can-One on 29 November 2017.

He holds a Bachelor of Science (Honours) Degree 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). He left the civil service sector in 1999 to start his business in construction. He has several businesses involved in constructions, training and education, property development, project management and logistics.

He is the President of the Malaysian Hockey Confederation; a board member of Perbadanan Stadium Malaysia, a statutory body under the Youth & Sports Ministry; Chairman of Wawasan Qi Group; and Member of Advisory Board, Quest International University Perak. He was the former Deputy President of Football Association of Malaysia, and was also the President of Football Association of Selangor from 2016 to 2018 and the Manager of Malaysian National Football Team from 2009 to 2013.

He is the Chairman of Social Security Organisation (SOCSO) [also known as Pertubuhan Keselamatan Sosial (PERKESO) which is a government agency of the Ministry of Human Resources] since 4 October 2022. He is an Executive Director of Gagasan Nadi Cergas Berhad, which is listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). He is also an Independent Non-Executive Chairman of Alcom Group Berhad which is listed on the Main Market of Bursa Securities.

He does not have any family relationship with any Director and/or major shareholder of Can-One.

MARC FRANCIS YEOH MIN CHANG

Group Managing Director

Malaysian

38 age

gender

Marc Francis Yeoh Min Chang was appointed as Chief Operating Officer cum Executive Director of Can-One on 6 July 2012, and assumed the position of Group Managing Director ("MD") on 1 October 2017.

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 of Directors of Can-One. 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 the Senior Executive Director of Kian Joo Can Factory Berhad ("KJCFB"), a wholly-owned subsidiary of Can-One. He acts as an Alternate Director to Yeoh Jin Hoe in Alcom Group Berhad which is listed on the Main Market of Bursa Securities and also in Aluminium Company of Malaysia Berhad, a wholly-owned subsidiary of Alcom Group Berhad ("AGB"). He is also a Trustee of Yayasan Canone Kianjoo.

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

CHEE KHAY LEONG

Executive Director

Malaysian

62
age

gender

Chee Khay Leong was appointed as Executive Director of Can-One on 1 February 2018.

He is the President cum Chief Executive Officer of KJCFB, a wholly-owned subsidiary of Can-One, and Box-Pak (Malaysia) Bhd., a subsidiary of KJCFB. Box-Pak (Malaysia) Bhd is listed on the Main Market of Bursa Securities.

He has extensive experience in the management of manufacturing plants, marketing and business development. Prior to joining KJCFB, he was the Chief Operating Officer cum Executive Director of Can-One. He was with Can-One Group from 1977 to 2013.

He does not have any family relationship with any Director and/or major shareholder of Can-One.

GOH TECK HONG

Executive Director

Malaysian

48
age

gender

He was appointed as Executive Director of Can-One on 1 March 2022. He holds a Bachelor of Commerce Degree in Accounting and Economics from Deakin University, Australia. He is a Certified Practicing Accountant of CPA Australia and Chartered Accountant of the Malaysian Institute of Accountants ("MIA").

He has more than 20 years capital market, Islamic banking and commercial experience, local and regional, in the fields of investment banking, corporate finance, corporate banking and debt markets. He previously held various senior positions in RHB Islamic Bank Berhad, Kuwait Finance House (Malaysia) Berhad and Aseambankers Malaysia Berhad (now known as Maybank Investment Bank Berhad). He also possesses experience in regulatory and compliance fields during his employment with Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad) and Malaysian Derivatives Clearing House Berhad.

He is an Executive Director of AGB which is listed on the Main Market of Bursa Securities.

He does not have any family relationship with any Director and/or major shareholder of Can-One.

PROFILE OF DIRECTORS

YEOH JIN HOE

Non-Independent Non-Executive Director

Malaysian

76
age

gender

Yeoh Jin Hoe was appointed as Managing Director ("MD") of Can-One on 8 April 2005 but relinquished the position on 11 July 2012 when he was appointed Group MD of KJCFB, a wholly-owned subsidiary of Can-One. He, however, remained on the Board of Directors of Can-One as a Non-Independent Non-Executive Director. He is also a member of Remuneration Committee.

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, dairy and non-dairy products. He was instrumental in the acquisition by Can-One Group of its initial 32.9% equity interest in KJCFB.

He is also the Group MD of Box-Pak (Malaysia) Bhd, which is listed on the Main Market of Bursa Securities and a subsidiary company of KJCFB. He is an Executive Director of AGB which is listed on the Main Market of Bursa Securities as well as Aluminium Company of Malaysia Berhad, a subsidiary of AGB. He is also a Trustee of Yayasan Canone Kianjoo.

He is a major shareholder of Can-One. He is the father of Marc Francis Yeoh Min Chang (the Group MD of Can-One) and the brother of Yeoh Jin Beng (a Director of Can-One).

YEOH JIN BENG

Non-Independent Non-Executive Director

Malaysian

71
age

gender

Yeoh Jin Beng was appointed as Non-Independent Non-Executive Director of Can-One on 8 April 2005.

His expertise is in the manufacture and trading of fast moving consumer goods. He is one 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 deals in pharmaceutical and other specialty medical products.

He is the MD of Ibufood Group which is involved in the manufacture and distribution of instant noodles, food seasonings, instant soups and marinades.

He is the brother of Yeoh Jin Hoe (Director and major shareholder of Can-One) and uncle of Marc Francis Yeoh Min Chang (the Group MD of Can-One).

He has no directorship in other public companies and listed issuers.

PROFILE OF DIRECTORS

FOO KEE FATT

Independent Non-Executive Director

Malaysian

57
age

gender

Foo Kee Fatt was appointed as Independent Non-Executive Director of Can-One on 29 December 2017. He is also the Chairman of the Audit and Risk Management Committee and a member of the Remuneration Committee.

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

He began his career in 1987 when he joined and served his articleship with Messrs. Kassim Chan & Co. (now known as Messrs. Deloitte). In 1993, he joined Messrs. Peter Chong & Co., a local accounting firm with international affiliation, as a Senior Associate where he worked his way up to become a Partner at the firm within the span of 13 years. In 2007, he established Messrs. KFF, an audit firm, and currently, he is in public practice.

He is an Independent Non-Executive Director of Padini Holdings Berhad, MMS Ventures Berhad and Box-Pak (Malaysia) Bhd (a listed subsidiary of Can-One), which are listed on the Main Market of Bursa Securities.

He does not have family relationship with any Director and/or major shareholder of the Company.

DATUK DR. SYED HUSSAIN BIN SYED HUSMAN, J.P.

Independent Non-Executive Director

Malaysian

66
age

gender

He was appointed as Independent Non-Executive Director of Can-One on 1 December 2021. He is also the Chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee and the Nominating Committee.

He holds a Bachelor in Business Studies and a Masters in Business Administration from Western Illinois University, Illinois, USA. He has a Doctorate of Philosophy in Labour Relations from London, United Kingdom ("UK"), and also a Doctorate in Business Administration from ASIAeUNIVERSITY. He has also attended the Senior Management Development Program at Harvard Business School, USA in 2002.

He is also currently serving as the President of Malaysian Employers Federation and a member of the Board of the Employees Provident Fund as an Employers' representative. Dato' Dr. Syed Hussain is also appointed to the Ahli Majlis Negara bagi Keselamatan dan Kesihatan Pekerjaan, the Advisory Council of Malaysian Society for Occupational Health and Safety, National Wages Consultative Council, Ahli Majlis Penasihat Industri Jabatan Pendidikan Politeknik dan Kolej Komuniti, Ahli Mesyuarat Jawatankuasa Eksekutif Majlis TVET Negara and Council Member of the Malaysian Qualifications Agency under the Ministry of Higher Education.

He was with Procter & Gamble, Malaysia/Singapore as Human Resources and External Affairs Director (1992 to 1997); Rothmans of Pall Mall (Malaysia) Berhad (1997 to 2000) and British American Tobacco (Malaysia) Berhad (2000 to 2004) as Director, Human Resources - Public Relations and Security Affairs. He joined Ramunia Holdings Bhd (2006 to 2008) as Group Director, Human Resources, Communications and Information Technology, and Petrofield (M) Sdn. Bhd. (2008 to 2010) as Group Director, Human Resources, Corporate Affairs and Government Affairs.

He is an Executive Director/Chief Executive Officer of SVTT Resources Sdn. Bhd., and the Chairman and Senior Independent Non-Executive Director of KIP REIT Management Sdn Bhd, the Manager of public listed KIP Real Estate Investment Trust.

He does not have any family relationship with any Director and/or major shareholder of Can-One.

PROFILE OF DIRECTORS

RAJARETNAM SOLOMAN DANIEL

Independent Non-Executive Director

Malaysian

68
age

♂
gender

He was appointed as Independent Non-Executive Director of Can-One on 29 June 2022. He is also the Chairman of the Nominating Committee and a member of the Audit and Risk Management Committee.

He holds a Bachelor of Economics (Honours) Degree from University of Malaya and a Masters in Business Administration from University of Strathclyde, Glasgow, UK under scholarship from United Asian Bank Berhad (now known as CIMB Bank Berhad).

He has over 33 years experience in the banking industry particularly, in the area of credit management, having previously served as Group Chief Credit Officer in EON Bank Group (“EON Bank”) and RHB Bank Group (“RHB Bank”). During his tenure with EON Bank and RHB Bank, he sat in several committees in the aforesaid banks namely, Credit Committee, Management Committee, Credit Recovery Committee, Risk Management Committee, Risk Assessment Committee, Basel II Steering Committee, Asset-liability Committee and Information Technology Steering Committee. He also served as a director in several subsidiaries of RHB Bank Group.

He is an Independent Non-Executive Director of Jerasia Capital Berhad, which is listed on the Main Market of Bursa Securities.

He does not have any family relationship with any Director and/or major shareholder of Can-One.

KEE E-LENE

Independent Non-Executive Director

Malaysian

54
age

♀
gender

Kee E-Lene was appointed as Independent Non-Executive Director of Can-One on 29 June 2022. She is also a member of the Nominating Committee.

She holds a LLB (Honours) degree from the University of Nottingham, England and was admitted to the Bar of England and Wales and the Malaysian Bar in 1991 and 1993 respectively.

She worked mainly in corporate law, and went on in the 1990s to co-found an advisory firm KEEGROUP Sdn. Bhd., which focuses on property development, retail and education. Her past notable projects include her appointment as Director, Business Development of CITTA Mall, Ara Damansara, Senior Vice President of Asian Regional Management Sdn. Bhd., as Alternate Director on the Board of Directors of SEG International Berhad and as Special Projects Director of PRIME College, all of which she was actively involved in.

She is presently advisor to Jane Goodalls Roots & Shoots, a global non-profit youth led organisation. During the pandemic, she cofounded Abundant Ventures Sdn Bhd, a social enterprise committed to growing livelihoods through the agriculture and health sector, focusing on food security issues.

She does not have any family relationship with any Director and/or major shareholder of Can-One. She has no directorship in other public companies and listed issuers.

Additional information:

1. *None of the Directors has any conflict of interest with Can-One.*
2. *None of the Directors has been convicted of any offence within the past 5 years or was publicly sanctioned or imposed with penalty by the relevant regulatory bodies during the financial year ended 31 December 2022 (“FYE 2022”), except for Rajaretnam Soloman Daniel, who is an Independent Non-Executive Director and Audit Committee member of Jerasia Fashion Sdn Bhd (“Jerasia”), was publicly reprimanded on 14 February 2023 by Bursa Malaysia Securities Berhad (“Bursa Securities”) and imposed a fine of RM50,000 for the breach of paragraph 16.13(b) of the Main Market Listing Requirements (“MMLR”) for permitting Jerasia to commit breaches of the provisions in the MMLR in failing to make immediate announcements pertaining to defaults in payment of various credit facilities by Jerasia’s wholly owned subsidiaries, lawsuits by lenders and the winding-up petition filed by AmBank(M) Berhad against Jerasia’s wholly-owned subsidiary, Jerasia Fashion Sdn Bhd in July 2021.*
3. *Details of the Directors’ attendance at the meetings of the Board of Directors of Can-One in FYE 2022 are set out in the Corporate Governance Overview Statement on page 63 of this Annual Report.*

PROFILE OF KEY SENIOR MANAGEMENT

CHAN KAM CHIEW

Group Finance Director

Malaysian

58
age

♂
gender

Chan Kam Chiew is a member of the Malaysian Institute of Accountants ("MIA"), Malaysian Institute of Certified Public Accountants ("MICPA") and Institute of Corporate Directors Malaysia. He joined KPMG in Kuala Lumpur in 1984. He was a Partner in the Assurance Services of KPMG Malaysia from 1998 until his retirement in December 2020. He had also served in KPMG San Francisco office from 1991 to 1993.

He has over 36 years of experience in providing audit and business advisory services to a wide range of public listed companies and multinational corporations in various industries including those in automotive, real estate investments trust, property development and construction, oil and gas, electronics and information technology, freight and shipping, industrial manufacturing, food and beverages, retail and consumer and banking and financial services.

In addition to statutory audits, he had led and been involved in assignments in relation to the International Financial Reporting Standards reviews, initial public offerings and reverse takeovers, mergers and acquisitions (including cross borders), financial due diligence reviews, provision of financial advisory services and review of policies and procedures.

He had served on the Board of Malaysian Accounting Standards Board ("MASB") for 2 terms from 2012 to 2018. He had also served as a member as well as chaired a few working groups of MASB and was an examiner for the Regulatory and Financial Reporting Framework examination for the MICPA.

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

BERNADETTE CHIN CHEEN CHOO

Director - Group Executive Management Office

Malaysian

57
age

♀
gender

Bernadette Chin Cheen Choo is a qualified accountant and is a Fellow Member of the Association of Chartered Certified Accountants.

She gained her exposure working in international accounting firms for more than 20 years before joining a commercial organisation in 2007.

She joined Kian Joo Can Factory Berhad ("KJCFB") in 2015 as Head of Internal Audit and was transferred to the Executive Office as Executive Assistant in 2016. She was promoted to the role of Director - Group Executive Management Office on 21 September 2017.

HO YIK KIT

General Manager - Audit, Risk & Sustainability

Malaysian

59
age

♂
gender

Ho Yik Kit is a member of MIA. He holds a Bachelor Degree in Economics (Accounting & Econometrics) from Monash University, Australia.

He has more than 30 years of experience serving in various senior management roles in operations, sales and finance with local conglomerates.

He joined the Group in 2016 as General Manager, Finance & Operations Support and was promoted to General Manager of Box-Pak (Malaysia) Bhd in 2018. He took on the current role as General Manager - Audit, Risk & Sustainability in January 2021.

PROFILE OF KEY SENIOR MANAGEMENT

LYDIA TONG YIU SHYIAN-SHYIAN

Joint Company Secretary

Malaysian

36 age

♀ gender

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

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

KWONG SHUK FONG

Joint Company Secretary

Malaysian

50 age

♀ gender

Kwong Shuk Fong is an associate of The Malaysian Institute of Chartered Secretaries and Administrators and a Chartered Governance Professional under the Chartered Governance Institute. She was appointed Company Secretary on 18 April 2013. She has extensive 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.

LIM ENG TAK

General Manager - Rigid packaging segment

Malaysian

55 age

♂ gender

Lim Eng Tak holds a Bachelor of Business degree from Edith Cowan University, Australia. He joined Can-One Group on 1 August 2013 as General Manager taking charge of the operations in the Rigid packaging segment of the General Packaging Division. He was the General Manager of a multinational plastic manufacturing company for 11 years before he joined Can-One Group.

LEONG SHEONG LOK

General Manager - Tin cans segment, Shah Alam

Malaysian

53 age

♂ gender

Leong Sheong Lok holds a Bachelor Degree in Mechanical Engineering from Universiti Kebangsaan Malaysia. He joined KJCFB Group as plant engineer in 1997 and was promoted to the current position on 1 January 2017.

PROFILE OF KEY SENIOR MANAGEMENT

ANG KOK KUN

General Manager - Tin cans segment, Batu Caves

Malaysian

52
age

gender

Ang Kok Kun obtained his Degree in Mechanical & Manufacturing from Tunku Abdul Rahman College (now known as Tunku Abdul Rahman University of Management and Technology) before he joined the operations team of KJCFB Group in 1995 as a production engineer. He was promoted to his current position on 1 January 2017.

TAN KIM WENG

General Manager - Tin cans segment, Johor

Malaysian

47
age

gender

Tan Kim Weng obtained his Bachelor of Business Administration degree from University of Ottawa, USA. He has more than 14 years of working experience in the tin cans industry. He worked in Japan for 3 years before joining KJCFB Group as Sales Executive in 2007. He was promoted to the position of General Manager on 1 January 2017.

HOH WEE SANG

General Director - Tin cans segment, Vietnam

Malaysian

56
age

gender

Hoh Wee Sang holds a Bachelor Degree from Thung Hai University, Taiwan. He joined KJCFB Group in 1995 as an industrial engineer and was seconded to KJCFB Group's Vietnam operations in 2002. He was promoted to his current position on 1 November 2013.

FOO MUN CHOONG

General Manager - Sales, Tin cans segment
General Manager - Tin cans segment, Teluk Panglima Garang and Butterworth

Malaysian

51
age

gender

Foo Mun Choong holds a Master in Business Administration from the University of Wales, Newport and Asia e-University. He joined KJCFB Group since 1993 and served in a few positions in the operations team before he was transferred to the Sales and Marketing department. He was promoted to head the Sales and Marketing Department of KJCFB Group in 2012 and was promoted as General Manager – Sales on 1 January 2017. On 1 January 2022, he assumed the duty of General Manager for the Teluk Panglima Garang and Butterworth manufacturing plants.

PROFILE OF KEY SENIOR MANAGEMENT

LE SEE LI

General Manager - Aluminium cans segment, Nilai

Malaysian

59
age

♂
gender

Le See Li holds a Diploma in Technology in Mechanical and Automotive Engineering from Tunku Abdul Rahman College (now known as Tunku Abdul Rahman University of Management and Technology). He was awarded a Master in Business Administration from Southern Cross University, New South Wales, Australia in 2005. He joined KJCFB Group's Tin cans segment in 1989 and was transferred to the Aluminium cans segment in 2007. He was promoted to his current position on 1 January 2017.

LIM KIM HONG

General Manager - Aluminium cans segment, Myanmar

Malaysian

62
age

♂
gender

Lim Kim Hong has more than 40 years of working experience in KJCFB Group having joined KJCFB Group in 1980. He has extensive experience in aluminium cans operations, having served in various roles within the segment. He was promoted to his current position on 1 January 2017. In 2018, he was seconded to Myanmar to set up the aluminium cans manufacturing plant there.

FRANCIS ALBERT BALIAH

Operations Manager - Aluminium cans segment, Batu Caves

Malaysian

48
age

♂
gender

Francis Albert Baliah holds a Diploma in Electrical Engineering from Federal Institute of Technology and Executive Diploma Operations Management from Universiti Tun Hussein Onn Malaysia. He joined the operations team of KJCFB Group in 1995 as an Electrical Engineer. He was promoted to his current position on 1 June 2020.

YEW LI LIAN

General Manager - Sales, Aluminium cans segment

Malaysian

58
age

♀
gender

Yew Li Lian holds a Master of Business Administration (MBA with Distinction) from Royal Melbourne Institute of Technology (RMIT), Melbourne, Australia. She joined KJCFB Group in 1998 and served in several capacities before she was transferred to the Sales & Marketing Department. She was promoted to her current position on 1 January 2017.

PROFILE OF KEY SENIOR MANAGEMENT

CHAN HUAN CHEONG

General Director - Cartons segment, Vietnam

Malaysian

80
age

gender

Chan Huan Cheong graduated from Han Chiang High School and started his career in 1963, when he started to work in the corrugated carton industry. He gained his technical knowledge in Japan and Europe through his various engagements with the corrugated carton manufacturers. He joined Box-Pak (Malaysia) Bhd Group's operations in Vietnam in 2004 and was promoted to his current position on 28 May 2014.

MA MY PHUONG

General Director - Cartons segment, Vietnam

Vietnamese

51
age

gender

Ma My Phuong graduated from high school and has 31 years of working experience in corrugated carton industry having started her career in 1992. She joined Box-Pak (Malaysia) Bhd Group's operations in Vietnam in 2004 as Marketing Manager and was promoted to Deputy General Director on 1 September 2016. She was promoted to her current position on 1 January 2023.

GAN JOE YEE

General Manager - Cartons segment, Vietnam

Malaysian

50
age

gender

Gan Joe Yee holds a Bachelor of Commerce (Honours) degree from Lincoln University, New Zealand. He has 26 years of working experience in various industries. He joined the Group on 19 July 2019 as General Manager of the corrugated carton operations in Hanoi, Vietnam.

LAU GIE WEE

Head of Commercial - Contract Manufacturing Division

Malaysian

34
age

gender

Lau Gie Wee holds a Bachelor of Marketing degree from University of Hertfordshire, UK. He joined KJCFB Group as Sales Executive in the Contract Manufacturing Division in 2011. He was promoted to his current position in September 2021.

PROFILE OF KEY SENIOR MANAGEMENT

QUEK KHEH MENG

General Manager - Contract Manufacturing Division, Seremban

Malaysian

49
age

gender

Quek Kheh Meng holds a Bachelor of Business Administration (Honours) degree from Coventry University, United Kingdom in 1998. He joined KJCFB Group as Sales Executive in the Tin cans segment in 1998. He was promoted to lead Contract Manufacturing Division, Shah Alam plant in 2012. He was promoted to his current position on 1 January 2017. He was re-assigned to lead the Contract Manufacturing Division, Seremban plant in 2022.

CHEW HOCK SAN

General Manager - Aluminium cans and Cartons segments, Myanmar

Malaysian

57
age

gender

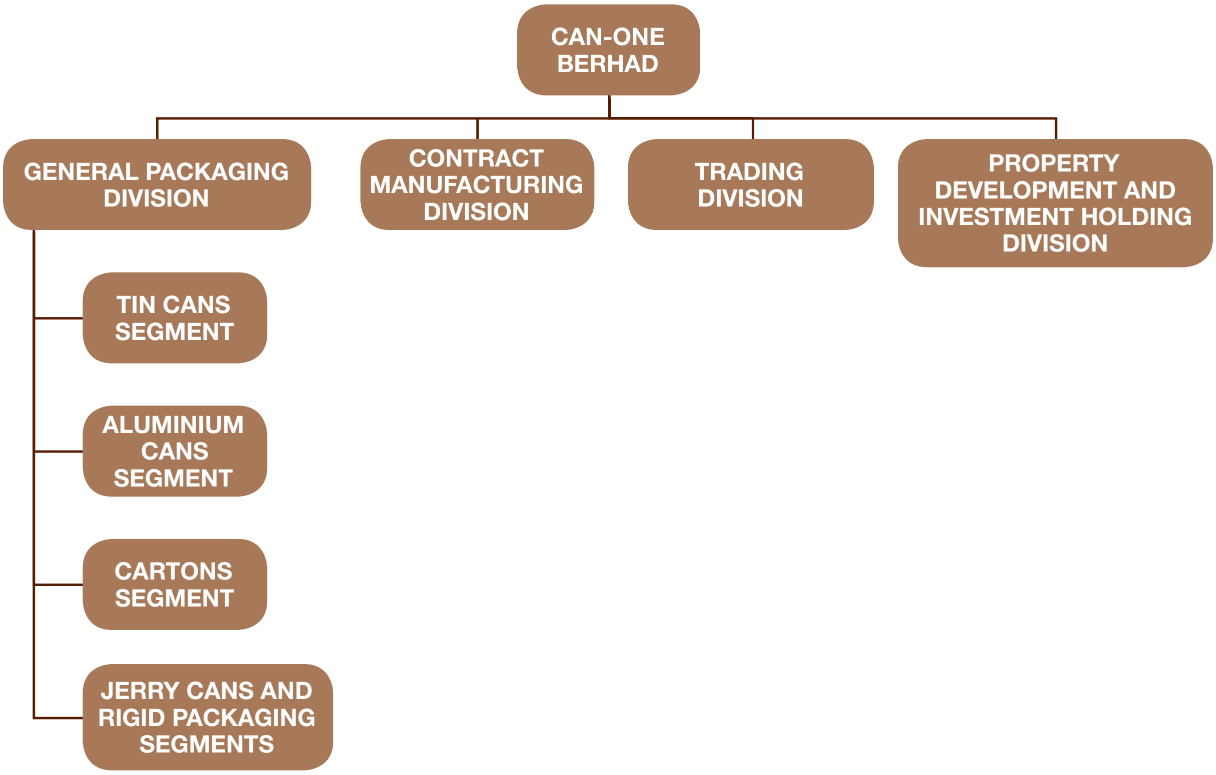
Chew Hock San holds a Bachelor of Science with Education (Honours) degree majoring in Chemistry from Universiti Putra Malaysia. He worked in various capacities since he joined KJCFB Group as Operations Manager in 2001. He was promoted to his current role on 1 May 2018.

Additional information:

- *Save for Chan Kam Chiew, none of the Key Senior Management holds directorship in public companies and listed companies.*
- *None of the Key Senior Management has family relationship with any Director and/or major shareholder of the Company.*
- *None of the Key Senior Management has any conflict of interest with the Company.*
- *None of the Key Senior Management has been convicted for offences within the past 5 years or was publicly sanctioned or imposed with penalty by the relevant regulatory bodies during financial year ended 31 December 2022.*

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF BUSINESS AND OPERATIONS



GENERAL PACKAGING DIVISION

Tin cans segment

This segment is principally involved in the manufacture of metal and lithographed tin cans and components in Malaysia and Vietnam. Tin cans manufactured by the Group are supplied to a wide variety of industries including fast-moving consumer goods, edible oils packaging, industrial products, battery jackets, aerosol and other products.

Aluminium cans segment

This segment is principally involved in the manufacture of aluminium cans in Malaysia and Myanmar. The main customers of aluminium cans are the beverage industry which include beer, carbonated, energy, isotonic and Asian drink products.

Cartons segment

This segment is principally involved in the manufacture of corrugated cartons for fast-moving consumer goods, electronic and electrical products, footwear, furniture and other products in Malaysia, Vietnam and Myanmar.

Jerry cans and Rigid packaging segments

This segment is principally involved in the manufacture of plastic jerry cans and plastic rigid bottles in Malaysia and Indonesia. These products manufactured by the Group are supplied to customers in the fast-moving consumer goods, edible oils packaging, pharmaceutical products and other industries.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF BUSINESS AND OPERATIONS (continued)

CONTRACT MANUFACTURING DIVISION

This division is principally involved in contract manufacturing, packaging and distribution of carbonated and non-carbonated beverages.

TRADING DIVISION

This division undertakes sale and marketing activities for the Group. It also acts as the international procurement centre for key direct materials of the Group.

PROPERTY DEVELOPMENT AND INVESTMENT HOLDING DIVISION

All activities that are not classified above are included in this division. This includes investments in certain subsidiaries, investment in properties held for future development, and for entities with properties for letting to related companies and third parties.

FINANCIAL PERFORMANCE HIGHLIGHTS AND REVIEW

	FYE 2022 RM'000	FYE 2021 RM'000	Increase/ (Decrease) RM'000
Revenue	**3,167,452**	2,693,431	474,021
Gross profit	**371,664**	360,811	10,853
Profit/(Loss) before tax ("PBT"/"LBT")	**128,929**	(69,237)	198,166
Profit/(Loss) after tax ("PAT"/"LAT")	**87,888**	(108,940)	196,828
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	**334,636**	124,610	210,026
Adjusted earnings before interest, tax, depreciation and amortisation ("Adjusted EBITDA") (1)	**329,800**	360,607	(30,807)

(1) *This was arrived at after adding the impairment loss on property, plant and equipment, right-of-use assets and investment properties, financial instruments and deducting the gain on disposal of property, plant and equipment and right-of-use assets during the financial year amounting to RM4.8 million (FYE 2021 : RM236.0 million).*

A revenue of RM3,167.5 million was registered in FYE 2022, representing an increase of RM474.0 million from FYE 2021. The increase in revenue was attributed mainly from the increase in sales volume, sales mix as well as revision of selling price in accordance with increase in material costs. In tandem with the revenue increase, gross profit of the Group increased by RM10.9 million to RM371.7 million in FYE 2022.

The Group registered a PBT of RM128.9 million as compared to a LBT of RM69.2 million in FYE 2021. The improved PBT was attributed to the lower impairment losses on property plant and equipment, rights-of-use assets and investment properties and higher gain on disposal of property, plant and equipment and right-of-use assets offset by higher operating and interest expenses recorded in FYE 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE HIGHLIGHTS AND REVIEW *(continued)*

DIVISIONAL BUSINESS REVIEW

General packaging division

Revenue of General Packaging division increased by RM496.7 million to RM3,058.9 million (FYE 2021: RM2,562.2 million) in FYE 2022, mainly due to increase in sales volume, sales mix as well as revision of selling price in accordance with increase in material costs. PBT of the division increased by RM137.7 million to RM172.8 million. This was set off by higher operating and interest expenses incurred to support business operations and lower impairment loss on assets was also recorded in FYE 2022 as compared to FYE 2021.

Contract manufacturing division

In FYE 2022, revenue of Contract Manufacturing division increased by RM47.7 million to RM138.9 million (FYE 2021: RM91.2 million). The division recorded a PBT of RM7.4 million FYE 2022 as opposed to a LBT of RM91.0 million in FYE 2021 mainly attributable to higher other operating income in terms of waiver of debts of RM31.9 million given by holding and related companies in FYE 2022. An impairment losses on assets of RM60.1 million was recorded in FYE 2021.

Trading division

Revenue of Trading division decreased by RM533.8 million to RM533.6 million in FYE 2022 (FYE 2021: RM1,067.4 million). PBT of the division decreased by RM19.2 million to a LBT of RM7.3 million in FYE 2022 which was mainly due to decrease in trading activities and increase in impairment loss on financial instruments arose from the provision of credit loss for customers in respect of overdue balances.

FINANCE POSITION REVIEW

	As at 31.12.2022 RM'000	As at 31.12.2021 RM'000	Increase/ (Decrease) RM'000
Total assets	**4,263,573**	3,962,350	301,223
Total liabilities	**2,349,356**	2,137,567	211,789
Shareholders' equity	**1,826,575**	1,733,797	92,778
Non-controlling interests	**87,642**	90,986	(3,344)
Total loans and borrowings and lease liabilities	**1,603,072**	1,481,164	(121,908)
Return on equity (%)	**5.02**	(3.05)	8.07
Gearing ratio (times)	**0.88**	0.85	0.03
Net gearing ratio (times)	**0.67**	0.71	(0.04)
Net assets per share (RM)	**9.51**	9.02	0.49
Earnings/(Loss) per share (RM)	**0.48**	(0.28)	0.76

As at 31 December 2022, the Group's total assets stood at RM4,263.6 million, a higher assets base of RM301.2 million compared to 31 December 2021.

The Group continued to invest in capital expenditures and leased a new factory to increase production capacity and to work on improving production efficiency. Total capital expenditures invested in FYE 2022 amounted to RM407.0 million.

Total liabilities of the Group stood at RM2,349.4 million as at 31 December 2022, an increase of RM211.8 million compared to 31 December 2021. This increase was mainly due to higher lease liabilities from the lease of a new factory and higher contract liabilities, i.e. advance payment received from customers.

MANAGEMENT DISCUSSION AND ANALYSIS

CASH FLOWS REVIEW

The cash and cash equivalents of the Group increased by RM137.3 million to RM386.2 million as at 31 December 2022.

The Group generated net cash flows of RM435.6 million from operating activities. Net cash used in investing activities were RM177.1 million mainly due to acquisition of property, plant and equipment offset by proceeds from the disposal of property, plant and equipment and right-of-use assets. Net cash of RM118.8 million used in financing activities mainly for the payment of trade financing and interest expense.

CAPITAL STRUCTURE AND CAPITAL RESOURCES

Gross gearing ratio increased to 0.88 times as at 31 December 2022 (31 December 2021: 0.85 times) due to higher lease liabilities arising from the lease of a new factory. Net gearing ratio stood at 0.67 times, lower by 0.04 times due to higher cash and cash equivalents as at 31 December 2022.

The Group aims to maintain a prudent financial structure to ensure that it continues to have access to adequate capital and financing on favourable terms to safeguard the Group's ability to continue as a going concern while streamlining the operations and integration of process flows in the Group to achieve an optimal capital structure. The Management monitors and is determined to maintain an optimal gearing ratio that complies with its debt covenants.

The Group's total capital commitments as at 31 December 2022 amounted to RM399.4 million.

DIVIDEND

The Group maintains a track record of dividend distribution. After considering the financial performance of the Group and both its long-term and short-term commitments, the Board is recommending a first and final single-tier dividend of 4 sen per share amounting to RM7.7 million for the FYE 2022, subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

OPERATIONAL ACTIVITIES REVIEW

GENERAL PACKAGING DIVISION

Tin cans, Jerry cans and Rigid packaging segments

Tin cans are used as primary packaging material for a variety of products which include food and beverages, confectionery, lubricant, paint, chemical, battery jacket and other dry and liquid products. The segment produces a wide range of various sizes and shapes of metal and lithographed tin cans. The tin can market in Malaysia is a matured industry with more than 50 years of history.

In Vietnam, there are approximately 15 manufacturers of tin cans. Tin cans manufactured are catered for Vietnam domestic customers, especially in dairy, processed food and aerosol industries.

Jerry cans produced by the Group are used primarily for edible oil packaging while Rigid packaging produced are used as packaging material in the food and beverage industry such as cooking oil, oats, flavoured syrup, honey and others. The Group had ceased a majority of the Jerry can business in the Malaysia plants and focuses on Jerry can business in Indonesia since most of the Malaysian customers have begun insourcing their jerry can production.

At present, a majority of the products manufactured by our plants in Malaysia are primarily for the domestic market. Hence, the growth of tin cans and rigid packaging businesses in Malaysia are dependent on the consumers' demand in the domestic market as well as export opportunities.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONAL ACTIVITIES REVIEW *(continued)*

GENERAL PACKAGING DIVISION *(continued)*

Aluminium cans segment

Aluminium cans have infinite recyclability and is therefore gaining popularity as the most sustainable form of packaging material for the beverage industry. As ESG (Environment, Social and Governance) gain momentum, aluminium products, especially aluminium cans, will gain prominence in the consumer marketplace and are in direct competition to plastic packaging.

Aluminium cans produced by the Group are primarily used as packaging material for the single serve, ready to drink carbonated and non-carbonated beverage industry.

There are now 3 aluminium can manufacturers in Malaysia. It is also possible for domestic beverage manufacturers to import empty cans from suppliers aboard. Majority of aluminium cans produced by the Group is to cater to the domestic beverage manufacturers. Hence, the growth of the aluminium can business is dependent on the consumer market demands both domestic and overseas. The Group's direction of targeting and developing new export markets has been positive.

In its fourth year of commercial operation, the Group's Myanmar entity's revenue recorded RM189.6 million (FYE 2021 : RM106.2 million) and reported a PBT of RM14.8 million (FYE 2021 : PBT RM3.6 million). Revenue and profit performance improved as a result of the combined results from increased sales volume and higher London Metal Exchange ("LME") prices which we were able to pass through to customers in Myanmar.

The Group's new aluminium can plant in the United States of America is expected to commence operations during the financial year ending 2023. As a greenfield project, it is only expected to contribute positive results to the Group in 3 to 5 years time.

Cartons segment

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

The corrugated carton specifications may differ from country to country, from industry to industry and from customer to customer. The Group's objective is to supply quality corrugated cartons at prices acceptable to customers in order to achieve business growth.

In Malaysia, the corrugated carton industry is a matured industry with numerous players. The Malaysian Corrugated Carton Manufacturer's Association which is the trade association representing the industry, has more than 50 members and associate members.

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

In Malaysia, the Group focuses their marketing effort on fast-moving consumer goods where high quality corrugated cartons are in demand. The Group also sells its corrugated cartons to electronic and electrical industry, paints and other industries.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONAL ACTIVITIES REVIEW *(continued)*

GENERAL PACKAGING DIVISION *(continued)*

Cartons segment *(continued)*

In Vietnam, the corrugated carton industry is also a matured industry with a large number of manufacturers. Apart from manufacturers of similar size, the Group's operations in Vietnam are also competing with large integrated corrugated carton manufacturers as well as smaller converters.

The Group in Vietnam focuses its attention on fast-moving goods and footwear where demand is high and the quality requirements are more stringent. The Group also supplies corrugated cartons to the electric & electrical industry as well as the furniture industry.

In Myanmar, there are more than 10 corrugated carton manufacturers. Demand for corrugated cartons is expected to grow moderately due to the current economic situation in Myanmar.

The Group's entity in Myanmar is in its fourth year of commercial operation. The Myanmar entity recorded a revenue of RM44.0 million (FYE 2021 : RM22.2 million) and incurred a LBT of RM6.7 million (FYE 2021 : RM111.3 million). Having looked at the history of the performance of the Myanmar entity, this is the first year the Myanmar entity recorded positive gross profit which was mainly attributable to the increased sales volume and lower overhead costs which resulted from the impairment on assets made in FYE 2021. The Management will closely monitor the operations of this entity to improve on the performance in the foreseeable future.

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

CONTRACT MANUFACTURING DIVISION

The division is a value-add division where the Group offers additional services to assist our customers, which are renowned brand owners, to manufacture their beverages products whilst the brand owners concentrate their efforts in developing their markets and promote their products. The growth of this division is very much dependent on the demand of beverage products from both the domestic and overseas markets.

The Management is increasing efforts in marketing to secure more orders from customers. Moving into FYE 2023, the Group expects the division to gradually move out of its gestation period during this qualification period before it is able to contribute positively to the Group's financial performance.

TRADING DIVISION

This division was used primarily to consolidate marketing efforts to sell products manufactured by the Group domestically and globally. It served as an international procurement centre to consolidate the Group's negotiation power with various suppliers.

MANAGEMENT DISCUSSION AND ANALYSIS

RISKS ASSUMED IN BUSINESS OPERATIONS

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

A. Availability and price of raw materials

The main raw materials for the Group's manufacturing activities are tin plates for Tin cans segment, resin for Jerry Cans and Rigid packaging segment, aluminium coils for Aluminium cans segment and paper rolls for Cartons segment.

There is one sole tin plate supplier in both Malaysia and Vietnam. Importation of tin plates into Malaysia and Vietnam is permissible subject to payment of import duty (unless exemption can be obtained from the relevant authorities) and anti-dumping duty (where applicable). The supply of tin plates is dependent on the availability of the cold-rolled steel plates and the rolling mill's capacity to produce the tin mill black plates which forms the core of the tin plate. Demand for other forms of steel products globally may affect the supply and pricing of cold-rolled steel plates.

Main resins used in the manufacturing of jerry cans and rigid packaging are imported without import duty.

Aluminium coils are fully imported. There is no local supplier in Malaysia and Myanmar. The cost is based on the commodity price quoted on LME and aluminium rolling cost. The Group manages the cost pressure partially through hedging mechanism, when appropriate.

In Malaysia, there are only a handful of reliable local paper suppliers from whom the Group purchases its paper rolls. The Group also imports paper rolls which are subject to 0% to 10% import duty. Similarly in Vietnam, the Group works with a handful of reliable local paper roll suppliers for its paper roll requirements. Paper rolls can be imported, subject to an import duty of between 0% to 20%. Although majority of paper rolls are sourced locally by the Malaysian and Vietnam entities, the cost of paper rolls mirrors those of international markets as it is influenced by the market prices of paper pulps and old corrugated cardboard ("OCC") price in the international market. On the other hand, major suppliers of paper rolls in Malaysia and Vietnam are also producers of corrugated cartons and hence, have a competitive advantage over the Group in the marketplace. In Myanmar, the Group imports paper rolls, free from duty. The Group continuously assesses the quality standard of local paper mills to localise more of its paper requirements in the future.

The Group mitigates these risks by monitoring prices and availability of raw materials and establish long-term business relationship with its pool of suppliers and maintain sufficient inventory of raw materials.

B. Political, Economics and Regulatory Considerations

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, methods and rates of taxation, currency exchange controls or introduction of new regulations, import duties and tariffs and re-negotiations or nullification of existing contracts.

C. Competition

The general packaging industry is matured and highly competitive due to price pressures and the presence of numerous manufacturers competing for new business. The Group is confident that it will be able to withstand any direct competition. The entry barriers into the general packaging industry is high because of the need for large capital investment.

RISKS ASSUMED IN BUSINESS OPERATIONS *(continued)*

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

D. Foreign Exchange

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

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

E. Human Capital

The manufacturing activities of all divisions are considered labour intensive.

In Malaysia, the direct labour cost is affected by the minimum wage fixed by the Malaysian Government. The minimum wage applied in FYE 2022 was RM1,500.

Continued from FYE 2021, in the effort to prevent the infection and spread of 2019 Novel Coronavirus Infection ("COVID-19"), the Group incurred additional expenses to provide our employees with self-test kits and carrying out both PCR and RTK-Antigen tests in healthcare facilities for employees who showed symptoms of the infection as well as those who were diagnosed as COVID-19 positive. The Group also purchased personal protection equipment and carried out sanitisation for all the factories and offices regularly.

As the Malaysian entities rely on foreign workers from Nepal, Vietnam, Myanmar and Bangladesh to provide the labour forces required at the manufacturing facilities, the Group has also incurred additional expenses in ensuring that they comply with the Employees' Minimum Standards of Housing, Accommodations and Amenities (Accommodation and Centralized Accommodation) Regulation 2020 introduced by Jabatan Tenaga Kerja Semenanjung Malaysia.

In Vietnam, the Government enforces the minimum wage. In Ho Chi Minh City, the minimum wage is Vietnam Dong ("VND") 4.68 million per month whereas in Hanoi City, it is VND4.16 million per month.

In Myanmar, the minimum wage fixed by the Myanmar Government is Myanmar Kyat 4,800 a day.

Although the Vietnam and Myanmar Governments did not revise the minimum wage in 2022, additional expenses were incurred by the Vietnam and Myanmar entities to safeguard, protect and provide for all employees.

Risks associated with loss of key personnel are reviewed regularly and succession plans are in place for key roles.

MANAGEMENT DISCUSSION AND ANALYSIS

RISKS ASSUMED IN BUSINESS OPERATIONS *(continued)*

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

F. Health and Safety

As a packaging manufacturer primarily serving the fast-moving consumer goods industry, the Group is fully aware of the importance of consumers' health and safety. Thus, the Group is committed to produce and offer products with high quality assurance for packaging and consumption, which are key factors directly affecting the end consumers' satisfaction as well as the Group's business reputation.

As such, the Group's commitment to stringent manufacturing processes has led to its recognition under the various quality credentials such as Quality Management ISO 9001:2015, Environment Management Systems ISO 14001:2015, Occupational Health and Safety Management Systems ISO 45001:2015, Food Safety Management System FSSC 22000, Hazard Analysis and Critical Control Point ("HACCP") and Good Manufacturing Practice ("GMP"). This is to ensure consistency in the quality and safety management of products delivered to end consumers.

FORWARD-LOOKING STATEMENT

The Group's operating environment for the financial year ending 2023 is expected to be influenced by volatility in foreign currency exchange rates, inflationary increases in prices of raw materials and other input costs pressure such as labour costs and rising pressures from the hikes in interest rates. Nevertheless, the Board remains cautiously optimistic on the Group's business prospects as the Group continues to explore new market opportunities with emphasis on operational efficiency to deliver sustainable growth and satisfactory results for the financial year ending 31 December 2023.

SUSTAINABILITY REPORT

ABOUT THIS REPORT

This Sustainability Report aims to communicate the commitments, initiatives, actions taken and performance relating to Environmental, Social and Governance issues by Can-One Berhad ("Can-One" or "the Company") and its subsidiaries ("the Group" or "Can-One Group") during the financial year ended 31 December 2022 ("FYE 2022").

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

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

This Report should be read together with the Company's Annual Report 2022 ("AR 2022") for a more comprehensive view of Can-One Group's financial and non-financial performance.

REPORTING SCOPE AND BOUNDARY

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

This report covers the Group's active and significant operating segments in Malaysia and Vietnam as follows:

a. Tin cans segment;
b. Aluminium cans segment;
c. Beverages segment ("Contract Manufacturing division"), and
d. Carton boxes segment.

Myanmar operations for both tin can and carton box have not been included as they are not a significant operating segment. We will re-assess the materiality of our Myanmar operations in our next report.

ASSURANCE

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

FEEDBACK

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

SUSTAINABILITY REPORT

MESSAGE FROM GROUP MANAGING DIRECTOR

Dear Stakeholders,

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

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

Steps are also taken to address Greenhouse Gas ("GHG") emissions across our Group. We are working with our national electric utility company, Tenaga Nasional Berhad to subscribe for green energy under its Green Electricity Tariff program for all our plants in Malaysia. As of February 2023, we have successfully subscribed for green energy for three (3) out of our total 15 applications. We hope to secure the rest in the coming months. We are also exploring a 2,988kWp rooftop solar photovoltaic project for one of our plants in Malaysia. Meanwhile, in our Ho Chi Minh City carton box plant, we have successfully converted one of its two (2) boilers to operate on biomass waste wood during the year. This has reduced the plant's GHG emission by 28%.

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

In the June 2022 FTSE4Good Bursa Malaysia review, Can-One Berhad was awarded a 2-stars rating which represent the top 51%-75% rating amongst PLCs in FBM Emas that have been assessed by FTSE Russell. This rating has motivated us to continue in our efforts to further improve to make a positive difference towards a sustainable future.

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

Marc Francis Yeoh Min Chang
Group Managing Director

SUSTAINABILITY REPORT

SUSTAINABILITY APPROACH

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

- Ensuring compliance with all relevant laws and regulations applicable to the Group.
- Periodically review its sustainability approach and practices for improvement and to ensure the journey aligns with the Group's business objectives.
- Continuously engage and communicate with all relevant stakeholders for the identification, assessment, and management of material sustainability matters.
- A robust governance structure to provide leadership, oversight, and accountability.

SUSTAINABILITY IN OUR BUSINESS PROCESSES

Planning and Development	Procurement	Manufacture	Sales and Delivery
• Research and development of sustainable packaging solutions • Co-develop products with customers	• Sourcing of sustainable raw materials • Working with ethically compliant suppliers	• Investment in energy-efficient machineries • Mindful management of waste, water, air, energy and effluent	• Engaging with customers on their sustainability objectives • Efficient delivery and distribution
Expected Sustainabiity Outcomes			
• Fully recyclable packaging solutions • Products with lower carbon footprint • Increased availability of sustainable products solutions	• Accessibility to sustainable raw materials • Elevate suppliers' sustainability practices performance • Larger pool of ethically compliant suppliers	• Reduced material usage, energy usage and waste generation • Compliance with relevant laws and regulations on Scheduled Wastes and Industrial Effluent management	• Expansion of market base • Reduced energy usage and emission from product distribution

SUSTAINABILITY REPORT

GOVERNANCE STRUCTURE

The Audit and Risk Management Committee ("ARMC") takes on the additional role and responsibility of a Sustainability Committee. The ARMC oversees the strategies, policies, initiatives, targets and performance of the Group to ensure that the Group's businesses are conducted in a sustainable manner. The ARMC receives updates on sustainability matter twice a year.

SUSTAINABILITY GOVERNANCE

STAKEHOLDERS ENGAGEMENT

Our stakeholder Groups are those that have an impact on our business or have the potential to be affected by our business. We continuously engage with them to understand their evolving expectations and how our business practices impact them. The insights obtained provide guidance to our materiality determination process, sustainability plans and the initiatives to be taken.

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

STAKEHOLDER	METHOD OF ENGAGEMENT	FREQUENCY	EXPECTATIONS
Shareholders and Investors	• Annual General Meeting • Annual Report • Announcements on Bursa Malaysia	• Annually • Periodically • As and when required	• Sustainable business growth • Financial returns • Good corporate governance
Employees	• Town Hall Meetings • Performance appraisals • Training • 'Open door' feedback	• Annually • As and when required	• Workplace safety and health • Training and development • Career advancement opportunities • Fair remuneration practices with competitive benefits • Inclusive and non-discriminatory workplace

SUSTAINABILITY REPORT

STAKEHOLDERS ENGAGEMENT *(continued)*

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

STAKEHOLDER	METHOD OF ENGAGEMENT	FREQUENCY	EXPECTATIONS
Customers	• Customer Satisfaction Survey • Customers audit and site visits • Customer feedbacks • Face to face meetings	• Regularly • As and when required	• Product expectations in terms of quality, price, and delivery • Sustainable and innovative product • Ethical labour practices
Suppliers	• Supplier meetings • Site visits and audits • Suppliers' evaluations	• Regularly • Periodically • As and when required	• Price competitive • Quality of product, services, and delivery • Ethical labour practices
Governments and Regulators	• Regular meetings and consultations • Seminars, trainings and dialogue • On-site inspections and audits	• As and when required	• Compliance with relevant laws, by-laws and regulations • Corporate governance and compliances
Community	• Community events • Dialogue sessions • Corporate Social Responsibilities events	• As and when required	• Providing employment opportunities • Contributing to community initiatives • Business has minimal environmental impact in terms of waste and emissions

MATERIALITY ASSESSMENT

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

MATERIALITY ASSESSMENT PROCESS

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

Our material assessment process typically involved:-

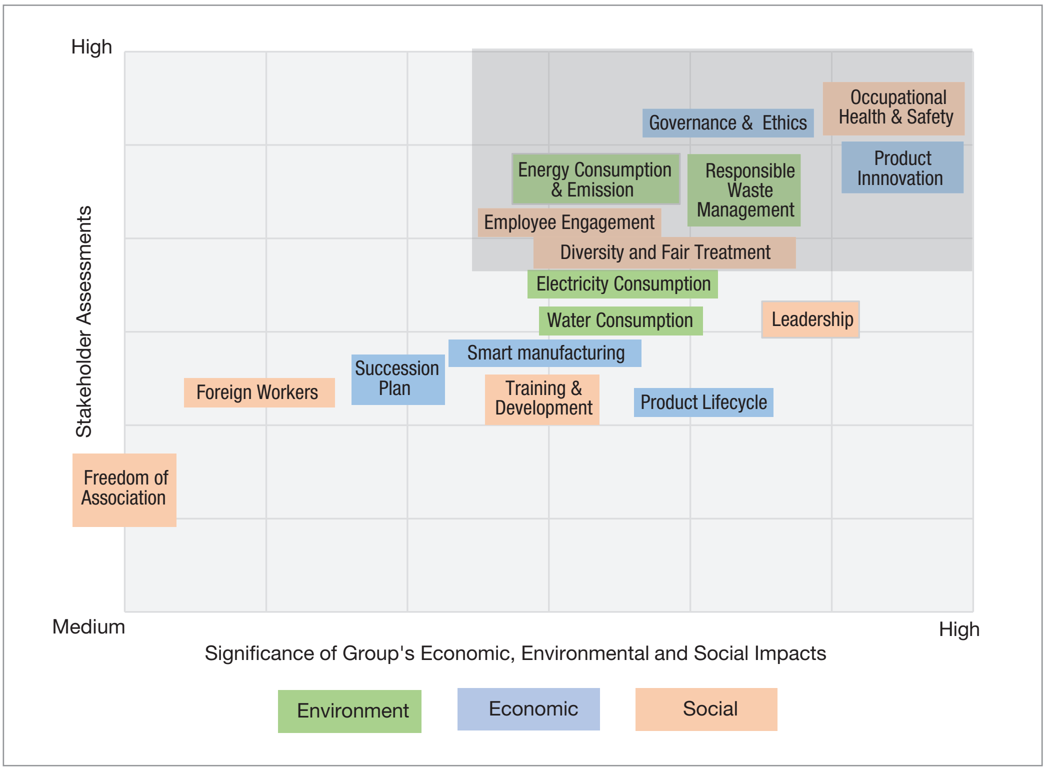
1. IDENTIFICATION
- Identify key stakeholders
- Determine industry trends and sustainability concerns of internal and external stakeholders
- Shortlist potential sustainability topics

2. PRIORITISE
- Engage with internal and external stakeholders
- Rank and prioritise each material matter

3. VALIDATE
- Plot the material matters and assigned ratings on a matrix
- Select top ranking material matter to focus and set target
- Present to the Board of Directors for approval

MATERIALITY MATRIX

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



SUSTAINABILITY REPORT

MATERIALITY MATRIX *(continued)*

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

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

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

SUSTAINABILITY TARGETS

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

Sustainability Pillar	Key Material Matters	Sustainability Targets
Economic	• Product Innovation • Governance and Ethics	• Zero product recall from packaging material defects • Zero bribery and corruption cases reported • Procure from suppliers who are ethically compliant
Environmental	• Responsible Waste Management • Energy Consumption and Emission	• Minimise waste generation. Scheduled waste management compliant with regulatory framework • Air emission consistently meet Department of Environment guidelines • Adoption of solar energy as renewable source for greenfield sites. For Vietnam plant, substitution of coal energy to greener source • Energy efficiency will be given high consideration for future machinery and equipment investment
Social	• Occupational Health and Safety • Diversity & Fair Treatment • Employee Engagement	• Zero employees and contractor fatality • Increase female representation by 10% by 2025 • Increase staff retention rate by 3% by 2025 • Improve staff satisfaction rate by 5% by 2025

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

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

UN SDGs	SDG Goal	Our contribution and Initiatives
1 NO POVERTY *End Poverty in all its forms everywhere*	1.4	• Provide long term employment opportunities to local communities and empowering greater income security. • Undertake social and charitable initiatives to improve community livelihoods.
3 GOOD HEALTH AND WELL-BEING *Ensure healthy lives and promote well-being for all at all ages*	3.9	• Safety and preventive measures in managing safety and health risk at factory premise. • Compliance with laws on waste management. • Employee access to medical care through company appointed panel of clinics.
4 QUALITY EDUCATION *Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.*	4.4 4.7	• Professional development and lifelong learning through training and development programs for our employees. • Supporting local technical institutes and universities through Internship Programs.
5 GENDER EQUALITY *Achieve gender equality and empower all women and girls.*	5.5	• Increasing female participation in leadership and decision-making. • Commitment to provide equal employment opportunities and career progression that does not discriminate based on gender, ethnicity, nationality, marital status, disabilities, or age.
8 DECENT WORK AND ECONOMIC GROWTH *Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.*	8.1 8.3 8.4 8.7 8.8	• Sustainable business growth and deliver long term economic performance to stakeholders. • Supporting local SMEs on goods and services. • ISO 9001 Quality Management System continuous improvement processes to minimise and reduce waste and energy consumption. • Employees' Code of Conduct and Suppliers Code of Conduct on ethical labour practices.

SUSTAINABILITY REPORT

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

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

UN SDGs	SDG Goal	Our contribution and Initiatives
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE *Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.*	9.4	• Sustainable business growth and deliver long term economic performance to stakeholders. • Ensuring responsible resource consumption and production in our operations as part of our continuous improvement process.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION *Ensure sustainable consumption and production patterns.*	12.2 12.4 12.5	• Ensuring responsible resource consumption and production in our operations. • Safety, Health and Environment (“SHE”) officers along with the SHE Committee at the respective plants ensure compliance with laws on Scheduled Wastes and Industrial Effluent management.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS *Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.*	16.5	• Anti -Corruption and Whistle-blowing policies in place. Compliance with MACC Act 2018. • Responsible sourcing. Supply chain affirming their compliance with our Suppliers’ Code of Conduct.

FTSE4 GOOD BURSA MALAYSIA REVIEW

In the FTSE4Good Bursa Malaysia June 2022 review, the Group was awarded an ESG grading of 2-stars which represents the top 51-75% ESG rating amongst PLCs in FBM EMAS in accordance with FTSE Russsell ESG Ratings methodology.

FTSE4Good

SUSTAINABILITY REPORT

ECONOMY

PRODUCT INNOVATION

Why it matters

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

Opportunities and Risks

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

Management approach

All operating entities in the Group are ISO 9001:2015 accredited. As an ISO 9001 certified manufacturer, the manufacturing plants are built around a quality management system incorporating a strong customer focus, leadership, process driven approach, evidence based decision-making and continuous improvement principles.

Primary raw materials are checked against Material Safety Data Sheet ("MSDS") to ensure they meet specification standards and to identify potential hazards (health, fire, reactivity, and environment) before they are approved for use. This assures the products produced are of the highest level of safety and quality.

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

Aluminium coils used by the Group are substantially sourced from suppliers who are Aluminium Stewardship Initiative ("ASI") certified which assures that the materials were produced responsibly according to environment, social and governance standards.

Our corrugated carton manufacturing plants in Malaysia and Vietnam are accredited under Forest Stewardship Council ("FSC") - Chain of Custody which enable the offering of papers sourced from responsibly managed forests.

Our Performance

- There were no product recall cases reported or received for FYE 2022.

- 11% of our cartons produced by the Group used FSC sourced paper in FYE 2022.

  FSC papers used in production in Metric Ton (MT)

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

SUSTAINABILITY REPORT

ECONOMY *(continued)*

GOVERNANCE AND ETHICS

Why it matters

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

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

Management approach

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

- Anti-Corruption policy
- Whistle-blowing policy

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

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

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

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

- Employees Code of Conduct

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

- Suppliers Code of Conduct ("SCC")

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

  Compliance audit would be carried periodically to confirm their adherence.

ECONOMY *(continued)*

Our Performance

- In FYE 2022, there were four whistleblowing reports received through various whistleblowing channels. All cases were investigated by the relevant parties authorised by the Group Managing Director and have been addressed and closed.
- A survey conducted by Internal Audit department in First Quarter 2022 revealed 60% of the employees interviewed were aware of the Anti-Corruption policy while 40% were aware of the Whistle-blowing policy. The lower awareness rate for the latter could be due to the policy being relatively new, having introduced only in FYE 2020. Following the survey results, Human Resource department conducted further training and briefing to the employees.
- Suppliers audit on compliance with our Code of Conduct comprising self-assessments and physical visits commenced in FYE 2022 as COVID-19 moved into endemic phase. A checklist developed with Internal Audit department will be rolled out in year 2023 to guide the operating companies.

ENVIRONMENT

RESPONSIBLE WASTE MANAGEMENT

Why it matters

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

Opportunities and Risks

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

Management approach

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

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

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

Internal Auditors conduct compliance review periodically.

Paper, aluminium, and tin scraps form bulk of the solid waste generated by the Group which are collected by licensed collectors and fully recycled.

SUSTAINABILITY REPORT

ENVIRONMENT *(continued)*

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

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

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

Our Performance

- FYE 2022 management of scheduled wastes at all our plants were in compliance with the Environmental Quality Regulations where the Group operates. There were no violations or summons received in FYE 2022.

- To ensure our scheduled waste is managed properly and in accordance with the latest legal requirements, facilities personnel at our Malaysian plants attended the following programs during the year.

  - Certified Environmental Professional in Scheduled Waste Management (CePSWaM)
  - Certified Environmental Professional in The Operation of Industrial Effluent Treatment Systems (Biological Processes)
  - Hazardous Chemical and Spills Management Training
  - Industrial Effluent and Compliance with Environmental Law
  - Chemical Spillage Control
  - ISO 14001: EHS Risks and Opportunities

Solid Waste (Recyclable)	**FYE 2020**	**FYE 2021**	**FYE 2022**
MT	58,600	56,600	56,600
% of production usage	16.3%	16.6%	17.1%

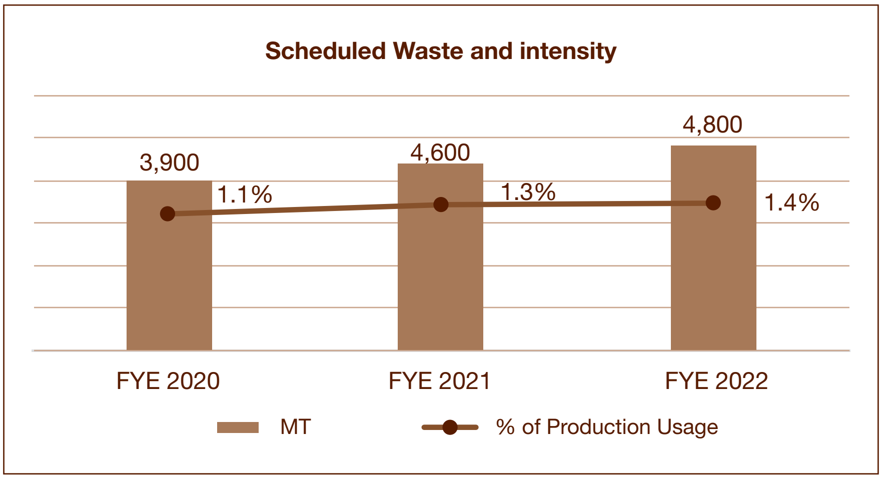
Note: Solid wastes comprise paper scraps, aluminium scraps, and tin scraps and are fully recyclable.

The higher solid waste in FYE 2022 is attributed to the carton boxes plants in Malaysia where manpower constraint affected their operational efficiency. This is expected to ease with new migrant workers arrival in 2023.

SUSTAINABILITY REPORT

ENVIRONMENT *(continued)*

Scheduled Waste	FYE 2020	FYE 2021	FYE 2022
MT	3,900	4,600	4,800



Scheduled Waste classification has widened further following stricter environmental regulation. Scheduled waste intensity in FYE 2022 is 1.4% of our production usage. We continually seek opportunities to adopt best practices in our processes to improve efficiency and minimise scheduled waste generated.

ENERGY CONSUMPTION AND EMISSION

Why it matters

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

Opportunities and Risks

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

Management approach

Air Quality

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

Combustion from our boiler systems and industrial oven emit nitrogen oxide (NOx), carbon dioxide (CO_2), nitrous oxide (N_20), trace amount of sulphur dioxide (SO_2) and particulate matter.

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

SUSTAINABILITY REPORT

ENVIRONMENT *(continued)*

Energy and Carbon Emission

Electricity which is sourced from the power grid is used extensively in the manufacturing operations to power various machineries.

Boiler systems provide hot water, steam and heating required for the manufacturing processes at the various plants. The boiler systems in Malaysian plants are all powered by natural gas. The boiler systems for Carton boxes plants in Vietnam however use coal as natural gas is not widely available and there are no natural gas infrastructures at the industrial parks where our plants are located. A cleaner fuel source is required.

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

All our plants are fitted with energy efficient LED lighting.

Our Performance

- Our carton box plant in Ho Chi Minh City has converted one of its two coal-fired boilers to run on biomass-waste wood in FYE 2022. The plant would continue to run the boilers on 2 fuel type system as part of their risk management plan until they can be assured that a stable and consistent biomass supply is readily available. Following the boiler conversion, the plant reduced its GHG (CO_2e) emission by 2,500MT (28%) in FYE 2022.

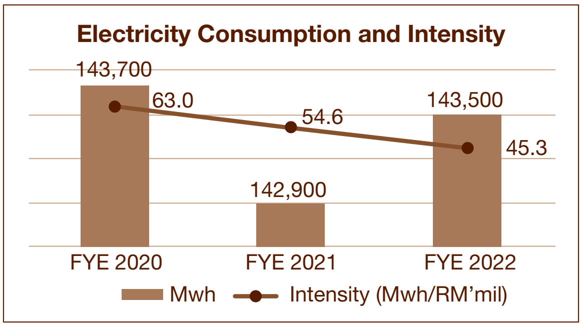
- As part of renewable energy drive, all our Malaysia based plants are applying to subscribe green energy under the Green Electricity Tariff (GET) program offered by Tenaga Nasional Berhad ("TNB"). TNB currently fixed 30% of applicant's energy requirements as a subscription limit. A quota system is currently in place as demand is greater than supply. If all our subscriptions are successful, it would further contribute to our GHG (CO_2e) reduction plan.

- One of our Aluminium can plant in Malaysia is also exploring with TNB on a 2,988kWp rooftop solar system under its Net Energy Metering (NEM) 3.0 scheme. This project is currently under internal evaluation and if implemented subsequently, can reduce its CO_2 emission by approximately 6%.

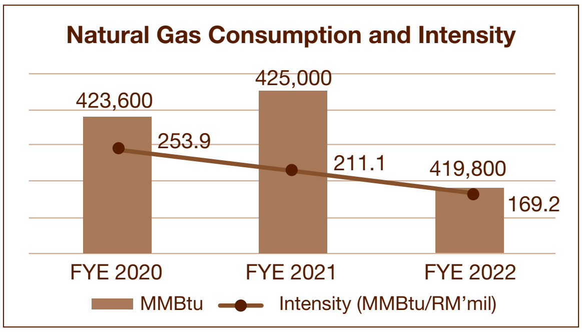
SUSTAINABILITY REPORT

ENVIRONMENT *(continued)*

Electricity	**FYE 2020**	**FYE 2021**	**FYE 2022**
Consumption (Mwh)	143,700	142,900	143,500

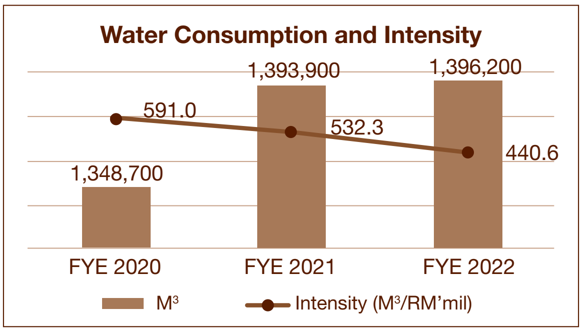


Natural Gas	**FYE 2020**	**FYE 2021**	**FYE 2022**
Consumption (MMBtu)	423,600	425,000	419,800



There were less production disruptions following COVID-19 endemicity which led to better energy efficiency.

Water	**FYE 2020**	**FYE 2021**	**FYE 2022**
Consumption (M^3)	1,348,700	1,393,900	1,396,200

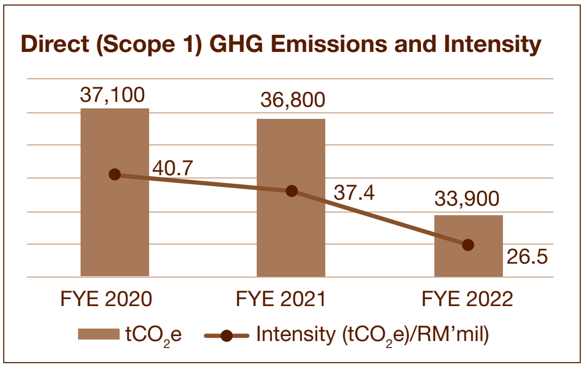


Similarly water intensity improved with better efficiency following COVID-19 endemicity.

SUSTAINABILITY REPORT

ENVIRONMENT *(continued)*

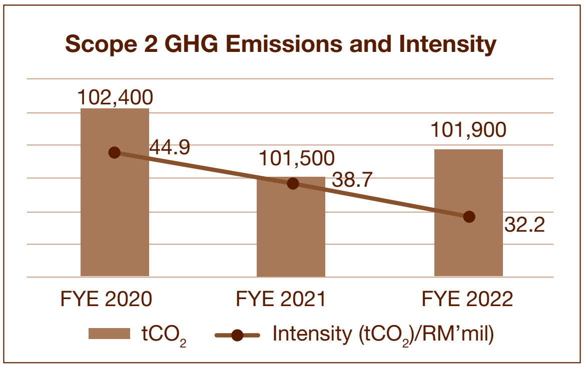
Direct (Scope 1) GHG Emissions	**FYE 2020**	**FYE 2021**	**FYE 2022**
Emissions (tCO_2e)	37,100	36,800	33,900



Note:

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

Scope 2 GHG Emissions	**FYE 2020**	**FYE 2021**	**FYE 2022**
Emissions (tCO_2)	102,400	101,500	101,900



Note:

1. *Scope 2: Emission source is purchased electricity from the national grid.*
2. *Consumptions are obtained from the respective local electricity company billing.*
3. *Emissions are calculated based on emission factors published by the Malaysian Green Technology Corporation for the Peninsular Grid 2014 and Department of Climate Change on research and develop emission factor for Vietnam's electricity grid in 2020.*

SOCIAL

OCCUPATIONAL HEALTH AND SAFETY

Why it matters

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

<u>Opportunities and Risks</u>

- Attract and retain talents. Safety and health accreditations.
- Difficulties recruiting and retaining talents. Stop-work order and operations disruption.

Management approach

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

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

The committees are further supported by their safety officer who ensure the workplace meets safety and health laws and regulations.

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

Our Performance

- No fatalities were recorded for employees and contractors in FYE 2022. We maintained our record of zero fatalities for employees and contractors in the last 3 years.

- To prevent injury and minimise property damage through accidents involving the operations of forklift trucks, reach trucks and scissors lift, our drivers attended a refresher course on Safety Training during the year. This provides them with the knowledge on handling, daily inspection, proper maintenance, and safety in operations.

- Fire and evacuation drills are held annually to help prepare personnel for an emergency and letting them know what to expect and how to respond safely.

- Our SHE personnel attended the following programs during the year

    - Basic Occupational First Aid, CPR & AED Training
    - Refresher First Aid and CPR
    - Noise awareness and hearing conservation
    - Hazardous Chemical handling
    - Employee usage of Personal Protective Equipment

- SHE Committee meets on a quarterly basis as a minimum to discuss safety and health matters at the respective plants.

SUSTAINABILITY REPORT

SOCIAL *(continued)*

	FYE 2020	FYE 2021	FYE 2022
Work Related Injury by Case			
- Minor injury	139	134	140
- Major injury	65	46	35
- Fatality	–	–	–
Lost time injury (Days)	1,924	1,225	1,563
Work Related Ill-health by Case			
- Minor injury	–	–	–
- Major injury	–	–	–
- Fatality	–	–	–

Chemical spillage training

Fire Drill

Forklift training

Scissors-lift training

SOCIAL *(continued)*

DIVERSITY AND FAIR TREATMENT

Why it matters

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

Opportunities and Risks

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

Management approach

We are committed to provide equal opportunities in recruitment and career progression and have zero tolerance for discrimination whether based on gender, ethnicity, nationality, cultural background, marital status, disabilities, or age. We are also committed to provide our employees with attractive remuneration and benefits packages, a supportive working environment and rewarding career advancement opportunities.

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

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

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

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

Our carton boxes plants in Malaysia and Vietnam are members of SEDEX, a global membership organisation dedicated to driving improvements in ethical and responsible business practices.

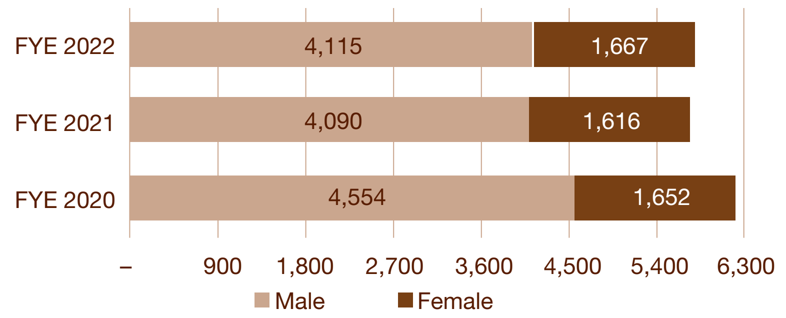
Our Performance

- 5,782 employees in the Group.
- 78% and 99% local employees in Malaysia and Vietnam plants respectively.
- 29% of workforce are female vs 27% in FYE 2020. Female representation at management level is 47% (FYE 2020: 46%).
- 55% are millennial employees.
- Our HR personnel attended the following programs during the year.
  - ○ Updates on Employment Act 1955 and Industrial Relations Act 1967.
  - ○ Managing the latest amendments to Employment Act, Minimum Wage Order & OSHA.

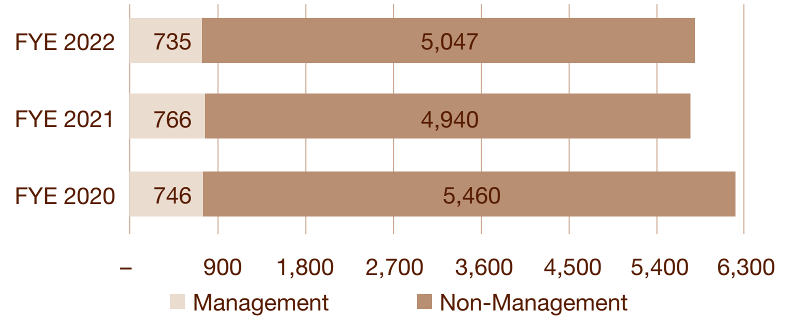
SUSTAINABILITY REPORT

SOCIAL *(continued)*

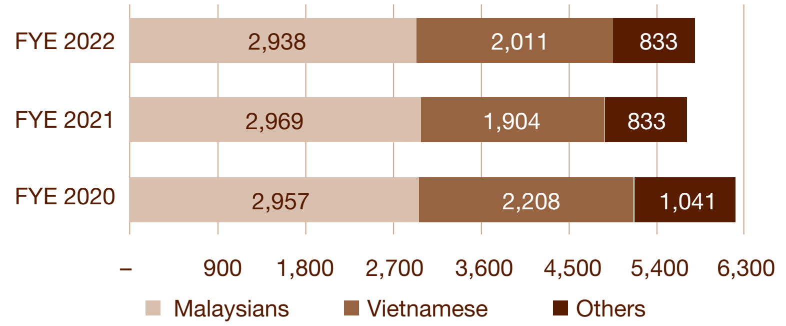
Employees by Gender



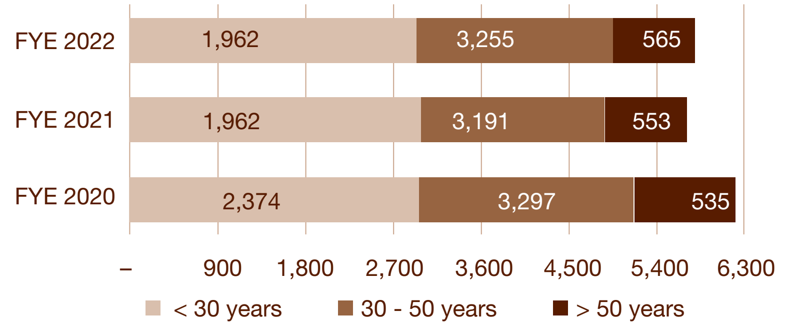
Employees by Type



Employees by Nationality



Employees by Age Group



SOCIAL *(continued)*

EMPLOYEE ENGAGEMENT

Why it matters

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

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

Management approach

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

Employee satisfaction

An employee satisfaction survey provides us with a better understanding of how employees assess their job satisfaction in the workplace and allow us better insight into how we can improve the systems and processes that are in place to achieve a healthier and more inclusive working environment.

In a survey conducted in September 2021, the employee satisfaction score was 74% with 87% response rate. We plan to conduct such surveys every 2 years.

Training and development

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

The Group supports its employees to pursue additional training and development under its continued education assistance program. We also support local Universities, Technical Institutes and other Institutes of Higher Learning through Internship programs.

Social relation

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

Our Performance

- Staff turnover rate for FYE 2022 was 2.93% (FYE 2020: 2.96%).
- Training and development. 131,616 hours were spent on training in FYE 2022 where Malaysia operations made up 19,660 hours (5.22 hours per employee) and Vietnam operations 111,956 hours (55.5 hours per employee). The high training hours in Vietnam is attributed largely to the carton boxes segment where technical trainings conducted in-house for supervisors and machine operators were included. The Malaysian operations conduct similar technical training for their supervisors and operators through on-the-job training. These hours invested however are not recorded.

SOCIAL *(continued)*

- Community projects
    - As part of community work to reduce litter, beautify, maintain, and sustain public spaces, the Group cooperated as a strategic partner with Jabatan Alam Sekitar, Negeri Sembilan in the Hari Alam Sekitar event held at Pantai Cahaya Negeri, Port Dickson in Oct 2022. Activities held include Enviro Fun Walk, Senam-robik and Beach clean-up. An electrical and electronic e-waste collection competition was also held. The event was officiated by the Menteri Besar of Negeri Sembilan, Dato' Seri Haji Aminuddin bin Harun.

SOCIAL *(continued)*

- Mangrove forests are an important part of the ecosystem as they capture carbon dioxide emissions and greenhouse gases from the atmosphere and then trap and store them in the soil providing nutrient-rich habitats besides protecting retreating shorelines. In December 2022, we participated in the 'Malaysia's Greening Program – 100 Million Tree Planting Campaign' organised by Forestry Department of Malaysia at Jimah Beach Coast, Port Dickson, Negeri Sembilan. 57 staff from the Group joined hands and planted 150 Rhizophora mucronate or Bakau Kurap saplings.

- Supported the Association of Social Services and Community Development of Gombak District with Group's products on their 'Helping B40 Women in Selayang area in Festive Season' project.

SUSTAINABILITY REPORT

GRI CONTENT INDEX

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

GRI Content Index for this Report.

GRI Standard	Disclosure	Page	Brief Information on Disclosures
GRI 102: General Disclosure 2016			
102-1	Name of organisation		Can-One Berhad
102-2	Activities, brands, products and services	16-17	Refer to AR 2022 – Management Discussion and Analysis ("MDA")
102-3	Location of headquarters	4	Refer to Corporate Information in AR 2022
102-4	Location of operations	16-17	Refer to MDA. Report however covers Malaysia and Vietnam operations only.
102-5	Ownership and legal form		A Bursa Listed company
102-6	Markets served	18-21	Refer to AR 2022 MDA
102-7	Scale of organisation	2-3	Refer to Corporate Structure in AR 2022 and 102-8 and 201-1 below
102-8	Information on employees and other workers	44-45	Refer Diversity and Fair Treatment section
102-9	Supply chain		Malaysia plants spent RM654.8 million on local suppliers. Vietnam plants spending will be included in the next report
102-10	Significant changes to the organisation and its supply chain		No changes
102-11	Precautionary principle or approach	54-67	Refer to Corporate Governance Overview Statement in AR 2022
102-12	External initiatives		None
102-13	Membership of associations		Member of Federation of Malaysian Manufacturers and Malaysian Employers Federation.
102-14	Statement from senior decision maker	26	Refer to Group Managing Director message
102-16	Values, principles, standards and norms of behaviour	54-67, 35	Refer to Corporate Governance Overview Statement in AR 2022 and Governance and Ethics section
102-18	Governance structure	28	Refer to Governance Structure section
102-40	List of stakeholder groups	28-29	Refer to Stakeholders engagement section
102-41	Collective bargaining agreements		687 employees (18%) in Malaysia plants are covered by Collective Agreement
102-42	Identifying and selecting stakeholders	28-29	Refer to Stakeholders engagement section
102-43	Approach to stakeholder engagement	28-29	Refer to Stakeholders engagement section
102-44	Key topics and concerns raised	28-29	Refer to Stakeholders engagement section

GRI CONTENT INDEX *(continued)*

<table>
<tr><th>GRI Standard</th><th>Disclosure</th><th>Page</th><th>Brief Information on Disclosures, References.</th></tr>
<tr><td colspan="4">GRI 102: General Disclosure 2016 <i>(continued)</i></td></tr>
<tr><td>102-45</td><td>Entities included in the consolidated financial statements</td><td>16-17</td><td>Refer to AR 2022 MDA</td></tr>
<tr><td>102-46</td><td>Defining report content and topic boundaries</td><td>25</td><td>Refer to Reporting Scope and Boundary section</td></tr>
<tr><td>102-47</td><td>List of material topics</td><td>30</td><td>Refer to Materiality Matrix section</td></tr>
<tr><td>102-48</td><td>Restatements of information</td><td></td><td>No restatement during reporting period</td></tr>
<tr><td>102-49</td><td>Changes in reporting</td><td>31</td><td>Refer to Materiality Matrix section</td></tr>
<tr><td>102-50</td><td>Reporting period</td><td>25</td><td>Refer to Reporting Scope and Boundary section</td></tr>
<tr><td>102-51</td><td>Date of most recent report</td><td></td><td>Last report dated 11 April 2022</td></tr>
<tr><td>102-52</td><td>Reporting cycle</td><td></td><td>Annually</td></tr>
<tr><td>102-53</td><td>Contact point for questions regarding the report</td><td>25</td><td>Refer to Feedback section</td></tr>
<tr><td>102-54</td><td>Claims of reporting in accordance to GRI Standards</td><td></td><td>Core Option GRI Standards 2020</td></tr>
<tr><td>102-55</td><td>GRI content index</td><td>49-53</td><td>Published index page</td></tr>
<tr><td>102-56</td><td>External assurance</td><td></td><td>No external assurance conducted</td></tr>
<tr><td colspan="4">GRI 201: Economic Performance 2016</td></tr>
<tr><td>201-1</td><td>Direct economic value generated and distributed</td><td>87</td><td><table>
<tr><th>RM' million</th><th>2020</th><th>2021</th><th>2022</th></tr>
<tr><td>Revenue</td><td>2,530.0</td><td>2,692.6</td><td>3,167.3</td></tr>
<tr><td>Operating Cost</td><td>2,028.1</td><td>1,985.8</td><td>2,489.2</td></tr>
<tr><td>Payment to capital provider</td><td>55.2</td><td>46.2</td><td>57.6</td></tr>
<tr><td>Employee wages and benefits</td><td>325.6</td><td>336.1</td><td>350.8</td></tr>
<tr><td>Payment to Government</td><td>16.0</td><td>22.5</td><td>46.7</td></tr>
<tr><td>Payment to Shareholders</td><td>11.5</td><td>7.7</td><td>7.7</td></tr>
</table>
Refer to AR 2022 for further details.</td></tr>
<tr><td colspan="4">GRI 205: Anti-Corruption 2016</td></tr>
<tr><td>205-1</td><td>Operations assessed for risks related to corruption</td><td>71-72, 75-77</td><td>Refer to Audit and Risk Management Committee Report and Statement of Risk Management and Internal Control</td></tr>
<tr><td>205-2</td><td>Communication and training about anti-corruption policies and procedures</td><td>35-36</td><td>Training, memo, employee handbook. Refer to Governance and Ethics section</td></tr>
<tr><td>205-3</td><td>Confirmed incidents of corruption and action taken</td><td>36</td><td>Refer to Our Performance under Governance and Ethics section</td></tr>
</table>

GRI CONTENT INDEX *(continued)*

<table>
<tr><th>GRI Standard</th><th>Disclosure</th><th>Page</th><th>Brief Information on Disclosures, References.</th></tr>
<tr><td colspan="4">**GRI 302: Energy 2016**</td></tr>
<tr><td>302-1</td><td>Energy consumption within the organisation</td><td>38-41</td><td>Refer to Energy Consumption and Emission section</td></tr>
<tr><td>302-3</td><td>Energy intensity</td><td>38-41</td><td>Refer to Energy Consumption and Emission section</td></tr>
<tr><td colspan="4">**GRI 303: Water and Effluent 2018**</td></tr>
<tr><td>303-4</td><td>Water and Effluent</td><td>36-37</td><td>Refer to Responsible Waste Management section</td></tr>
<tr><td>303-5</td><td>Water Consumption</td><td>40</td><td>Refer to Energy Consumption and Emission section</td></tr>
<tr><td colspan="4">**GRI 305: Emissions 2016**</td></tr>
<tr><td>305-1</td><td>Direct (Scope 1) GHG emissions</td><td>41</td><td>Refer to Energy Consumption and Emission section</td></tr>
<tr><td>305-2</td><td>Indirect (Scope 2) GHG emissions</td><td>41</td><td>Refer to Energy Consumption and Emission section</td></tr>
<tr><td>305-5</td><td>Reduction in GHG Emission</td><td>41</td><td>Refer to Energy Consumption and Emission section</td></tr>
<tr><td colspan="4">**GRI 306: Waste 2020**</td></tr>
<tr><td>306-1</td><td>Waste generation and significant waste -related impacts</td><td>36-38</td><td>Refer to Responsible Waste Management section</td></tr>
<tr><td>306-2</td><td>Management of significant waste-related impacts</td><td>36-38</td><td>Refer to Responsible Waste Management section</td></tr>
<tr><td colspan="4">**GRI 307: Environmental Compliance 2016**</td></tr>
<tr><td>307-1</td><td>Non-compliance with environmental laws and regulations</td><td>37</td><td>None. Refer to Responsible Waste Management section</td></tr>
<tr><td colspan="4">**GRI 401: Employment 2016**</td></tr>
<tr><td>401-1</td><td>New employee hires and employee turnover</td><td></td><td>Malaysia plants new hire:-
<table>
<tr><th>Age Group</th><th>Male</th><th>Female</th><th>total</th></tr>
<tr><td>< 30</td><td>299</td><td>89</td><td>388</td></tr>
<tr><td>30 – 50</td><td>121</td><td>56</td><td>177</td></tr>
<tr><td>>50</td><td>9</td><td>8</td><td>17</td></tr>
<tr><td>Total</td><td>429</td><td>153</td><td>582</td></tr>
</table>
Vietnam plants hire will be included in the next report.
Employee turnover for the Group was 2.93%</td></tr>
</table>

SUSTAINABILITY REPORT

GRI CONTENT INDEX *(continued)*

GRI Standard	Disclosure	Page	Brief Information on Disclosures, References.
GRI 401: Employment 2016 *(continued)*			
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		All categories entitled to medical coverage, life insurance, social security contribution, parental leave and paid annual leave.
401-3	Parental leave		3,198 employees were entitled to parental leave in Malaysian plants. Total employees who took parental leave were 129 employees (48 males, 81 females). 100% returned to work following the end of parental leave.
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	42-43	Refer to Occupational Health and Safety section
403-4	Worker participation, consultation and communication on occupational health and safety	42-43	Refer to Occupational Health and Safety section
403-5	Worker training on occupational health and safety	42-43	Refer to Occupational Health and Safety section
403-6	Promotion of worker health		Access to company panel of clinics. Regular factory noise monitoring and annual audiometric test for workers.
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		Supplier Code of Conduct in place and audits are carried out to ensure compliance
403-9	Work-related injuries	43	Refer to Occupational Health and Safety section
403-10	Work-related ill health	43	Refer to Occupational Health and Safety section
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	46	Refer to Employee Engagement section
404-2	Programs for upgrading employees' skills and transition assistance programmes	46	Refer to Employee Engagement section
404-3	Percentage of employees receiving regular performance and career development reviews		All staff undergo annual staff appraisal. Ad-hoc reviews are also carried out

SUSTAINABILITY REPORT

GRI CONTENT INDEX *(continued)*

GRI Standard	Disclosure	Page	Brief Information on Disclosures, References.
GRI 405: Diversity & Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	44, 62	Refer to Diversity and Fair Treatment section and Corporate Governance Overview Statement
GRI 408: Child Labour 2016			
408-1	Operations and suppliers at significant risk for incidents or child labour	35	Code of Conduct for Employees and Suppliers Code of Conduct
GRI 409: Forced or Compulsory Labour 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	35	Code of Conduct for Employees and Suppliers Code of Conduct
GRI 416: Customer Health and Safety 2016			
416-1	Assessment of the health and safety impacts of products and services	34	Refer to Product Innovation section. All plants are ISO 9001 accredited and have In-house Quality Control laboratory at site.
416-2	Incidents of non-compliance concerning the health and safety impacts of products and service	34	Refer to Product Innovation section. There were no incidents of non-compliance for the year

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Can-One Berhad (“the Company”) (“the Board”) is fully committed to the principles and recommendations of the Malaysian Code on Corporate Governance which was updated and took effect from 28 April 2021 (“MCCG”). This ensures that the best practices of corporate governance including accountability and transparency are adhered to within the Company and its subsidiaries to achieve long-term financial performance and growth as the Board is mindful of its accountability to the shareholders and various stakeholders of the Company.

The Board is pleased to report to the shareholders, the Company’s application of the 3 key principles of the MCCG during the financial year ended 31 December 2022 (“FYE 2022”):

(a) Board leadership and effectiveness;
(b) Effective audit and risk management; and
(c) Integrity in corporate reporting and meaningful relationship with stakeholders.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Roles and Responsibilities of the Board

The Board’s main roles are to create value for shareholders and provide leadership to the Company and its subsidiaries (“the Group”). The Board is primarily responsible for the Group’s overall strategic plans and directions, overseeing the conduct of the businesses, risk management, succession planning of senior management, implementing investor relations programmes and ensuring the system of internal controls and management information system are adequate and effective.

The Board provides overall strategic guidance, effective oversight on the governance and management of the business affairs of the Group. Responsibilities of the Board include:

(i) Ensuring that the Group’s goals are clearly established, the necessary resources are in place for the Group to meet its objectives and that a strategic plan, which promotes long-term value creation and includes strategies on economic, environmental, safety and health, social and governance consideration underpinning sustainability, is in place to achieve them;

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

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

(iv) Appointing the Managing Director/Executive Director including setting the relevant terms and objectives and where necessary, terminating his/her employment with the Group;

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

(vi) Appointing Board Committees to address specific issues, considering recommendations of the various Board Committees and discussing problems and reservations arising from these Committees’ deliberations and reports;

(vii) Ensuring that the statutory financial statements of the Company and of the Group are fairly stated and conform with the relevant regulations including acceptable accounting policies that result in balanced and understandable financial statements;

(viii) Ensuring that there is in place an appropriate succession plan for members of the Board and Senior Management;

(ix) Ensuring that the Group adheres to high standards of ethics and corporate behaviour in accordance with the Group’s Code of Corporate Conduct including transparency in the conduct of business. Directors are required to comply with the Directors’ Code of Best Practice;

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(continued)*

Roles and Responsibilities of the Board *(continued)*

(x) Reviewing the Board Charter periodically and making it available publicly on the Company's website including the Terms of Reference ("TOR") of the respective Board Committees;

(xi) Ensuring that there is in place an appropriate Corporate Disclosure Policy and Procedures which leverage on information technology for effective dissemination of information to ensure comprehensive, accurate and timely disclosure; and

(xii) Ensuring that there is in place an appropriate Investor Relations and Communications Policy which encourages shareholders' participation at general meetings and promotes effective communication and proactive engagements with shareholders.

In discharging its duties, the Board is assisted by the Board Committees namely, the Audit and Risk Management Committee, Remuneration Committee and Nominating Committee. Each Committee operates within its respective defined TORs which have been approved by the Board. The TORs of the respective Board Committees are periodically reviewed and assessed to ensure that the TORs remain relevant and adequate in governing the functions and responsibilities of the Committee concerned and reflect the latest developments in the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the MCCG.

A. Audit and Risk Management Committee ("ARMC")

The Audit Committee was established on 15 September 2005 and was re-designated on 30 August 2017 to the ARMC. For details of its composition and activities during the FYE 2022, please refer to the ARMC Report on pages 70 and 71 of this Annual Report.

B. Remuneration Committee ("RC")

The RC was established on 15 September 2005 and it currently comprises the following members, all of whom are Non-Executive Directors:

Datuk Dr. Syed Hussain Bin Syed Husman, J.P. *(Chairman - appointed on 1 January 2022)*
Foo Kee Fatt *(Member)*
Yeoh Jin Hoe *(Member - appointed on 26 May 2022)*
Chua Put Moy *(Member - appointed on 1 January 2022 and ceased to hold office on 11 April 2022)*
Yeoh Jin Beng *(Chairman - resigned on 1 January 2022)*
Razmi Bin Alias *(Member - resigned on 1 January 2022)*

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

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

During the FYE 2022, the RC convened 2 meetings and full attendance of the members was recorded at the meeting.

The Company pays its Directors fees which are approved annually by the shareholders. The Directors are paid meeting allowances for the meetings they attended per day and are also reimbursed reasonable expenses incurred by them in the course of carrying out their duties on behalf of the Company. Where applicable, the Board also takes into consideration any relevant information provided by the independent consultants or from survey data. The Company has in place a Directors' Remuneration Policy which is available for reference on the Company's website at www.canone.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(continued)*

Roles and Responsibilities of the Board *(continued)*

B. Remuneration Committee (“RC”) *(continued)*

Details of the aggregate remunerations of the Directors of the Company (comprising remunerations received and/or receivable from the Company and/or its subsidiaries) during FYE 2022 are categorised as follows:

	Company (RM'000)							Group (RM'000)						
Name	Fee	Allowance	Salary (1)	Bonus	Benefits -in-kind (2)	Other emoluments	Total	Fee	Allowance	Salary (1)	Bonus	Benefits -in-kind (2)	Other emoluments	Total
Non-Executive Directors														
Dato' Seri Subahan Bin Kamal	80.4	7.5	–	–	–	–	87.9	80.4	7.5	–	–	–	–	87.9
Yeoh Jin Hoe	71.2	7.5	–	–	–	–	78.7	187.2	16.5	4,926.4	2,054.0	15.5	–	7,199.6
Yeoh Jin Beng	67.2	7.5	–	–	–	–	74.7	117.2	7.5	–	–	–	–	124.7
Foo Kee Fatt	100.2	7.5	–	–	–	–	107.7	143.0	10.5	–	–	–	–	153.5
Razmi Bin Alias *	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Datuk Dr. Syed Hussain Bin Syed Husman, J.P.	106.8	7.5	–	–	–	–	114.3	106.8	7.5	–	–	–	–	114.3
Chua Put Moy **	29.6	1.5	–	–	–	–	31.1	46.2	3.0	–	–	–	–	49.2
Chong Sook Leng ##	36.4	4.5	–	–	–	–	40.9	36.4	4.5	–	–	–	–	40.9
Rajaretnam Soloman Daniel %	51.1	3.0	–	–	–	–	54.1	51.1	3.0	–	–	–	–	54.1
Kee E-Lene %	37.6	3.0	–	–	–	–	40.6	37.6	3.0	–	–	–	–	40.6
Executive Directors														
Marc Francis Yeoh Min Chang	67.2	7.5	419.5	120.0	7.2	–	621.4	117.2	7.5	2,107.4	614.0	48.6	–	2,894.7
Chee Khay Leong	67.2	7.5	253.7	80.0	–	–	408.4	152.2	16.5	3,333.3	1,132.4	22.7	–	4,657.1
Goh Teck Hong #	56.3	6.0	410.4	140.0	20.0	–	632.7	56.3	6.0	877.1	200.0	24.0	–	1,163.4

Notes:

*	*Resigned as Director of the Company on 1 January 2022.*
**	*Resigned as Director of the Company on 11 April 2022.*
#	*Appointed as Director of the Company on 1 March 2022.*
##	*Retired at the conclusion of the Eighteenth AGM of the Company held on 29 June 2022.*
%	*Appointed as Director after the conclusion of the Eighteenth AGM of the Company held on 29 June 2022.*
(1)	*Salary comprised basic salary, EIS, EPF and SOCSO.*
(2)	*Benefits-in-kind comprised provision of company motor vehicle, petrol allowance and phone bill.*

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(continued)*

Roles and Responsibilities of the Board *(continued)*

B. Remuneration Committee (“RC”) *(continued)*

The number of Directors whose total remunerations in FYE 2022 fall within the following bands are as follows:

Remuneration Range	Number of Directors
Executive Directors	
Between RM1,150,001 – RM1,200,000	1
Between RM2,850,001 – RM2,900,000	1
Between RM4,650,001 - RM4,700,000	1
Non- Executive Directors	
Between RM1 – RM50,000	3
Between RM50,001 – RM55,000	1
Between RM85,001 - RM90,000	1
Between RM110,001 - RM155,000	3
Between RM7,150,001 – RM7,200,000	1

In determining the remuneration packages of the Group’s Senior Management personnel, factors that were taken into consideration included their individual responsibilities, skills, expertise and contributions to the Group’s performance and whether the remuneration packages are competitive and sufficient to ensure that the Group is able to attract and retain executive talents. On the disclosure of the remuneration of the top 5 Senior Management personnel, the Board was of the view that it would not be in its interest to make such disclosure on a named basis because of the competitive nature of the human resource market and to support the Group’s efforts to attract and retain executives.

The details of the aggregate remuneration of the top 5 Senior Management personnel of the Group (comprising remuneration received and/or receivable from the Company and/or its subsidiaries) during the FYE 2022 are categorised as follows:

Category	Group RM’000	Company RM’000
Salaries and bonuses *(1)*	4,598	500
Emoluments *(2)*	40	17
Benefits-in-kind *(3)*	39	–
Total	**4,677**	**517**

Notes:

(1) Salaries and bonuses comprised basic salary, bonus, EIS, EPF and SOCSO.
(2) Emoluments comprised meeting allowance and other allowances.
(3) Benefits-in-kind comprised provision of company motor vehicle, petrol allowance, insurance and phone bill.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(continued)*

Roles and Responsibilities of the Board *(continued)*

B. Remuneration Committee ("RC") *(continued)*

The number of Senior Management personnel of the Group whose total remunerations in FYE 2022 fall within the following bands are as follows:

Remuneration Range	Number of Senior Management personnel
Between RM500,001 – RM550,000	1
Between RM850,001 – RM900,000	2
Between RM1,150,001 – RM1,200,000	1
Between RM1,250,001 - RM1,300,000	1

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

C. Nominating Committee ("NC")

The NC was set up on 15 September 2005 to formalise procedures for appointments to the Board and the Board Committees. All decisions on appointments are made by the Board after considering the recommendations of the NC.

The NC currently comprises the following members, all of whom are Non-Executive Directors:

Rajaretnam Soloman Daniel *(Chairman - appointed on 29 June 2022)*
Datuk Dr. Syed Hussain Bin Syed Husman, J.P. *(Member - appointed on 1 January 2022)*
Kee E-Lene *(Member - appointed on 29 June 2022)*
Chong Sook Leng *(Member - appointed on 1 January 2022 and ceased to hold office on 29 June 2022)*
Chua Put Moy *(Chairperson - appointed on 1 December 2021 and ceased to hold office on 11 April 2022)*
Yeoh Jin Beng *(Member - resigned on 1 January 2022)*
Razmi Bin Alias *(Member - resigned on 1 January 2022)*

The NC's role is primarily to:

- identify, select and recommend to the Board, candidates for directorships in the Company;
- recommend to the Board, Directors to fill the seats on Board Committees;
- evaluate the effectiveness of the Board and the Board Committees (including its size and composition),
- contributions and performance of each individual Director and the independence of the Independent Directors; and
- ensure an appropriate framework and plan for Board and Management succession for the Group.

The TOR of the NC are available for reference on the Company's website at www.canone.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(continued)*

Roles and Responsibilities of the Board *(continued)*

C. Nominating Committee ("NC") *(continued)*

During FYE 2022, the NC convened 3 meetings and full attendance of the NC members was recorded at the 3 meetings.

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

(i) Assessed the suitability of Goh Teck Hong for appointment on the Board and recommended his appointment as Executive Director of the Company with effect from 1 March 2022;

(ii) Recommended to the Board the Directors' Fit and Proper Policy;

(iii) Reviewed and approved the revised Due Diligence Checklist for Candidates for Directorship;

(iv) Recommended to the Board, the appointment of Yeoh Jin Hoe as a member of the NC with effect from 26 May 2022;

(v) Assessed the suitability of Rajaretnam Soloman Daniel for appointment on the Board and recommended his appointment as Independent Non-Executive Director of the Company, Chairman of the NC and member of the ARMC with effect from 29 June 2022;

(vi) Assessed the suitability of Kee E-Lene for appointment on the Board and recommended her appointment as Independent Non-Executive Director of the Company and member of the NC with effect from 29 June 2022;

(vii) Assessed and reviewed the independence of the Independent Directors and their tenure of service as Independent Directors of the Company;

(viii) Evaluated each individual Director to assess the Director's calibre and ability to understand the requirements, risk and management of the Group's business; his/her contribution and performance; his/her character, integrity and professional conduct in dealing with conflict of interest situations; his/her ability to critically challenge and ask the right questions; his/her commitment and due diligence; his/her confidence to stand up for a point of view; his/her interaction at meetings and his/her training records for the FYE 2022;

(ix) Evaluated the Board and the Board Committees to assess their mix, composition, size, roles, responsibilities as well as their activities, communications and effectiveness for the current year under review; and

(x) Endorsed the re-election of Directors, Yeoh Jin Beng and Foo Kee Fatt who will be up for retirement pursuant to Clause 82 of the Constitution of the Company and Rajaretnam Soloman Daniel and Kee E-Lene who were appointed during the FYE 2022, will be up for retirement pursuant to Clause 86 of the Constitution of the Company, at the close of the Nineteenth AGM of the Company to be held in June 2023.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(continued)*

Roles and Responsibilities of the Board *(continued)*

C. Nominating Committee (“NC”) *(continued)*

The NC, after having conducted the abovementioned evaluation and assessment on 24 November 2022, concluded that:

(i) all the 5 Independent Directors of the Company viz, Dato’ Seri Subahan Bin Kamal, Foo Kee Fatt, Datuk Dr. Syed Hussain Bin Syed Husman, J.P., Rajaretnam Soloman Daniel and Kee E-Lene continued to demonstrate conduct and behaviour that were essential indicators of their independence, and that each of them continued to fulfill the definition and criteria of independence as set out in the MMLR of Bursa Securities.

(ii) each Director of the Company has the requisite competence and caliber to serve on the Board and the Board Committees and had continued to demonstrate his commitment to the Company in terms of time, participation and dialogue during the FYE 2022.

(iii) the Board and the Board Committees’ respective responsibilities were well-defined and set out in the Board Charter of the Company. The criteria in the MMLR of Bursa Securities that at least 1 of the members of the ARMC must be a member of the Malaysian Institute of Accountants or a person approved under the MMLR of Bursa Securities is also met.

The Board members unanimously concurred with the above conclusions of the NC.

Roles of the Chairman and the Group Managing Director

The Chairman holds a Non-Executive position and is primarily responsible for matters pertaining to the Board and overall conduct of the Board. The Group Managing Director is responsible for the development of the corporate goals and objectives and the setting of strategies to achieve them.

Role of the Company Secretaries

The Company Secretaries are responsible for ensuring that the Board procedures are followed, applicable rules and regulations for the conduct of the affairs of the Board are complied with, and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation. The Company Secretaries also keep the Board members updated on new statutory requirements, guidelines and rulings issued by the relevant regulatory authorities from time to time.

All Board members have direct access to the advice and services of the Company Secretaries for the purpose of the Board’s affairs and the business.

Access to Information and Advice

Prior to the Board meetings, every Director is given an agenda and a comprehensive set of Board papers consisting of reports on the Group’s financial performance, status of major projects, future development, the quarterly or annual financial results, the minutes of preceding meetings of the Board and Board Committees, and relevant proposal papers (if any) to allow them sufficient time to review, consider and deliberate knowledgeably on the matters to be tabled.

Senior Management staff as well as advisers and professionals appointed to act for the Company on corporate proposals to be undertaken by the Company are invited to attend the meetings to furnish the Board with their views and explanations on relevant agenda items tabled to the Board and to provide clarification on issues that may be raised by any Director.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(continued)*

Access to Information and Advice *(continued)*

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 also perused the decisions deliberated by the Board Committees through minutes of these Committees. The Chairman of the Board Committees is responsible for informing the Board at the Directors' meetings of any salient matters noted by the Committees and which may require the Board's direction.

The Board has access to the advice and services of the Company Secretaries and may undertake independent professional advice, where necessary and in appropriate circumstances, in furtherance of its duties.

Board Charter

The Board had 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 as well as a Schedule of Matters Reserved for collective decision of the Board. The Board Charter serves as a source of reference and primary induction literature, providing insight to prospective Board members and the Senior Management.

The Board Charter is subject to periodic review and updates by the Board whenever deemed necessary.

The Board Charter was reviewed in 2021 to align it with the needs of the Group and the Practices in the MCCG. This is to ensure its relevance for good corporate governance practices within the Group. The updated Board Charter was approved and adopted on 25 November 2021. The Board Charter is available for reference on the Company's website at www.canone.com.my.

Code of Best Practice

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

Board Composition and Independence

The Board currently has 10 members, comprising 7 Non-Executive Directors, a Group Managing Director and 2 Executive Directors. Out of the 7 Non-Executive Directors, 5 of them are Independent Directors.

Paragraph 15.02 of the MMLR of Bursa Securities stipulates that at least 2 Directors or one-third of the Board members, whichever is higher, must be made up of Independent Non-Executive Directors. The Board balance is achieved with the presence of 5 Independent Non-Executive Directors.

The Independent Non-Executive Directors do not participate in the day-to-day management as well as the daily business of the Company. In staying clear of any potential conflict of interest situation, the Independent Directors remain in a position to fulfil their responsibility to provide a check and balance to the Board. They provide independent and objective views, advice and judgment which take into account the interests of the Group as well as shareholders and investors.

Dato' Seri Subahan Bin Kamal, the Chairman of the Board is the Senior Independent Non-Executive Director to whom concerns of shareholders, management, employees, and others may be conveyed. The Independent Directors led by Dato' Seri Subahan Bin Kamal provide a broader view, independent and balanced assessment of proposals from the Senior Management of the Company.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(continued)*

Gender Diversity Policy

The Board had on 25 November 2021 adopted the revised Board Diversity Policy to set the target and timeframe for the Company to achieve at least 30% woman participation on the Board by 2023.

The said Policy stipulates, among other things, that the NC will consider the benefit of all aspects of diversity in order to maintain an appropriate range and balance of skills, experience and background on the Board. In identifying suitable candidates for appointment to the Board, the NC will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.

Appointments to the Board

The Company has in place a Policy on the Nomination and Assessments Process of Board members. Candidates for appointment to the Board as Independent Directors 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 first evaluated by the NC and, if recommended by the NC, subsequently, by the Board based on their respective profiles as well as their character, integrity, professionalism, independence and their ability to commit sufficient time and energy to the Company's matters.

Goh Teck Hong was appointed as Executive Director on 1 March 2022 while Rajaretnam Soloman Daniel and Kee E-Lene were appointed as Independent Non-Executive Directors of the Company on 29 June 2022.

Annual Assessment

The NC annually reviews 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 Board Committee Evaluation Form, Audit & Risk Management Committee Evaluation Form and Performance Evaluation Sheet - Board Committees comprising questionnaires for the assessment. The effectiveness of the Board is assessed in the areas of the Board's responsibilities and composition, administration and conduct of meetings, communication and interaction with management and stakeholders and board engagement.

The annual evaluations of the individual Directors/Board Committee members are performed by the NC via the Directors' Evaluation Form comprising questionnaires pertaining to the Director's knowledge and skills, participation, contribution and performance, caliber and personality.

To assess the independence of the Independent Directors, each of the Independent Directors annually provides the NC with their Self-Assessment Checklist.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(continued)*

Tenure of Independent Directors

The Company has implemented a cumulative 9-year term limit for Independent Directors where upon completion of a cumulative 9-year term, an Independent Director may continue to serve on the Board subject to his/her re-designation as a Non-Independent Director.

On 1 January 2022, the Company adopted Practice 5.4 - Step Up of the MCCG, by limiting the tenure of its Independent Directors to 9 years without further extension, and the Board Charter was amended accordingly to reflect the adoption.

Re-elections to the Board

Clause 82 of the Company's Constitution provides that an election of Directors shall take place each year and at the AGM, one-third of the Directors for the time being, or if their number is not 3 or a multiple of 3, then the number nearest to one-third shall retire from office and shall be eligible for re-election PROVIDED ALWAYS that all Directors shall retire from office at least once in every 3 years but shall be eligible for re-election.

Directors, Yeoh Jin Beng and Foo Kee Fatt are due to retire by rotation at the conclusion of the forthcoming Nineteenth AGM of the Company on 28 June 2023 pursuant to Clause 82 of the Company's Constitution, and have offered themselves for re-election at the aforesaid AGM.

The Board members, with Yeoh Jin Beng and Foo Kee Fatt abstaining from deliberation and voting, had endorsed both the aforesaid Directors for re-election at the said AGM.

Clause 86 of the Company's Constitution provides that any Director so appointed during a year, shall hold office only until the next following AGM and shall be eligible for re-election but shall not be taken into account in determining the retirement of Directors by rotation at such meeting.

The newly appointed Directors of the Company viz., Rajaretnam Soloman Daniel and Kee E-Lene are due to retire at the conclusion of the Nineteenth AGM of the Company on 28 June 2023 pursuant to Clause 86 of the Company's Constitution.

The Board, with Rajaretnam Soloman Daniel and Kee E-Lene abstaining from deliberation and voting, had endorsed both the aforesaid Directors for re-election at the said AGM.

Meetings and Time Commitment

4 Board meetings were held during the FYE 2022 and full attendance of the Board members was recorded at all the 4 Board meetings.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(continued)*

Meetings and Time Commitment *(continued)*

The Directors also made time to attend appropriate webinars/conference/dialogues during the year under review to equip themselves further with the knowledge to discharge their duties more effectively and to keep abreast of developments on a continuous basis in compliance with Paragraph 15.08 of the MMLR of Bursa Securities, the details of which are set out below:

Director	Webinars/Conferences/Dialogues	Date
Dato' Seri Subahan Bin Kamal	KPMG Briefing on Transfer Pricing ("TP"): Expectation of Inland Revenue Board ("IRB") during a TP Audit; and Environmental, Social and Governance ("ESG"): Understanding how it enhances corporate value	25 August 2022
Marc Francis Yeoh Min Chang	KPMG Briefing on TP: Expectation of IRB during a TP Audit; and ESG: Understanding how it enhances corporate value	25 August 2022
Chee Khay Leong	KPMG Briefing on TP: Expectation of IRB during a TP Audit; and ESG: Understanding how it enhances corporate value	25 August 2022
Yeoh Jin Hoe	KPMG Briefing on TP: Expectation of IRB during a TP Audit; and ESG: Understanding how it enhances corporate value	25 August 2022
Goh Teck Hong *	KPMG Briefing on TP: Expectation of IRB during a TP Audit; and ESG: Understanding how it enhances corporate value	25 August 2022
Yeoh Jin Beng	KPMG Briefing on TP: Expectation of IRB during a TP Audit; and ESG: Understanding how it enhances corporate value	25 August 2022
	Human Rights Risk Management for Malaysian Companies	27 September 2022
Foo Kee Fatt	KPMG Briefing on TP: Expectation of IRB during a TP Audit; and ESG: Understanding how it enhances corporate value	25 August 2022
	Invitation to the Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees	6 December 2022
Datuk Dr. Syed Hussein Bin Syed Husman, J.P.	Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers	16 August 2022
	KPMG Briefing on TP: Expectation of IRB during a TP Audit; and ESG: Understanding how it enhances corporate value	25 August 2022
	Human Rights Risk Management for Malaysian Companies	27 September 2022
	Invitation to the Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees	17 November 2022

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(continued)*

Meetings and Time Commitment *(continued)*

The Directors also made time to attend appropriate webinars/conference/dialogues during the year under review to equip themselves further with the knowledge to discharge their duties more effectively and to keep abreast of developments on a continuous basis in compliance with Paragraph 15.08 of the MMLR of Bursa Securities, the details of which are set out below: *(continued)*

Director	Webinars/Conferences/Dialogues	Date
Rajaretnam Soloman Daniel **	KPMG Briefing on TP: Expectation of IRB during a TP Audit; and ESG: Understanding how it enhances corporate value	25 August 2022
	Human Rights Risk Management for Malaysian Companies	27 September 2022
Kee E-Lene **	Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers	16 August 2022
	KPMG Briefing on TP: Expectation of IRB during a TP Audit; and ESG: Understanding how it enhances corporate value	25 August 2022
	Human Rights Risk Management for Malaysian Companies	27 September 2022

Notes:

* *Appointed as Director of the Company on 1 March 2022.*
** *Appointed as Director of the Company on 29 June 2022.*

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Suitability and Independence of External Auditors

KPMG PLT, the External Auditors report to the ARMC in respect of their audit on each year's statutory financial statements on matters that require the attention of the ARMC.

At least twice a year, the ARMC will have a separate session with the External Auditors without the presence of the Management.

The External Auditors are required to declare their independence annually to the ARMC as specified by the By-Laws issued by the Malaysian Institute of Accountants. The External Auditors had provided the declaration in their annual audit plan presented to the ARMC of the Company.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT *(continued)*

Sound Risk Management Framework

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

The Board affirms its overall responsibility for the Group's system of internal controls. This includes reviewing the adequacy and integrity of financial, operational and compliance controls and risk management procedures 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.

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 73 to 77 of this Annual Report.

Internal Audit Function

The internal audit function are set out in the ARMC Report on page 72 of this Annual Report.

The key features of the Risk Management Framework are set out in the Directors' Statement on Risk Management and Internal Controls as presented on pages 73 to 75 of this Annual Report.

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

Compliance with Applicable Financial Reporting Standards

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

A statement by Directors of their responsibilities in preparing the financial statements is set out on page 78 of this Annual Report.

Investors Relations and Shareholders Communication

The Company recognises the importance of effective and timely communication with shareholders and investors to keep them informed of the Group's latest financial performance and material business/corporate matters affecting the Company. Such information are available to shareholders and investors through the Annual Reports, the various disclosures and announcements made to Bursa Securities and the Company's website at *www.canone.com.my*. Notice of the AGM and related papers thereto are sent to the shareholders at least 28 days before the AGM to facilitate easy review by the shareholders. In respect of items on Special Business, the notice of meeting will be accompanied by a full explanation of the effects of the proposed resolution.

The AGM provides 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 Finance Director, Company Secretaries 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 Company's Constitution. 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.

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

Investors Relations and Shareholders Communication *(continued)*

Each shareholder can vote in person or by appointing a proxy to attend and vote on his/her/its behalf. Separate issues are tabled in separate resolutions at general meetings, voting is carried systematically and motions carried through are properly recorded.

Shareholders shall have the option to submit their hard copy Proxy Forms to the Company's Administration and Polling Agent, KPMG Management & Risk Consulting Sdn. Bhd. or their electronic Proxy Forms via Convene AGM Meeting Platform pursuant to Clause 76 of the Constitution of the Company for the Nineteenth AGM of the Company.

In accordance with Paragraph 8.29A(1) of the MMLR of Bursa Securities, poll voting will be carried out at the said Nineteenth AGM of the Company.

Shareholders and the public can access information on the Group's background, products and financial performance through the Company's website at *www.canone.com.my*.

Leverage on Information Technology for Effective Dissemination of Information

The Company is committed in providing accurate and complete information on a timely basis. Such information is disseminated through various disclosures and announcements made to Bursa Securities through the quarterly financial results, audited financial statements and Annual Reports.

This Annual Report, Circular to Shareholders, Notice of AGM and other AGM related documents will be made available on the Company's website at *www.canone.com.my* or shareholders may request for the printed copy of the same from the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd.. Notifications in respect of the availability of the aforesaid documents will be sent via email to shareholders with email address and via ordinary mail to the other shareholders.

COMPLIANCE WITH THE MCCG

The Board considers that the Company has complied and applied the key principles of the MCCG throughout the FYE 2022 except for the Practices below where the explanations for departure are disclosed in the Corporate Governance Report:

Practice 5.9 : The Board comprises at least 30% women directors.

Practice 8.2 : The Board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

The Board has reviewed and approved this Corporate Governance Overview Statement by way of a resolution of the Board dated on 5 April 2023. The Board is satisfied that this Corporate Governance Overview Statement provides the information necessary to enable shareholders to evaluate how the MCCG has been applied and obligations are fulfilled under the MCCG and the MMLR of Bursa Securities throughout the FYE 2022 save for the exceptions as disclosed above.

This Corporate Governance Overview Statement is to be read in conjunction with the Corporate Governance Report, which is made available online at *www.canone.com.my*.

ADDITIONAL COMPLIANCE INFORMATION

AUDIT AND NON-AUDIT FEES PAID/PAYABLE

During the FYE 2022, the amount of audit and non-audit fees paid/payable by the Group and the Company to the External Auditors, KPMG PLT and its affiliates for services rendered to the Company and its subsidiaries are as follows:

Type of fees	Group RM	Company RM
Audit fees – KPMG PLT	481,000	48,000
Audit fees – Other member firms of KPMG International Limited	160,000	–
Non-audit fees – KPMG PLT	46,000	28,000
Non-audit fees – Affiliates of KPMG PLT	145,000	5,000

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 2022 or, if not then subsisting, which were entered into since the end of the previous financial year.

Recurrent Related Party Transactions

At the Eighteenth AGM of the Company held on 29 June 2022, 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 Nineteenth AGM of the Company.

In accordance with Paragraph 3.1.5 of Practice Note 12 of the MMLR of Bursa Securities, details of the RRPTs conducted during the FYE 2022 pursuant to the aforesaid shareholders' mandate are as follows:

Provider of products/services	Recipient of products/ services	Nature of Transaction	Actual value transacted from 29 June 2022 up to 31 December 2022 (RM'000)	Interested Related Party
Alcom Group Berhad ("AGB") group of companies	Can-One Group	Purchase of aluminium materials	(41)#	Yeoh Jin Hoe (1) (2) Marc Francis Yeoh Min Chang (3)
Box-Pak (Malaysia) Bhd. ("Box-Pak") group of companies	Can-One Group	Purchase of cartons	3,693	Yeoh Jin Hoe (1) (2) Chee Khay Leong (4)
		Total :	**3,652**	

Credit note issued for RM41,000

ADDITIONAL COMPLIANCE INFORMATION

MATERIAL CONTRACTS *(continued)*

Recurrent Related Party Transactions *(continued)*

Notes:

(1) Yeoh Jin Hoe is a Director and major shareholder of Can-One. He holds 7,505,700 ordinary shares in Can-One ("Can-One Shares") representing 3.91% of the total number of issued Can-One Shares and has an indirect equity interest over 108,858,800 Can-One Shares representing 56.65% of the total number of issued Can-One Shares held by Eller Axis Sdn. Bhd. ("Eller Axis"), a company in which he has more than 20% voting shares. He is also the Group Managing Director ("MD") and a major shareholder of KJCFB and has an indirect equity interest over 444,167,786 ordinary shares in KJCFB ("KJCFB Shares") representing 100% of the total number of issued KJCFB Shares held by Can-One and its wholly-owned subsidiary, Can-One International Sdn. Bhd. ("Can-One International"). He is also the Group MD and a major shareholder of 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 by KJCFB.

(2) Yeoh Jin Hoe is an Executive Director of AGB and a major shareholder of AGB, having an indirect equity interest over 43,636,698 ordinary shares in AGB ("AGB Shares") representing 32.48% of the total number of issued AGB Shares held by Towerpack Sdn. Bhd. in which he has a controlling interest.

(3) Marc Francis Yeoh Min Chang is the Group MD of Can-One and is an Alternate Director to Yeoh Jin Hoe (the Executive Director and major shareholder of AGB) in AGB.

(4) Chee Khay Leong is an Executive Director of Can-One and holds 2,054,100 Can-One Shares representing 1.07% of the total issued Can-One Shares. He is also the President cum Chief Executive Officer of KJCFB and Box-Pak. He does not have any interest, direct or indirect, in Box-Pak Shares and KJCFB Shares.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

COMPOSITION

The Audit and Risk Management Committee ("ARMC" or "the Committee") of Can-One Berhad ("the Company") comprises the following:

Members

Foo Kee Fatt *(Chairman)*
Datuk Dr. Syed Hussain Bin Syed Husman, J.P. *(Member)*
Rajaretnam Soloman Daniel *(Member - appointed on 29 June 2022)*
Chua Put Moy *(Member - appointed on 1 January 2022 and ceased to hold office on 11 April 2022)*
Razmi Bin Alias *(Member - resigned on 1 January 2022)*

Secretaries

Lydia Tong Yiu Shyian-Shyian
Kwong Shuk Fong

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

NUMBER OF MEETINGS AND ATTENDANCE

The Committee held 4 meetings during the financial year ended 31 December 2022 ("FYE 2022") and the attendance of the meetings were follows:

Members	Number of meetings attended in FYE 2022	Percentage of Attendance
Foo Kee Fatt	4 out of 4 meetings	100
Datuk Dr. Syed Hussain Bin Syed Husman, J.P.	4 out of 4 meetings	100
Rajaretnam Soloman Daniel *	2 out of 2 meetings	100
Chua Put Moy **	1 out of 1 meeting	100

Notes:

* *Appointed on 29 June 2022.*
** *Ceased to hold office on 11 April 2022.*

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

SUMMARY OF ACTIVITIES

The main activities undertaken by the Committee in discharging their responsibility during FYE 2022 were as follows:

(i) Reviewed the quarterly internal audit reports of the Group prepared by the Internal Auditors regarding risk areas and internal control matters and discussions on the findings to ensure that appropriate and timely measures have been taken to improve on the internal control systems;

(ii) Reviewed the quarterly risk management reports on significant risks identified, discussion with Management and action to be taken to address or mitigate these risks, and also the half-yearly Sustainability Reports on the key material matters and sustainability goals/targets;

(iii) Reviewed conflict of interest situations and related parties transactions, if any, entered into by the Group and the disclosure of such transactions in the quarterly financial reporting and Annual Report to ensure compliance with Bursa Malaysia Securities Berhad's Main Market Listing Requirements;

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

(v) Received the audit report prepared by the External Auditors, and their findings on the audit of the financial statements of the Group and of the Company for the FYE 2021;

(vi) Reviewed the annual audited financial statements of the Group and of the Company for the FYE 2021 with the External Auditors prior to submission to the Board for approval;

(vii) 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 2022 and their judgment of the items that may affect the financial statements;

(viii) Reviewed the assistance given by the Company's employees to the Internal Auditors and External Auditors;

(ix) Evaluated the internal audit function and also the performance of the External Auditors prior to recommendation to the Board for their re-appointment;

(x) Reviewed the ARMC Report, Statement on Risk Management and Internal Control and Sustainability Report for inclusion in the Annual Report 2021;

(xi) Reviewed the External Auditors' scope, plan and strategy in respect of the audit of the financial statements of the Group and of the Company for the FYE 2022;

(xii) Reviewed action plan established to manage anti-corruption risk;

(xiii) Reviewed and approved the Internal Audit Plan and Budget for the Group for year 2023 presented by the Internal Auditors including the appointment of an external independent consulting firm, Messrs Tan Yen Yeow & Company to complement existing in-house internal audit department;

(xiv) Reviewed and approved the outsourcing of Internal Audit work for Kian Joo Can (Vietnam) Co. Ltd. to KMF Auditing Company Limited; and

(xv) Reviewed and approved the internal audit report presented by KMF Auditing Company Limited on its findings, recommendations and discussion with senior management to ensure that appropriate and timely measures have been taken to improve the internal control systems.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

INTERNAL AUDIT FUNCTION

In discharging its function, the Group utilises the in-house Internal Audit Department as well as the services of an external independent consulting firm (collectively, “Internal Auditors”) to undertake independent, regular and systematic review of the system of internal controls within the Group based on the approved Group Internal Audit Plan so as to provide reasonable assurance on the adequacy and effectiveness of governance, risk management and the internal control systems. The Internal Auditors provide the Committee with independent and objective reports on the state of internal controls of the Group’s operations, the extent of the entities’ 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.

Summary of activities of the internal audit function during FYE 2022 are presented in the Statement on Risk Management and Internal Control. The total costs incurred by the Group’s Internal Audit function for FYE 2022 were RM979,420 (including outsourced internal audit services amounting to RM105,561).

This Statement is made in accordance with a resolution of the Board of Directors of the Company dated 5 April 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

This Statement on Risk Management and Internal Control has been prepared pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and in accordance with the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers.

BOARD OF DIRECTORS' RESPONSIBILITIES

The Board of Directors ("Board") of Can-One Berhad ("the Company") recognises the importance of a sound risk management and system of internal control to meet the business objectives of Can-One and its subsidiary companies ("the Group"), safeguard shareholders' interests 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 Board has delegated the Audit and Risk Management Committee ("ARMC") to 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 current year 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 Executive Committee ("RMEC") oversees the Group's risk management and sustainability processes. The RMEC consists of the Group Managing Director ("MD"), the Executive Directors ("ED"), the Group Finance Director ("FD") and Chief Sustainability Officer ("CSO") with the Internal Auditor acting as coordinator. The RMEC is chaired by the Group MD.

Each entity has its own Risk Management and Sustainability Working Group ("RMSWG") which consists of the Group MD, the EDs, the Group FD, CSO, General Managers, Branch Managers, Departmental Heads and key staffs with the Internal Auditor acting as the coordinator. Each RMSWG 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT *(continued)*

Risks are identified and assessed by employing the following methodologies :

(A) Identifying risks

Risk is defined as an event which will cause the Group to suffer financial or non-financial losses in the short-term or long-term. From another perspective, a risk may also be in the form of a missed opportunity to earn more profit.

In the risk identification process, all potential events that could adversely impact the achievement of business objectives are identified by the RMSWG.

The risks can typically be categorised into the following Group's objectives:

- Strategic – high level goals, aligned with and supporting Group's mission
- Operation – effective and efficient use of resources
- Reporting – reliability of financial reporting
- Compliance – compliance with applicable laws and regulations

(B) Quantify risks

The risks which are identified are quantified for their impact on the Group.

The potential impact of a risk event is the combination of the likelihood (probability) which the risk will happen and the impact (gravity) which it will cause if the risk does happen.

A score of (1) to (5) will be assigned for likelihood and impact.

Consequently, a risk event may have a combined score of (1) up to (25) depending on its likelihood and impact scores. A risk with a high rating poses more serious threat to the organisation than a low rating risk. The risk will be mapped into the following risk heat-map:

LIKELIHOOD

5	M	M	H	H	H
4	M	M	M	H	H
3	L	M	M	M	H
2	L	L	M	M	M
1	L	L	L	M	M
	1	2	3	4	5

IMPACT

(C) Responses to risks

For each risk identified, the Management will have 1 or more of the following response options:

- Avoid the risk by not proceeding with an activity which generates the risk.
- Treat the risk by applying controls to minimise the likelihood or impact of the risk.
- Transfer the risk by sharing the impact of the risk with outside parties such as insurance or joint-venture.
- Tolerate the residue (balance) risk if it is within the Group's risk appetite.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT *(continued)*

Risks are identified and assessed by employing the following methodologies *(continued)* :

(D) Risk control strategies

For each of the type of risk response chosen, the relevant control strategies are identified.

If an existing control falls short of its effectiveness or if there is no existing control in managing a significant risk, then new control strategies must be developed to manage the risk so that the residue risk is reduced to an acceptable level.

(E) Monitoring of risks and controls

Ongoing risk monitoring is conducted to review the effectiveness of the control strategies in respect of the risks identified and corrective actions are taken, where necessary. In this respect, Key Risk Indicators are set for each risk to help the RMSWG in the risk monitoring process.

(F) Periodic review

Risk profile of the Group changes with the internal and external organisational developments. An event regarded as low risk today may become high risk in future. Therefore, an effective risk management project is not a one-time exercise but an ongoing process which forms part of the operation of the Group. In this regard, the risk profile and control processes will be continually updated on a regular basis, at least quarterly.

The RMSWG of each entity reports to the RMEC and the RMEC will then meet to discuss and evaluate the RMSWGs' reports for adoption. Thereafter, the RMEC will report to the ARMC twice a year about key risks and risk management activities carried out during that period.

INTERNAL CONTROL

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 Group MD, the ED and Senior Management team are assigned with the responsibility of managing the Group. Key functions such as governance, sustainability, 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 Group MD, the ED and Senior Management team monitor the affairs of the business units through review of performance and operation reports and have monthly management meetings with the Departmental Heads of the entities to identify, discuss and resolve business, financial, operational, governance, sustainability, compliance and management issues. The meetings also serve as a platform whereby the Group's goals and objectives are communicated.

The key elements of the Group's internal control are as described below :

a) Delegation of Authority

Delegation of authority including authorisation limits at various level of Management and those requiring the Board's approval are documented and designed to ensure accountability and responsibility.

b) Business Performance

Actual business performances were discussed periodically between the Group MD, the ED, the Group FD and management team via management reports and management meetings. Group performances were presented to the Board by the Group FD on a quarterly basis.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL CONTROL *(continued)*

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

c) **Human Capital**

There are documented policies and guidelines within the Group covering hire and termination of employees. Roles and responsibilities are clearly defined in the job description for each position. Continuous training and development programmes are provided to enhance employees' competencies and productivity. Employees' performances are assessed via systematic performance appraisal process, which provides rating criteria for each area of assessment.

d) **Insurance**

Sufficient insurance coverage and physical safeguards on major assets are in place to ensure the Group's assets are adequately covered against any mishap that could result in material loss. A yearly insurance policy renewal exercise is undertaken by the Management to review the coverage based on the costs in the Property, Plant and Equipment Register and its respective replacement values, where applicable.

e) **Policies and Procedures**

Policies and procedures are in place, where applicable, and are regularly updated to reflect changing risks or to address operational efficiencies.

f) **Quality Credential Accreditations**

Certain subsidiaries have been accredited various certifications such as ISO 9001:2015 and Food Safety System Certification 22000. Documented internal procedures and standard operating procedures ("SOPs") have been put in place since their accreditation. Surveillance audits are conducted by assessors of the credential certification bodies to ensure that the SOPs are implemented.

g) **Information Technology ("IT")**

The Group has established the IT Security Policy and implement the necessary security procedures to protect the confidentiality, integrity and availability of information systems and data. Potential risks such as network security risks, data protection risks and cybersecurity risk are mitigated through periodic technology risk assessment and relevant action plans.

INTERNAL AUDIT

The ARMC 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. The Group's internal audit function is performed by an external independent consulting firm, Messrs Tan Yen Yeow & Company as well as the in-house internal audit department (collectively, "Internal Auditors"). During FYE 2022, the Group engaged RSM Vietnam Auditing and Consulting Company Limited to independently verify and confirm the adequacy and effectiveness of the internal control systems in the Procurement to Pay, Order to Cash and Inventory Control and Management cycles in Box-Pak (Vietnam) Co., Ltd. and Box-Pak (Hanoi) Co., Ltd.. Another independent firm, KMF Auditing Company Limited was also engaged to verify and confirm the adequacy and effectiveness of the internal control systems in the Sales and Receivable cycles in Kian Joo Can (Vietnam) Co., Ltd..

INTERNAL AUDIT *(continued)*

The internal audit function assists the ARMC in respect of the following:

- Assess the adequacy and effectiveness of the current internal control systems and provide recommendations to improve on the existing control environment in relation to key business processes and risk management practices;
- Highlight opportunities 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 Group Internal Audit Plan is reviewed and approved by the ARMC prior to each financial year. The Group Internal Audit Plan is developed based on the risk profile and analysis of the businesses of the Group, as well as 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 RMEC and the RMSWGs and review management reports and financial statements.

The findings of the internal audits together with proposed recommendations and management responses are tabled at the ARMC meetings for deliberation and the ARMC's expectations on the corrective measures are communicated to the respective heads of departments and business units.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in *Audit and Assurance Practice Guide ("AAPG 3", Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the Annual Report of the Group for the FYE 31 December 2022, 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.

AAPG 3 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 and Management thereon. The External Auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problem disclosed in the Annual Report will, in fact, remedy the problems.

CONCLUSION

The Board, having received assurance from the Group MD, the ED, the Group FD, is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system for the financial 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 is made in accordance with a resolution of the Board of Directors of the Company dated 5 April 2023.

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 2022 ("FYE 2022") as set on pages 85 to 184 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 2016, disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, MFRSs and IFRSs.

This Statement is made in accordance with a resolution of the Board of Directors of the Company dated 5 April 2023.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities whilst the principal activities and details of the subsidiaries are as stated in Note 8 to the financial statements.

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

ULTIMATE HOLDING COMPANY

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

RESULTS

	Group RM'000	**Company RM'000**
Profit/(Loss) for the year attributable to:		
Owners of the Company	**91,649**	**21,617**
Non-controlling interests	**(3,761)**	**–**
	87,888	**21,617**

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 amount of dividend paid by the Company in respect of the financial year ended 31 December 2021 as reported in the Directors' Report of that year was a first and final single-tier dividend of 4 sen per share totalling RM7,686,000 paid on 29 July 2022.

The Board of Directors has recommended a first and final single-tier dividend of 4 sen per share totalling RM7,686,000 for the financial year ended 31 December 2022, subject to shareholders' approval at the forthcoming Annual General Meeting.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

DIRECTORS OF THE COMPANY

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

Dato' Seri Subahan Bin Kamal	
Yeoh Jin Hoe	
Yeoh Jin Beng	
Marc Francis Yeoh Min Chang	
Chee Khay Leong	
Foo Kee Fatt	
Datuk Dr. Syed Hussain Bin Syed Husman J.P.	
Goh Teck Hong	(Appointed on 1 March 2022)
Rajaretnam Soloman Daniel	(Appointed on 29 June 2022)
Kee E-Lene	(Appointed on 29 June 2022)
Razmi Bin Alias	(Resigned on 1 January 2022)
Chua Put Moy	(Resigned on 11 April 2022)
Chong Sook Leng	(Retired on 29 June 2022)

DIRECTORS OF SUBSIDIARIES

Pursuant to Section 253(2) of the Companies Act 2016, the Directors who served in the subsidiaries during the financial year and up to the date of this report are as follows:

Yeoh Jin Hoe	
Yeoh Jin Beng	
Marc Francis Yeoh Min Chang	
Keith Christopher Yeoh Min Kit	
Shaun Patrick Yeoh Min Jin	
Chee Khay Leong	
Datuk Dr. Roslan Bin A. Ghaffar	
Tan Kim Seng	
Tuan Ngah @ Syed Ahmad Bin Tuan Baru	
Nur Aisyah Wong @ Wong Wai Yin (Huang Huiyan)	
Chew Hock San	
Sharifah Nadia Aljafri	
Foo Kee Fatt	(Appointed on 28 June 2022)
Chua Put Moy	(Resigned on 11 April 2022)
Chen Tien Tsai	(Resigned on 15 June 2022)
Chong Yue Chin	(Resigned on 21 June 2022)
Khoo Kay Leong	(Resigned on 21 June 2022)
Ooi Teik Huat	(Resigned on 21 June 2022)
Gong Wooi Teik	(Retired on 28 June 2022)
Tee Keng Hoon	(Retired on 28 June 2022)

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the 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:

	Number of ordinary shares			
	At 1.1.2022	**Bought**	**Sold**	**At 31.12.2022**
Direct interest in the Company:				
Yeoh Jin Hoe	**7,505,700**	**–**	**–**	**7,505,700**
Yeoh Jin Beng	**150,000**	**–**	**–**	**150,000**
Chee Khay Leong	**2,054,100**	**–**	**–**	**2,054,100**
Deemed interest in the Company:				
Yeoh Jin Hoe	**108,858,800**	**–**	**–**	**108,858,800**
Yeoh Jin Beng	**–**	**5,500,000**	**–**	**5,500,000**
Direct interest in the ultimate holding company:				
Yeoh Jin Hoe	**950,000**	**–**	**–**	**950,000**

By virtue of his interests of more than 20% in the shares of the ultimate holding company, Yeoh Jin Hoe is also deemed interested in the shares of the subsidiaries of the ultimate holding company during the financial year to the extent that the ultimate holding company or the Company has an interest.

None of the other Directors holding office at 31 December 2022 had any interest 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 those shown below in Directors' remuneration) 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 companies which traded with the Group in the ordinary course of business as disclosed in Note 34 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.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

DIRECTORS' REMUNERATION

The directors' remuneration in respect of the financial year ended 31 December 2022 are as follows:

	Group RM'000	Company RM'000
Fees	**1,132**	**771**
Salaries and bonuses	**13,236**	**1,290**
Statutory contributions	**1,482**	**134**
Allowances	**93**	**70**
Benefits-in-kind	**107**	**27**
	16,050	**2,292**

ISSUE OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

INDEMNITY AND INSURANCE COSTS

The Company maintains a corporate liability insurance which provides appropriate insurance cover for the Directors and officers of the Group throughout the financial year. The amount of insurance premium paid by the Company for the financial year 2022 was RM65,178.

There was no indemnity or insurance effected for the auditors of the Group and of the Company during the financial year.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

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 in the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

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

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve 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, except for the impairment losses on financial instruments and investments in subsidiaries as disclosed in the financial statements of the Group and of the Company respectively, the financial performance of the Group and of the Company for the financial year ended 31 December 2022 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Consolidation of subsidiaries with different financial year end

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

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration of the Group and of the Company during the year was as follows:

	Group **RM'000**	**Company** **RM'000**
Statutory audit	**481**	**48**
Other services	**46**	**28**
	527	**76**

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

Marc Francis Yeoh Min Chang
Director

Chee Khay Leong
Director

Kuala Lumpur

Date: 5 April 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Assets					
Property, plant and equipment	3	**1,692,713**	1,568,073	**–**	1
Right-of-use assets	4	**525,037**	398,942	**–**	–
Investment properties	5	**82,861**	109,476	**–**	–
Land held for property development	6	**109,628**	109,225	**–**	–
Intangible assets	7	**1,717**	1,094	**–**	–
Investments in subsidiaries	8	**–**	–	**1,326,749**	1,327,790
Deferred tax assets	9	**2,506**	3,279	**–**	–
Prepayments	10	**3,465**	7,898	**–**	–
Trade and other receivables	12	**–**	–	**52,033**	–
Total non-current assets		**2,417,927**	2,197,987	**1,378,782**	1,327,791
Inventories	11	**862,876**	874,087	**–**	–
Trade and other receivables	12	**571,629**	625,890	**51,758**	65,964
Prepayments	10	**21,198**	11,974	**–**	–
Current tax assets		**2,719**	2,739	**387**	260
Derivative financial assets	13	**1,048**	843	**–**	–
Cash and cash equivalents	14	**386,176**	248,830	**6,379**	23,757
Total current assets		**1,845,646**	1,764,363	**58,524**	89,981
Total assets		**4,263,573**	3,962,350	**1,437,306**	1,417,772

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Equity					
Share capital	15	**197,660**	197,660	**197,660**	197,660
Reserves	16	**1,628,915**	1,536,137	**940,616**	926,685
Equity attributable to owners of the Company		**1,826,575**	1,733,797	**1,138,276**	1,124,345
Non-controlling interests	8.2	**87,642**	90,986	**–**	–
Total equity		**1,914,217**	1,824,783	**1,138,276**	1,124,345
Liabilities					
Loans and borrowings	17	**669,667**	657,566	**286,107**	286,107
Lease liabilities		**151,315**	4,812	**–**	–
Retirement benefit obligations	18	**65,529**	62,331	**–**	–
Derivative financial liabilities	13	**–**	3,896	**–**	–
Deferred tax liabilities	9	**101,202**	103,245	**–**	–
Total non-current liabilities		**987,713**	831,850	**286,107**	286,107
Trade and other payables	19	**537,120**	460,157	**12,923**	7,320
Loans and borrowings	17	**770,417**	812,949	**–**	–
Lease liabilities		**11,673**	5,837	**–**	–
Retirement benefit obligations	18	**6,504**	4,772	**–**	–
Contract liabilities		**23,465**	6,306	**–**	–
Provision	20	**5,000**	5,000	**–**	–
Derivative financial liabilities	13	**2,087**	1,022	**–**	–
Current tax liabilities		**5,377**	9,674	**–**	–
Total current liabilities		**1,361,643**	1,305,717	**12,923**	7,320
Total liabilities		**2,349,356**	2,137,567	**299,030**	293,427
Total equity and liabilities		**4,263,573**	3,962,350	**1,437,306**	1,417,772

The notes on pages 97 to 184 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	21	**3,167,452**	2,693,431	**52,586**	42,060
Cost of sales		**(2,795,788)**	(2,332,620)	**–**	–
Gross profit		**371,664**	360,811	**52,586**	42,060
Other income		**34,600**	25,994	**220**	74
Selling and distribution expenses		**(28,698)**	(27,156)	**–**	–
Administrative expenses		**(155,440)**	(133,613)	**(5,583)**	(3,678)
Other expenses		**(26,560)**	(16,462)	**(2,002)**	(3)
Operating profit before impairment losses		**195,566**	209,574	**45,221**	38,453
Net reversal of impairment losses/(impairment losses):					
- property, plant and equipment		**67**	(197,036)	**–**	–
- right-of-use assets		**–**	(34,479)	**–**	–
- investment properties		**–**	(5,424)	**–**	–
- investments in subsidiaries		**–**	–	**(16,041)**	(54,690)
- financial instruments		**(10,218)**	(2,476)	**927**	10,000
		(10,151)	(239,415)	**(15,114)**	(44,690)
Results from operating activities		**185,415**	(29,841)	**30,107**	(6,237)
Interest income		**1,143**	6,773	**3,137**	9,249
Interest expense	22	**(57,629)**	(46,169)	**(10,894)**	(13,005)
Profit/(Loss) before tax	24	**128,929**	(69,237)	**22,350**	(9,993)
Tax expense	25	**(41,041)**	(39,703)	**(733)**	(2,093)
Profit/(Loss) for the year		**87,888**	(108,940)	**21,617**	(12,086)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Profit/(Loss) for the year		**87,888**	(108,940)	**21,617**	(12,086)
Other comprehensive income, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Cash flow hedge	26	**4,285**	2,108	**–**	–
Foreign currency translation differences for foreign operations	26	**4,947**	15,285	**–**	–
		9,232	17,393	**–**	–
Total comprehensive income/(expense) for the year		**97,120**	(91,547)	**21,617**	(12,086)
Profit/(Loss) attributable to:					
Owners of the Company		**91,649**	(52,863)	**21,617**	(12,086)
Non-controlling interests		**(3,761)**	(56,077)	**–**	–
Profit/(Loss) for the year		**87,888**	(108,940)	**21,617**	(12,086)
Total comprehensive income/(expense) attributable to:					
Owners of the Company		**100,464**	(39,867)	**21,617**	(12,086)
Non-controlling interests		**(3,344)**	(51,680)	**–**	–
Total comprehensive income/(expense) for the year		**97,120**	(91,547)	**21,617**	(12,086)
Basic/Diluted earnings/(loss) per ordinary share (sen)	27	**47.70**	(27.51)		

The notes on pages 97 to 184 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

		← Attributable to owners of the Company				→		
		← Non-distributable		→	Distributable			
	Note	**Share capital RM'000**	**Cash flow hedge reserve RM'000**	**Foreign currency translation reserve RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 January 2021, *as previously reported*		197,660	(442)	3,674	1,579,510	1,780,402	143,614	1,924,016
Correction of classification		–	(4,358)	–	5,306	948	(948)	–
At 1 January 2021, *as restated*		197,660	(4,800)	3,674	1,584,816	1,781,350	142,666	1,924,016
Other comprehensive income for the year								
- Cash flow hedge		–	1,361	–	–	1,361	747	2,108
- Foreign currency translation differences of foreign operations		–	–	11,635	–	11,635	3,650	15,285
Total other comprehensive income for the year		–	1,361	11,635	–	12,996	4,397	17,393
Loss for the year		–	–	–	(52,863)	(52,863)	(56,077)	(108,940)
Total comprehensive income/(expense) for the year		–	1,361	11,635	(52,863)	(39,867)	(51,680)	(91,547)
Distribution to owners of the Company								
- Dividend	28	–	–	–	(7,686)	(7,686)	–	(7,686)
At 31 December 2021, *as restated*		197,660	(3,439)	15,309	1,524,267	1,733,797	90,986	1,824,783
		Note 15	Note 16.1	Note 16.2			Note 8.2	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

		Attributable to owners of the Company						
		Non-distributable			Distributable			
	Note	Share capital RM'000	Cash flow hedge reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2022, *as restated*		197,660	(3,439)	15,309	1,524,267	1,733,797	90,986	1,824,783
Other comprehensive income/(expense) for the year								
- Cash flow hedge		–	3,675	–	–	3,675	610	4,285
- Foreign currency translation differences of foreign operations		–	–	5,140	–	5,140	(193)	4,947
Total other comprehensive income for the year		–	3,675	5,140	–	8,815	417	9,232
Profit/(Loss) for the year		–	–	–	91,649	91,649	(3,761)	87,888
Total comprehensive income/(expense) for the year		–	3,675	5,140	91,649	100,464	(3,344)	97,120
Distribution to owners of the Company								
- Dividend	28	–	–	–	(7,686)	(7,686)	–	(7,686)
At 31 December 2022		197,660	236	20,449	1,608,230	1,826,575	87,642	1,914,217
		Note 15	Note 16.1	Note 16.2			Note 8.2	

The notes on pages 97 to 184 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Non-distributable Share capital RM'000	Distributable Retained earnings RM'000	Total equity RM'000
At 1 January 2021		197,660	946,457	1,144,117
Loss for the year and total comprehensive expense for the year		–	(12,086)	(12,086)
Distributions to owners of the Company				
- Dividends	28	–	(7,686)	(7,686)
At 31 December 2021/1 January 2022		**197,660**	**926,685**	**1,124,345**
Profit for the year and total comprehensive income for the year		**–**	**21,617**	**21,617**
Distribution to owners of the Company				
- Dividends	28	**–**	**(7,686)**	**(7,686)**
At 31 December 2022		**197,660**	**940,616**	**1,138,276**
		Note 15		

The notes on pages 97 to 184 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Cash flows from operating activities					
Profit/(Loss) before tax		**128,929**	(69,237)	**22,350**	(9,993)
Adjustments for:					
Depreciation of:					
- property, plant and equipment	3	**126,122**	136,686	**–**	1
- right-of-use assets	4	**20,639**	15,256	**–**	–
- investment properties	5	**1,802**	2,135	**–**	–
Amortisation of intangible assets	7	**1,132**	1,514	**–**	–
Gain on disposal of:					
- property, plant and equipment	24	**(10,608)**	(3,418)	**–**	–
- right-of-use assets	24	**(4,379)**	–	**–**	–
Net gain on termination, expiration, modification and reassessment of lease contracts	24	**(1)**	(11)	**–**	–
Interest expense	22	**57,629**	46,169	**10,894**	13,005
Interest income		**(1,143)**	(6,773)	**(3,137)**	(9,249)
Income distribution from money market placements with a non-financial institution	24	**(474)**	(1,140)	**(220)**	(74)
Net (reversal of impairment losses)/impairment losses on:					
- property, plant and equipment	24	**(67)**	197,036	**–**	–
- right-of-use assets	24	**–**	34,479	**–**	–
- investment properties	24	**–**	5,424	**–**	–
- investments in subsidiaries	24	**–**	–	**16,041**	54,690
- financial instruments	24	**10,218**	2,476	**(927)**	(10,000)
Retirement benefit obligations	18	**8,056**	(982)	**–**	–
Unrealised loss/(gain) on:					
- foreign exchange	24	**8,836**	4,511	**–**	–
- derivative financial instruments		**1,249**	(1,864)	**–**	–
Usage of spare parts in property, plant and equipment		**–**	13,983	**–**	–
Write-down of inventories	24	**6,659**	29,708	**–**	–
Write off in respect of:					
- property, plant and equipment	24	**879**	109	**1**	–
- financial instruments	24	**–**	208	**2,000**	–
- inventories	24	**27,731**	20,766	**–**	–
Dividend income		**–**	–	**(52,586)**	(42,060)
Operating profit/(loss) before changes in working capital		**383,209**	427,035	**(5,584)**	(3,680)

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

		Group		**Company**	
	Note	**2022 RM'000**	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Cash flows from operating activities *(continued)*					
Changes in working capital:					
Inventories		**(23,179)**	(357,435)	**–**	–
Trade and other receivables		**40,323**	(40,408)	**2**	96,616
Prepayments		**(9,224)**	12,037	**–**	–
Trade and other payables		**77,778**	97,313	**2,103**	349
Contract liabilities		**17,159**	597	**–**	–
Cash generated from/ (used in) operations		**486,066**	139,139	**(3,479)**	93,285
Interest paid		**(551)**	(441)	**–**	–
Retirement benefit paid		**(3,126)**	(4,654)	**–**	–
Tax paid		**(48,948)**	(30,651)	**(860)**	(2,560)
Tax refund		**2,201**	8,155	**–**	–
Dividend received		**–**	–	**52,586**	42,060
Net cash from operating activities		**435,642**	111,548	**48,247**	132,785
Cash flows from investing activities					
Proceeds from disposal of:					
- property, plant and equipment		**56,876**	16,378	**–**	–
- right-of-use assets		**14,993**	–	**–**	–
Additions of:					
- property, plant and equipment	A	**(248,433)**	(121,864)	**–**	–
- right-of-use assets		**–**	(27)	**–**	–
- land held for property development		**(403)**	(98,870)	**–**	–
- intangible assets	7	**(1,753)**	(1,178)	**–**	–
Acquisition of a subsidiary		**–**	–	**(15,000)**	–
Interest received		**1,143**	6,773	**3,137**	9,249
Income distribution from money market placements with a non-financial institution		**474**	1,140	**220**	74
(Advances to)/Repayment from subsidiaries		**–**	–	**(38,902)**	1,961
Net cash (used in)/from investing activities		**(177,103)**	(197,648)	**(50,545)**	11,284

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Cash flows from financing activities					
Drawdown of term loans		**238,772**	146,147	**–**	–
Repayment of term loans		**(251,956)**	(213,372)	**–**	(103,000)
Trade financing, net		**(62,472)**	184,993	**–**	–
Revolving credits, net		**26,641**	54,710	**–**	–
Payment of hire purchase liabilities		**(492)**	(128)	**–**	–
Payment of lease liabilities		**(7,893)**	(6,493)	**–**	–
Interest paid		**(53,685)**	(45,728)	**(10,894)**	(13,005)
Dividends paid		**(7,686)**	(7,686)	**(7,686)**	(7,686)
Advance from a subsidiary		**–**	–	**3,500**	–
Net cash (used in)/from financing activities		**(118,771)**	112,443	**(15,080)**	(123,691)
Net increase/(decrease) in cash and cash equivalents		**139,768**	26,343	**(17,378)**	20,378
Effect of exchange rate fluctuations on cash and cash equivalents held		**(2,422)**	(7,242)	**–**	–
Cash and cash equivalents at 1 January		**248,830**	229,729	**23,757**	3,379
Cash and cash equivalents at 31 December	14	**386,176**	248,830	**6,379**	23,757

Notes to statements of cash flows:

A. Reconciliation of additions of property, plant and equipment

	Note	Group 2022 RM'000	Group 2021 RM'000
Additions of:			
- property, plant and equipment	3	**254,438**	133,195
- machinery through trade-in of existing machinery		**–**	(5,035)
- motor vehicle through hire purchase liabilities		**(1,572)**	–
Net movement in non-current prepayments		**(4,433)**	(6,296)
		248,433	121,864

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

Notes to statements of cash flows (continued):

B. Cash outflows for leases as a lessee

		Group		Company	
	Note	**2022** **RM'000**	**2021** **RM'000**	**2022** **RM'000**	**2021** **RM'000**
Included in net cash from operating activities:					
Payment relating to:					
- short-term leases	24	**7,664**	5,889	**–**	–
- leases of low-value assets	24	**539**	535	**4**	3
Interest paid in relation to lease liabilities	a	**551**	441	**–**	–
Included in net cash from financing activities:					
Payment of lease liabilities		**7,893**	6,493	**–**	–
Total cash outflows for leases		**16,647**	13,358	**4**	3

a. Reconciliation of lease liabilities interest:

		Group	
	Note	**2022** **RM'000**	**2021** **RM'000**
Interest paid		**551**	441
Interest unpaid during lease repayment grace period		**3,393**	–
	22	**3,944**	441

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

Notes to statements of cash flows (continued):

C. *Reconciliation of movements of liabilities to cash flows arising from financing activities:*

Group

	At 1.1.2021 RM'000	**Net changes from financing cash flows RM'000**	**Addition of new leases RM'000**	**Foreign exchange movement RM'000**	**At 31.12.2021 RM'000**
Term loans	807,161	(67,225)	–	8,280	748,216
Trade financing	348,910	184,993	–	(5)	533,898
Revolving credits	133,255	54,710	–	–	187,965
Hire purchase liabilities	360	(128)	204	–	436
Lease liabilities	12,573	(6,493)	4,494	75	10,649
	1,302,259	165,857	4,698	8,350	1,481,164

	At 1.1.2022 RM'000	**Net changes from financing cash flows RM'000**	**Addition of new leases RM'000**	**Modification/ Reassessment/ Termination/ Expiration of leases RM'000**	**Foreign exchange movement RM'000**	**At 31.12.2022 RM'000**
Term loans	**748,216**	**(13,184)**	**–**	**–**	**9,909**	**744,941**
Trade financing	**533,898**	**(62,472)**	**–**	**–**	**7,571**	**478,997**
Revolving credits	**187,965**	**26,641**	**–**	**–**	**24**	**214,630**
Hire purchase liabilities	**436**	**(492)**	**1,572**	**–**	**–**	**1,516**
Lease liabilities	**10,649**	**(7,893)**	**149,902**	**10,341**	**(11)**	**162,988**
	1,481,164	**(57,400)**	**151,474**	**10,341**	**17,493**	**1,603,072**

Company

	At 1.1.2021 RM'000	**Net changes from financing cash flows RM'000**	**At 31.12.2021/ 1.1.2022/ 31.12.2022 RM'000**
Term loan	389,107	(103,000)	**286,107**

The notes on pages 97 to 184 are an integral part of these financial statements.

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 2022 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities").

The Company is principally engaged in investment holding activities whilst the principal activities of the subsidiaries are as stated in Note 8.

These financial statements were authorised for issue by the Board of Directors on 5 April 2023.

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 ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments 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 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts - Initial application of MFRS 17 and MFRS 9 - Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements -Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION *(continued)*

(a) Statement of compliance *(continued)*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendment to MFRS 16, *Leases - Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements - Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*

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, interpretations and amendments:

- from the annual period beginning on 1 January 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17, *Insurance Contracts* and Amendments to MFRS 17, *Insurance Contracts - Initial application of MFRS 17* which are not applicable to the Group and to the Company.

- from the annual period beginning on 1 January 2024 for the amendments that are effective for annual periods beginning on or after 1 January 2024.

The initial application of the accounting standards, interpretations or amendments is not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company.

(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.

1. BASIS OF PREPARATION *(continued)*

(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.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than as disclosed in following notes:

- Note 3 - valuation of property, plant and equipment
- Note 4 - valuation of right-of-use assets
  - extension options and incremental borrowing rate in relation to leases
- Note 8 - valuation of investments in subsidiaries
- Note 11 - valuation of inventories
- Note 30.4 - measurement of expected credit loss (“ECL”)

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 investment includes transaction costs.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Basis of consolidation *(continued)*

(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.

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 a financial asset depending on the level of influence retained.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Basis of consolidation *(continued)*

(v) 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 the 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.

(vi) 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.

(b) 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 which 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 equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, 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 the foreign currency translation reserve (“FCTR”) in equity.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Foreign currency *(continued)*

(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. 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 the 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.

(c) Financial instruments

(i) Recognition and initial 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 asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at 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.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Financial instruments *(continued)*

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(i)(i)) where the effective interest rate is applied to the amortised cost.

(b) Fair value through other comprehensive income

(i) Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(i)(i)) where the effective interest rate is applied to the amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Financial instruments *(continued)*

(ii) Financial instrument categories and subsequent measurement *(continued)*

Financial assets *(continued)*

(b) Fair value through other comprehensive income *(continued)*

(ii) Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

(c) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 2(i)(i)).

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Financial instruments *(continued)*

(ii) Financial instrument categories and subsequent measurement *(continued)*

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

(a) 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 and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

(a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
(b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or
(c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Financial instruments *(continued)*

(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.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in current year.

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.

Settlement date accounting refers to:

(a) the recognition of an asset on the day it is received by the Group or the Company, and
(b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company apply settlement date accounting unless otherwise stated for the specific class of asset.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Financial instruments *(continued)*

(v) Hedge accounting

At inception of a designated hedging relationship, the Group and the Company document the risk management objective and strategy for undertaking the hedge. The Group and the Company also document the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

(a) Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and accumulated in equity and the ineffective portion is recognised in profit or loss. The effective portion of changes in the fair value of the derivative that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss immediately.

The Group designates only the change in fair value of the spot element of forward contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts (“forward points”) and/or the foreign currency basis spread are separately accounted for as cost of hedging and recognised in a cost of hedging reserve within equity.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item’s cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Financial instruments *(continued)*

(vi) 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 expired or transferred, 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 of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) 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, cancelled or expired. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. 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.

(vii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(d) Intangible assets

(i) Recognition and measurement

Intangible assets, comprise of software, which have finite useful life, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

(iii) Amortisation

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 life of intangible assets.

The estimated useful life of software for the current and comparative periods is two (2) years.

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) 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 income” and “other expenses” respectively in profit or loss.

(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. Freehold land is not depreciated. Assets under construction are not depreciated until the assets are ready for their intended use.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Property, plant and equipment *(continued)*

(iii) Depreciation *(continued)*

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

	Years
Buildings	27 - 50
Plant, machinery and equipment	3 - 15
Furniture, fittings and office equipment	2 - 10
Motor vehicles	5 - 10
Spare parts	2 - 10

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

(f) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Leases *(continued)*

(ii) Recognition and initial measurement

(a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using the Group incremental borrowing rate. Generally, the Group use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Leases *(continued)*

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue" or "other income".

(g) Investment properties

Investment property carried at cost

Investment properties are properties which are owned or right-of-use asset held under a lease contract to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(e).

Cost includes expenditure that is attributable to the acquisition of the investment property. The cost of self-constructed investment property includes materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similar to other right-of-use assets.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of 18 - 50 years for buildings. Leasehold land is depreciated over the lease term and freehold land is not depreciated.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Land held for property development

Land held for property development consists of land of which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at the lower of cost and net realisable value.

Land held for property development consists of the purchase price of the land, professional fees, stamp duties, commissions, conversion fees, levies and direct development cost incurred in preparing the land for development.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and applicable variable selling expenses.

Land held for property development is transferred to property development costs (under current assets) when development activities have commenced and where the development activities can be completed within the Group's normal operating cycle.

(i) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss and cash and bank balance for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Impairment *(continued)*

(i) Financial assets *(continued)*

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery of amounts due.

(ii) Other assets

The carrying amounts of other assets (except for inventories, and deferred tax assets) 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 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.

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 unit) 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) 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 method, 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.

(k) 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 statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(l) 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 the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(m) 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 interest expense.

(i) Restructuring

A provision for restructuring is recognised when the Group has approved a detailed formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Contract liabilities

The contract liabilities are stated at cost and represents the obligation of the Group to transfer goods or services to customers for which consideration have been received from customers. The contract liabilities are expected to be recognised as revenue in the next twelve months.

(o) 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.

(p) 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.

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.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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.

Unabsorbed reinvestment 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.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Revenue and other income

(i) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group transfers control of a good or service at a point in time unless one of the following over time criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group performs;

(b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that 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.

(iv) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(r) 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.

(s) 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. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(s) Employee benefits *(continued)*

(iii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed once every three years by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(t) Earnings per ordinary share

The Group presents basic and diluted 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.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(u) 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 Group Managing Director 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.

(v) 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 value is 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	Buildings RM'000	Plant, machinery and equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Spare parts RM'000	Assets under construction RM'000	Total RM'000
Cost								
At 1 January 2021	312,871	578,858	1,721,211	113,196	19,589	55,437	107,953	2,909,115
Additions	–	397	20,024	9,745	227	25,994	76,808	133,195
Disposals	(12,600)	–	(8,132)	(271)	(2,473)	–	(2,782)	(26,258)
Usage for the year (Note 3.5)	–	–	–	–	–	(13,983)	–	(13,983)
Written off	–	–	(2,463)	(1,083)	(174)	–	–	(3,720)
Transfer to inventories (Note 3.5)	–	–	–	–	–	(11,619)	–	(11,619)
Reclassification	–	14,939	72,475	485	–	76	(87,975)	–
Foreign exchange difference	–	11,948	15,304	2,719	58	128	411	30,568
At 31 December 2021/ 1 January 2022	**300,271**	**606,142**	**1,818,419**	**124,791**	**17,227**	**56,033**	**94,415**	**3,017,298**
Additions	**–**	**518**	**22,595**	**12,534**	**1,697**	**20,440**	**196,654**	**254,438**
Disposals	**(14,555)**	**(17,007)**	**(78,778)**	**(622)**	**(1,619)**	**(5,089)**	**(4,000)**	**(121,670)**
Written off	**–**	**(4,490)**	**(7,337)**	**(3,023)**	**–**	**(1,160)**	**(1,061)**	**(17,071)**
Transfer from right-of-use assets (Note 4)	**–**	**–**	**–**	**–**	**231**	**–**	**–**	**231**
Transfer from investment properties (Note 5)	**13,782**	**17,156**	**–**	**–**	**–**	**–**	**–**	**30,938**
Reclassification	**–**	**10,159**	**55,948**	**(541)**	**81**	**–**	**(65,647)**	**–**
Foreign exchange difference	**–**	**14,628**	**12,523**	**1,519**	**28**	**341**	**1,007**	**30,046**
At 31 December 2022	**299,498**	**627,106**	**1,823,370**	**134,658**	**17,645**	**70,565**	**221,368**	**3,194,210**

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Group

	Freehold land RM'000	Buildings RM'000	Plant, machinery and equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Spare parts RM'000	Assets under construction RM'000	Total RM'000
Depreciation and impairment losses								
At 1 January 2021								
Accumulated depreciation	–	36,243	951,559	96,136	16,813	–	–	1,100,751
Accumulated impairment losses	–	–	15,370	–	–	–	1,025	16,395
	–	36,243	966,929	96,136	16,813	–	1,025	1,117,146
Charge for the financial year	–	23,171	95,548	10,626	995	6,346	–	136,686
Disposals	–	–	(5,751)	(266)	(2,246)	–	–	(8,263)
Written off	–	–	(2,369)	(1,068)	(174)	–	–	(3,611)
Impairment losses, net (Note 3.4)	4,398	59,821	78,330	949	–	30,236	23,302	197,036
Reclassification	–	–	32	(32)	–	–	–	–
Foreign exchange difference	–	1,216	6,599	2,367	49	–	–	10,231
At 31 December 2021/ 1 January 2022								
Accumulated depreciation	**–**	**60,630**	**1,045,568**	**107,763**	**15,437**	**6,346**	**–**	**1,235,744**
Accumulated impairment losses	**4,398**	**59,821**	**93,750**	**949**	**–**	**30,236**	**24,327**	**213,481**
	4,398	**120,451**	**1,139,318**	**108,712**	**15,437**	**36,582**	**24,327**	**1,449,225**
Charge for the financial year	**–**	**15,954**	**84,845**	**11,084**	**1,042**	**13,197**	**–**	**126,122**
Disposals	**–**	**(1,665)**	**(64,765)**	**(548)**	**(1,610)**	**(4,336)**	**(2,478)**	**(75,402)**
Written off	**–**	**(4,490)**	**(6,955)**	**(2,933)**	**–**	**(753)**	**(1,061)**	**(16,192)**
Reversal of impairment losses, net (Note 3.4)	**–**	**–**	**–**	**–**	**–**	**(67)**	**–**	**(67)**
Transfer from right-of-use assets (Note 4)	**–**	**–**	**–**	**–**	**1**	**–**	**–**	**1**
Transfer from investment properties (Note 5)	**–**	**6,125**	**–**	**–**	**–**	**–**	**–**	**6,125**
Reclassification	**–**	**–**	**18,793**	**(616)**	**–**	**–**	**(18,177)**	**–**
Foreign exchange difference	**–**	**4,074**	**6,086**	**1,396**	**21**	**108**	**–**	**11,685**
At 31 December 2022								
Accumulated depreciation	**–**	**76,335**	**1,075,142**	**116,146**	**14,891**	**18,535**	**–**	**1,301,049**
Accumulated impairment losses	**4,398**	**64,114**	**102,180**	**949**	**–**	**26,196**	**2,611**	**200,448**
	4,398	**140,449**	**1,177,322**	**117,095**	**14,891**	**44,731**	**2,611**	**1,501,497**

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Group

	Freehold land RM'000	Buildings RM'000	Plant, machinery and equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Spare parts RM'000	Assets under construction RM'000	Total RM'000
Carrying amounts								
At 1 January 2021	312,871	542,615	754,282	17,060	2,776	55,437	106,928	1,791,969
At 31 December 2021/ 1 January 2022	**295,873**	**485,691**	**679,101**	**16,079**	**1,790**	**19,451**	**70,088**	**1,568,073**
At 31 December 2022	**295,100**	**486,657**	**646,048**	**17,563**	**2,754**	**25,834**	**218,757**	**1,692,713**

Company

	Furniture, fittings and office equipment 2022 RM'000	Furniture, fittings and office equipment 2021 RM'000
Cost		
At 1 January	**20**	20
Written off	**(20)**	–
At 31 December	**–**	20
Depreciation		
At 1 January	**19**	18
Charge for the financial year	**–**	1
Written off	**(19)**	–
At 31 December	**–**	19
Carrying amounts	**–**	1

3.1 Leased motor vehicles

At 31 December 2022, the carrying amounts of leased motor vehicles of the Group are RM1,823,000 (2021: RM288,000).

3. PROPERTY, PLANT AND EQUIPMENT *(continued)*

3.2 Security

The carrying amounts of freehold land, buildings, plant, machinery and equipment and assets under construction collateralised for banking facilities granted to the Group are as follows (see Note 17):

	Group	
	2022 **RM'000**	**2021** **RM'000**
Freehold land	**–**	4,749
Buildings	**23,548**	38,268
Plant, machinery and equipment	**16,553**	18,104
Assets under construction	**18**	801
	40,119	61,922

3.3 Land and buildings subject to operating lease

During the financial year, the Group leases a piece of freehold land to a related party and part of certain buildings to a third party. At the end of the reporting date, the lease of freehold land contains an initial non-cancellable period of two (2021: two) years. Subsequent renewals are negotiated with the lessee.

The Group does not require a financial guarantee on the lease arrangement.

The following is recognised in profit or loss:

	Group	
	2022 **RM'000**	**2021** **RM'000**
Lease income	**340**	331

The operating lease payments to be received are as follows:

	Group	
	2022 **RM'000**	**2021** **RM'000**
Less than one year	**120**	43
One to two years	**15**	–
Total undiscounted lease payment	**135**	43

3. PROPERTY, PLANT AND EQUIPMENT *(continued)*

3.4 Impairment testing on property, plant and equipment

The Group assessed whether there were any indicators of impairment during the financial year. In doing this, management considered the current environment and performance of the cash generating units ("CGUs"). Management considered the continued losses generated in certain operating subsidiaries in the current financial year as impairment indicators. These companies collectively held RM164,206,000 (2021: RM251,548,000) in carrying amount of property, plant and equipment as at 31 December 2022.

A CGU's recoverable amount is determined as being the higher of the CGU's fair value less costs of disposal and its value in use. Where the value in use model was used, management had made estimates about the future results and key assumptions applied to cash flow projections of the CGUs. These significant assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rate, which was, amongst others, dependent on forecasted economic conditions.

In prior year, the management had determined that the recoverable amounts in the CGUs of certain subsidiaries in Malaysia and Myanmar were lower than the carrying amounts of their property, plant and equipment. The Group had calculated the recoverable amount of the property, plant and equipment to be RM96,268,000.

The recoverable amount is based on value in use method which was determined by discounting the future cash flow generated from the continuing use of the property, plant and equipment and was based on the following key assumptions:

(i) The range of anticipated annual revenue growth rates per annum used in the cash flow projections of the CGUs were as follows:-

Domicile country of the subsidiaries	2022	2021
Malaysia	-3% to 38%	-46% to 33%
Myanmar	0% to 15%	5% to 94%

(ii) Profit margins were projected based on the historical profit margins achieved for the products.

(iii) Discount rate used for each respective country was based on the country's weighted average cost of capital rate (pre-tax discount rate), incorporating the respective country's risk premium and an additional premium to factor in risk of cash flow projection inaccuracy. The pre-tax discount rates for the operating subsidiaries were as follows:-

Domicile country of the subsidiaries	2022	2021
Malaysia	8.60% - 10.40%	9.00% - 9.64%
Myanmar	12.00%	11.00%

(iv) Cash flows were projected based on 1 year (2021: 1 year) base financial budgets approved by the Board of Directors.

Any unfavourable deviation to the above assumptions will result in further impairment to the Group.

3. PROPERTY, PLANT AND EQUIPMENT *(continued)*

3.4 Impairment testing on property, plant and equipment *(continued)*

In prior year, the Group had recognised an impairment loss of RM167,892,000 in relation to property, plant and equipment excluding spare parts and reversed previously impaired assets amounted to RM1,092,000 as the Group had utilised these assets. The reversal of impairment loss in the prior year has been set-off with the impairment loss in arriving at the net impairment loss.

Based on the current year assessment, the Group has not recognised an impairment loss of property, plant and equipment in the income statement of the current financial year because the recoverable amounts of the CGUs are higher than the carrying amounts of the property, plant and equipment.

3.5 Spare parts, which were held for use in the production and supply of goods are expected to be used over more than one period, and are classified as property, plant and equipment.

In prior year, the Group had recognised impairment loss of RM30,236,000 on spare parts due to obsolescence. The Group had also assessed and reclassified spare parts cost of RM11,619,000 with useful lives less than 1 year and expected to be used within 12 months into inventories. During the financial year, the Group has reversed impairment loss of spare parts amounting to RM67,000 as the Group had utilised these items.

4. RIGHT-OF-USE ASSETS - GROUP

	Land use rights RM'000	Buildings and hostels RM'000	Factory equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost					
At 1 January 2021	450,192	11,878	8,854	685	471,609
Additions	–	1,886	3,604	231	5,721
Termination of lease contracts	–	(415)	(1,326)	–	(1,741)
Modification/Reassessment	–	(932)	141	–	(791)
Expiration of lease contracts	(931)	(964)	(1,597)	(57)	(3,549)
Foreign exchange difference	4,074	40	45	31	4,190
At 31 December 2021/ 1 January 2022	**453,335**	**11,493**	**9,721**	**890**	**475,439**
Additions	**–**	**145,841**	**4,061**	**–**	**149,902**
Disposal	**(11,400)**	**–**	**–**	**–**	**(11,400)**
Termination of lease contracts	**–**	**(1,589)**	**(338)**	**(169)**	**(2,096)**
Modification/Reassessment	**–**	**10,020**	**135**	**–**	**10,155**
Expiration of lease contracts	**(1,920)**	**(10,165)**	**(2,715)**	**–**	**(14,800)**
Transfer to property, plant and equipment (Note 3)	**–**	**–**	**–**	**(231)**	**(231)**
Reclassifications	**–**	**3**	**–**	**–**	**3**
Foreign exchange difference	**2,167**	**(51)**	**41**	**6**	**2,163**
At 31 December 2022	**442,182**	**155,552**	**10,905**	**496**	**609,135**

4. RIGHT-OF-USE ASSETS - GROUP *(continued)*

	Land use rights RM'000	Buildings and hostels RM'000	Factory equipment RM'000	Motor vehicles RM'000	Total RM'000
Depreciation and impairment losses					
At 1 January 2021	22,349	4,495	4,267	266	31,377
Charge for the financial year	8,921	3,293	2,828	214	15,256
Termination of lease contracts	–	(341)	(995)	–	(1,336)
Modification/Reassessment	–	(217)	–	–	(217)
Expiration of lease contracts	(931)	(964)	(1,597)	(57)	(3,549)
Impairment losses	34,177	–	302	–	34,479
Foreign exchange difference	445	16	12	14	487
At 31 December 2021/ 1 January 2022					
Accumulated depreciation	**30,784**	**6,282**	**4,515**	**437**	**42,018**
Accumulated impairment losses	**34,177**	**–**	**302**	**–**	**34,479**
	64,961	**6,282**	**4,817**	**437**	**76,497**
Charge for the financial year	**8,663**	**9,198**	**2,710**	**68**	**20,639**
Disposal	**(786)**	**–**	**–**	**–**	**(786)**
Termination of lease contracts	**–**	**(813)**	**(204)**	**(169)**	**(1,186)**
Modification/Reassessment	**–**	**1,729**	**(158)**	**–**	**1,571**
Expiration of lease contracts	**(1,920)**	**(9,439)**	**(2,715)**	**–**	**(14,074)**
Transfer to property, plant and equipment (Note 3)	**–**	**–**	**–**	**(1)**	**(1)**
Reclassifications	**–**	**3**	**–**	**–**	**3**
Foreign exchange difference	**1,422**	**(7)**	**17**	**3**	**1,435**
At 31 December 2022					
Accumulated depreciation	**37,259**	**6,953**	**4,174**	**338**	**48,724**
Accumulated impairment losses	**35,081**	**–**	**293**	**–**	**35,374**
	72,340	**6,953**	**4,467**	**338**	**84,098**

NOTES TO THE FINANCIAL STATEMENTS

4. RIGHT-OF-USE ASSETS - GROUP *(continued)*

	Land use rights RM'000	Buildings and hostels RM'000	Factory equipment RM'000	Motor vehicles RM'000	Total RM'000
Carrying amounts					
At 1 January 2021	427,843	7,383	4,587	419	440,232
At 31 December 2021/ 1 January 2022	**388,374**	**5,211**	**4,904**	**453**	**398,942**
At 31 December 2022	**369,842**	**148,599**	**6,438**	**158**	**525,037**

Included in land use rights are RM369,842,000 (2021: RM388,374,000) in relation to leasehold land with remaining tenures of 24 to 68 years (2021: 25 to 69 years). The Group also leases a number of factory buildings, hostels, factory facilities and motor vehicles that run between 1 year to 5 years (2021: 1 year to 5 years) with an option to renew the lease after the initial period.

4.1 The carrying amount of land use rights collateralised for the banking facilities granted to the Group is RM8,953,000 (2021: RM9,845,000) (see Note 17).

4.2 Extension options

The certain leases of factory buildings and hostels contain extension options exercisable by the Group prior to the end of the non-cancellable contract period. Where applicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held is exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

The extension option of the lease is currently included in the lease term as the Group assessed that it is reasonably certain to exercise the extension option, which is supported by the high historical rate of extensions exercised by the Group. Hence, as at 31 December 2022, there are no potential future lease payments not included in lease liabilities.

4. RIGHT-OF-USE ASSETS - GROUP *(continued)*

4.3 Significant judgements and assumptions in relation to lease

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. The Group considers all facts and circumstances including its past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help it determines the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. The Group first determines the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

4.4 Impairment testing on right-of-use assets

The Group assessed whether there were any indicators of impairment. In doing this, management considered the current environment and performance of the CGUs. Management considered the continued losses generated in certain operating subsidiaries as impairment indicators. These companies collectively held RM101,662,000 (2021: RM66,621,000) in carrying amount of right-of-use assets as at 31 December 2022.

A CGU's recoverable amount was determined as being the higher of the CGU's fair value less costs of disposal and its value in use. Where fair value less costs of disposal was used, the management made estimation using the latest available market information and recent experience and knowledge in the location and category of property being valued. Where the value in use model was used, management has made estimates about the future results and key assumptions applied to cash flow projections of the CGUs. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rate, which was, amongst others, dependent on forecasted economic conditions. This impairment testing was performed based on the key assumptions as applied with the impairment testing on property, plant and equipment as disclosed in Note 3.4.

Premised on the above, the management has determined that the recoverable amounts in the CGUs were in excess of the carrying amounts of the right-of-use assets and accordingly, no impairment was recognised in the income statement in the current financial year.

In prior year, the management had determined that the recoverable amounts in the CGUs of certain subsidiaries in Malaysia, Myanmar and Indonesia were lower than the carrying amounts of their right-of-use assets. The Group had calculated the recoverable amount of the right-of-use assets to be RM32,142,000 based on fair value less costs of disposal or value in use methods. Fair value less costs of disposal method was determined by comparison of the properties with the similar properties that were published for sale within the same locality or other comparable localities where applicable taking into consideration market trends. Value in use method was determined by discounting the future cash flows generated from the continuing use of the right-of-use assets. Accordingly, impairment loss of RM34,479,000 was recognised in the prior year.

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENT PROPERTIES - GROUP

	Freehold land RM'000	Freehold buildings RM'000	Leasehold land RM'000	Leasehold buildings RM'000	Total RM'000
Cost					
At 1 January 2021/ 31 December 2021/ 1 January 2022	**13,782**	**17,156**	**69,300**	**19,600**	**119,838**
Transfer to property, plant and equipment (Note 3)	**(13,782)**	**(17,156)**	**–**	**–**	**(30,938)**
At 31 December 2022	**–**	**–**	**69,300**	**19,600**	**88,900**
Depreciation and impairment losses					
At 1 January 2021	–	267	1,810	726	2,803
Charge for the financial year	–	247	986	902	2,135
Impairment losses	–	5,424	–	–	5,424
At 31 December 2021/ 1 January 2022					
Accumulated depreciation	**–**	**514**	**2,796**	**1,628**	**4,938**
Accumulated impairment losses	**–**	**5,424**	**–**	**–**	**5,424**
	–	**5,938**	**2,796**	**1,628**	**10,362**
Charge for the financial year	**–**	**187**	**1,021**	**594**	**1,802**
Transfer to property, plant and equipment (Note 3)	**–**	**(6,125)**	**–**	**–**	**(6,125)**
At 31 December 2022					
Accumulated depreciation	**–**	**–**	**3,817**	**2,222**	**6,039**
Carrying amounts					
At 1 January 2021	13,782	16,889	67,490	18,874	117,035
At 31 December 2021/ 1 January 2022	**13,782**	**11,218**	**66,504**	**17,972**	**109,476**
At 31 December 2022	**–**	**–**	**65,483**	**17,378**	**82,861**

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENT PROPERTIES - GROUP *(continued)*

5.1 Investment properties of the Group comprise leasehold land and buildings that are leased to third parties. No contingent rents are charged.

The following are recognised in profit or loss:

	2022 **RM'000**	**2021** **RM'000**
Lease income	**2,418**	2,624
Direct operating expenses		
- income generating investment properties	**351**	1,439
- non-income generating investment property	**176**	773

5.2 The operating lease payments to be received are as follows:

	2022 **RM'000**	**2021** **RM'000**
Less than one year	**1,203**	2,378
One to two years	**–**	1,202
Total undiscounted lease payments	**1,203**	3,580

5.3 Fair value information

The fair value of the investment properties is classified as level 3 of fair value hierarchy and determined to be approximately RM88,900,000 (2021: RM113,900,000).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment properties. The valuation technique used in the determination of fair value within Level 3 is as follows:

Description of Valuation Technique	**Significant unobservable inputs**	**Inter-relationship between significant unobservable inputs and fair value measurement**
Sales comparison approach:		
This approach entails comparing the property with similar properties that were sold. The characteristics, merits and demerits of these properties are noted and appropriate adjustments thereof are then made to arrive at the value of the investment properties.	Price per square meter (RM356 – RM2,150) (2021: RM356 – RM2,150)	The estimated fair value would increase (decrease) if the price per square meter is higher (lower).

Valuation processes applied by the Group for Level 3 fair value

The fair value of investment properties of the Group was based on Directors' estimation using the latest available market information and recent experience and knowledge in the location and category of properties being valued.

5. INVESTMENT PROPERTIES - GROUP *(continued)*

5.4 Impairment testing on investment properties

The Group assessed whether there were any indicators of impairment by considering the current environment and performance of the investment properties by the Group. Management considered the continued losses generated by a subsidiary holding investment property as impairment indicator.

The recoverable amount of the investment property was estimated based on fair value less costs of disposal method. The fair value less costs of disposal was determined by external, independent property valuer based on comparison of the investment property with the latest available market information and recent experience and knowledge in the location and category of properties similar to the investment property being valued.

In prior year, the carrying amount of investment property amounted to RM30,424,000 was subjected to impairment. The Group identified the recoverable amount of the investment property to be RM25,000,000 which was lower than the carrying amount of the investment property. Hence, an impairment losses of RM5,424,000 in respect of the investment property was recognised.

6. LAND HELD FOR PROPERTY DEVELOPMENT - GROUP

	2022 **RM'000**	**2021** **RM'000**
Freehold land	**109,628**	109,225

6.1 During the financial year, the Group entered into a Development Agreement with a third party to collaborate and develop the freehold land.

6.2 The carrying amount of the freehold land is collateralised for banking facilities granted to a subsidiary (see Note 17).

6.3 Included in the freehold land are interest expenses capitalised during the financial year amounting to RM898,000 (2021: RM411,000).

NOTES TO THE FINANCIAL STATEMENTS

7. INTANGIBLE ASSETS - GROUP

	Software	
	2022 RM'000	**2021 RM'000**
Cost		
At 1 January	**11,182**	10,172
Additions	**1,753**	1,178
Disposal	**(83)**	–
Written off	**(325)**	(303)
Foreign exchange difference	**146**	135
At 31 December	**12,673**	11,182
Amortisation		
At 1 January	**10,088**	8,774
Charge for the financial year	**1,132**	1,514
Disposal	**(83)**	–
Written off	**(325)**	(303)
Foreign exchange difference	**144**	103
At 31 December	**10,956**	10,088
Carrying amounts	**1,717**	1,094

8. INVESTMENTS IN SUBSIDIARIES - COMPANY

	Note	2022 RM'000	2021 RM'000
Cost of investments		**1,446,186**	1,431,186
Less: Impairment loss	8.1	**(119,437)**	(103,396)
		1,326,749	1,327,790

NOTES TO THE FINANCIAL STATEMENTS

8. INVESTMENTS IN SUBSIDIARIES - COMPANY *(continued)*

Details of the subsidiaries are as follows:

Name of subsidiary	**Principal place of business/ Country of incorporation**	**Effective ownership interest and voting interest 2022 %**	**2021 %**	**Principal activities**
Aik Joo Can Factory Sdn. Berhad	Malaysia	**100**	100	Can manufacturer
AJCan Sdn. Bhd.	Malaysia	**100**	100	Can manufacturer
Canzo Sdn. Bhd.	Malaysia	**100**	100	Can manufacturer
PT. Corum (1)	Indonesia	**100**	100	Can manufacturer
Kian Joo Can Factory Berhad	Malaysia	**100**	100	Can manufacturer and investment holding
KJ Can (Selangor) Sdn. Bhd. (3)	Malaysia	**100**	100	Can manufacturer
KJ Can (Johore) Sdn. Bhd. (3)	Malaysia	**100**	100	Can manufacturer
Kian Joo Can (Vietnam) Co., Ltd. (3)	Vietnam	**100**	100	Can manufacturer
Federal Metal Printing Factory, Sdn. Berhad (3)	Malaysia	**100**	100	Can manufacturer
Metal-Pak (Malaysia) Sdn. Bhd. (3)	Malaysia	**100**	100	Can manufacturer
KJM Aluminium Can Sdn. Bhd. (3)	Malaysia	**100**	100	2-piece aluminium can manufacturer
Kianjoo Can (Myanmar) Company Limited (3)(4)	Myanmar	**100**	100	Can manufacturer
Can-One USA, Inc. (1)(2)	United States of America	**100**	–	2-piece aluminium can manufacturer
Box-Pak (Malaysia) Bhd. (1)(3)	Malaysia	**55**	55	Corrugated fibre board carton manufacturer
Box-Pak (Vietnam) Co., Ltd. (1)(3)	Vietnam	**55**	55	Corrugated fibre board carton manufacturer
Box-Pak (Hanoi) Co., Ltd. (1)(3)	Vietnam	**55**	55	Corrugated fibre board carton manufacturer

NOTES TO THE FINANCIAL STATEMENTS

8. INVESTMENTS IN SUBSIDIARIES - COMPANY *(continued)*

Details of the subsidiaries are as follows *(continued)*:

Name of subsidiary	**Principal place of business/ Country of incorporation**	**Effective ownership interest and voting interest**		**Principal activities**
		2022 %	**2021 %**	
BP Pax (Singapore) Pte. Ltd. (1)(3)	Singapore	**55**	55	Investment holding
Boxpak (Myanmar) Company Limited (1)(3)(4)	Myanmar	**55**	55	Corrugated fibre board carton manufacturer
BP MPak Sdn. Bhd. (1)(3)	Malaysia	**55**	55	Corrugated fibre board carton manufacturer
Box-Pak (Johore) Sdn. Bhd. (1)(3)	Malaysia	**55**	55	Dormant
PT. KJ Box-Pak (1)(3)	Indonesia	**55**	55	Dormant
Kian Joo Canpack Sdn. Bhd. (3)	Malaysia	**100**	100	Provision of contract manufacturing
Kian Joo Canpack (Shah Alam) Sdn. Bhd. (3)	Malaysia	**100**	100	Provision of contract packing services
Hinoki Beverages Sdn. Bhd.	Malaysia	**100**	100	Provision of contract manufacturing
KJ Can (Singapore) Pte. Ltd. (1)(3)	Singapore	**100**	100	Trading
TOGO Greenland Sdn. Bhd.	Malaysia	**100**	100	Property development, construction of building, purchase and sale of properties
Amber Alliance Sdn. Bhd.	Malaysia	**100**	100	Investment holding
Bintang Seribu Sdn. Bhd. (3)	Malaysia	**100**	100	Letting of factory building
Can-One International Sdn. Bhd.	Malaysia	**100**	100	Investment holding
Great Asia Tin Cans Factory Company, Sdn. Berhad (3)	Malaysia	**100**	100	Letting of factory building

8. INVESTMENTS IN SUBSIDIARIES - COMPANY *(continued)*

Details of the subsidiaries are as follows *(continued)*:

Name of subsidiary	**Principal place of business/ Country of incorporation**	**Effective ownership interest and voting interest 2022 %**	**2021 %**	**Principal activities**
Grensing Pte. Ltd. (1)(2)	Singapore	**100**	100	Dormant
Kian Joo Cans Distribution Sdn. Bhd. (5)	Malaysia	**100**	100	Investment holding and trading
KJ TOGO Pte. Ltd. (1)(3)	Singapore	**100**	100	Dormant
KJ TOGO (Malaysia) Sdn. Bhd. (3)	Malaysia	**100**	100	Dormant
Kian Joo Manufacturing Sdn. Bhd. (3)	Malaysia	**100**	100	Dormant
Kian Joo Packaging Sdn. Bhd. (3)	Malaysia	**100**	100	Dormant
Indastri Kian Joo Sdn. Bhd. (3)	Malaysia	**100**	100	Letting of factory building
KJO International Sdn. Bhd. (3)	Malaysia	**100**	100	Investment holding
Newmarq Sdn. Bhd.	Malaysia	**100**	100	Investment holding
Sanjung Nuri Sdn. Bhd.	Malaysia	**100**	100	Property investment
PT. KJ Canco (1)(3)	Indonesia	**100**	100	Dormant
PT. KJ Canmax (1)(3)	Indonesia	**100**	100	Dormant
PT. AJ Candace (2)	Indonesia	**100**	100	Dormant

(1) The financial statements of these subsidiary companies are not audited by KPMG PLT, Malaysia or other KPMG International member firms.

(2) The unaudited management financial statements were consolidated in the Group's financial statements.

(3) Deemed effective ownership interest and voting interest via a wholly-owned subsidiary, Kian Joo Can Factory Berhad.

(4) The accounting year end of these subsidiaries are 31 March. The Company has been granted approval by the Companies Commission of Malaysia for the subsidiaries to continue to have a financial year which does not coincide with the Company in relation to the financial year ended 31 December 2022.

(5) During the financial year, the Company acquired 2,000,000 ordinary shares in Kian Joo Cans Distribution Sdn. Bhd. from Kian Joo Can Factory Berhad for a cash consideration of RM15,000.000.

NOTES TO THE FINANCIAL STATEMENTS

8. INVESTMENTS IN SUBSIDIARIES - COMPANY *(continued)*

8.1 Impairment testing on investments in subsidiaries

The Company assessed whether there were any indicators of impairment during the financial year. In doing this, management considered the current environment and performance of the CGUs. Management also considered the continued losses or deficit in shareholders' funds in certain operating subsidiaries in the current financial year as impairment indicators. The carrying amounts of investments in these subsidiaries amounted to RM50,807,000 (2021: RM88,631,000) as at 31 December 2022.

The recoverable amounts of the investments in subsidiaries were RM34,766,000 (2021: RM33,941,000) which were arrived at based on fair values less costs of disposal by estimating the fair values of the underlying assets and liabilities of these subsidiaries.

Consequently, based on the recoverable amounts of RM34,766,000 (2021: RM33,941,000), the Company recognised an impairment loss of RM16,041,000 (2021: RM54,690,000) on investments in subsidiaries as these subsidiaries are unlikely to turn profitable in the foreseeable future.

8.2 Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	Box-Pak (Malaysia) Bhd.	
	2022	**2021**
NCI percentage of ownership interest and voting interest	**45%**	45%
Carrying amount of NCI (RM'000)	**87,642**	90,986
Loss allocated to NCI (RM'000)	**(3,761)**	(56,077)

8. INVESTMENTS IN SUBSIDIARIES - COMPANY *(continued)*

8.2 Non-controlling interests in subsidiaries *(continued)*

Summarised financial information before intra-group elimination and fair value adjustments

	Box-Pak (Malaysia) Bhd. 2022 RM'000	Box-Pak (Malaysia) Bhd. 2021 RM'000
As at 31 December		
Non-current assets	**239,886**	245,367
Current assets	**299,750**	322,512
Non-current liabilities	**(99,137)**	(88,440)
Current liabilities	**(320,347)**	(354,173)
Net assets	**120,152**	125,266
Year ended 31 December		
Revenue	**765,806**	678,221
Loss for the year	**(6,042)**	(128,779)
Total comprehensive expense	**(5,115)**	(119,007)
Cash flows from/(used in):		
- operating activities	**89,817**	(19,300)
- investing activities	**(18,572)**	(8,188)
- financing activities	**(53,209)**	13,701
Net increase/(decrease) in cash and cash equivalents	**18,036**	(13,787)

8.3 Shares pledged for banking facilities

The entire unquoted shares of Kian Joo Can Factory Berhad have been pledged to a bank for a term loan facility granted to the Company (see Note 17).

9. DEFERRED TAX ASSETS/(LIABILITIES) - GROUP

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Capital allowances and depreciation differences	**–**	–	**(52,532)**	(50,843)	**(52,532)**	(50,843)
Right-of-use assets	**–**	–	**(97,725)**	(107,968)	**(97,725)**	(107,968)
Unabsorbed reinvestment allowances	**16,662**	17,229	**–**	–	**16,662**	17,229
Unabsorbed tax losses	**3,751**	4,216	**–**	–	**3,751**	4,216
Unabsorbed capital allowances	**9,494**	16,290	**–**	–	**9,494**	16,290
Provisions and other temporary differences	**21,654**	21,110	**–**	–	**21,654**	21,110
Deferred tax assets/ (liabilities)	**51,561**	58,845	**(150,257)**	(158,811)	**(98,696)**	(99,966)
Set-off of tax	**(49,055)**	(55,566)	**49,055**	55,566	**–**	–
Net deferred tax assets/(liabilities)	**2,506**	3,279	**(101,202)**	(103,245)	**(98,696)**	(99,966)

9. DEFERRED TAX ASSETS/(LIABILITIES) - GROUP *(continued)*

Movements in temporary differences during the financial year are as follows:

	At 1 January 2021 RM'000	Recognised in profit or loss (Note 25) RM'000	Foreign exchange difference RM'000	At 31 December 2021/ 1 January 2022 RM'000	Recognised in profit or loss (Note 25) RM'000	Foreign exchange difference RM'000	At 31 December 2022 RM'000
Capital allowances and depreciation differences	(86,891)	36,047	1	**(50,843)**	**(1,686)**	**(3)**	**(52,532)**
Right-of-use assets	(104,073)	(3,895)	–	**(107,968)**	**10,243**	**–**	**(97,725)**
Unabsorbed reinvestment allowances	59,763	(42,534)	–	**17,229**	**(567)**	**–**	**16,662**
Unabsorbed tax losses	3,879	337	–	**4,216**	**(465)**	**–**	**3,751**
Unabsorbed capital allowances	16,878	(588)	–	**16,290**	**(6,796)**	**–**	**9,494**
Provisions and other temporary differences	14,547	6,554	9	**21,110**	**538**	**6**	**21,654**
	(95,897)	(4,079)	10	**(99,966)**	**1,267**	**3**	**(98,696)**

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

	2022 RM'000	2021 RM'000
Unabsorbed reinvestment allowances	**308,520**	280,848
Unabsorbed tax losses	**163,991**	157,304
Unabsorbed capital allowances	**155,003**	144,559
Exemption of income for value of increase in exports	**16,130**	16,130
Provisions and other temporary differences	**(186,245)**	(150,949)
	457,399	447,892

NOTES TO THE FINANCIAL STATEMENTS

9. DEFERRED TAX ASSETS/(LIABILITIES) - GROUP *(continued)*

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 subsidiaries can utilise the benefits therefrom.

For the Malaysian entities, with the gazette of the Finance Act 2021, the carry forward of any unabsorbed tax losses is extended to ten (10) consecutive years of assessment and it is deemed effective from the year of assessment 2019. Any amount which is not deducted at the end of the period of ten (10) years of assessment shall be disregarded.

For the Malaysian entities, effective from year of assessment 2019, the unabsorbed reinvestment allowances will expire after seven (7) consecutive years of assessment from the end of each qualifying period of fifteen (15) consecutive years of assessment commencing from the year of assessment of the first claim.

	Unabsorbed reinvestment allowances		**Unabsorbed tax losses**	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Expires by:				
- 31 December 2024	**–**	–	**5,794**	5,794
- 31 December 2025	**217,685**	244,248	**12,293**	12,188
- 31 December 2026	**–**	–	**6**	6
- 31 December 2027	**29,984**	29,984	**3,867**	9,603
- 31 December 2028	**–**	–	**43,254**	43,797
- 31 December 2029	**–**	–	**24,542**	21,277
- 31 December 2030	**42,155**	42,155	**38,670**	38,669
- 31 December 2031	**25,285**	17,671	**27,000**	25,423
- 31 December 2032	**26,324**	–	**24,194**	–
- 31 December 2036	**19,784**	1,803	**–**	–
- 31 December 2040	**16,728**	16,775	**–**	–
	377,945	352,636	**179,620**	156,757

The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation in those countries that the subsidiaries operate.

NOTES TO THE FINANCIAL STATEMENTS

10. PREPAYMENTS - GROUP

	Note	2022 RM'000	2021 RM'000
Non-current	10.1	**3,465**	7,898
Current	10.2	**21,198**	11,974

10.1 These are prepayments for acquisition of property, plant and machinery.

10.2 These are including advance payments to suppliers for purchase of raw materials.

11. INVENTORIES - GROUP

	Note	2022 RM'000	2021 RM'000
Raw materials		**541,859**	596,995
Work-in-progress		**160,462**	146,244
Finished goods		**160,555**	130,848
		862,876	874,087
Recognised in profit or loss:			
Inventories recognised as "cost of sales"		**2,761,398**	2,282,146
Inventories written down to net realisable value	11.1	**6,659**	29,708
Write off of inventories		**27,731**	20,766

11.1 Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible change in these estimates could result in revision to the valuation of inventories. The write-down and reversal are included in "cost of sales".

NOTES TO THE FINANCIAL STATEMENTS

12. TRADE AND OTHER RECEIVABLES

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Non-current					
Non-trade					
Amount due from a subsidiary	12.1	**–**	–	**52,033**	–
Current					
Trade					
Trade receivables	12.2	**526,026**	582,506	**–**	–
Non-trade					
Amounts due from subsidiaries	12.1	**–**	–	**51,757**	65,961
Other receivables	12.3	**42,386**	37,395	**–**	2
Deposits		**3,217**	5,989	**1**	1
		45,603	43,384	**51,758**	65,964
		571,629	625,890	**103,791**	65,964

12.1 Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured and bear interest rates ranging from 4.05% to 4.50% (2021: 3.42%) per annum.

12.2 The Group has entered into a non-recourse receivables financing agreements with certain financial institutions where the rights for collection and significantly all the risks and rewards over the receivables under the financing agreements have been transferred to the financial institutions. At the end of the reporting period, a total of RM75,637,000 (2021: RM72,889,000) of the Group has been derecognised from the trade receivables balance.

12.3 Other receivables

Included in other receivables of the Group is a sum of RM24,437,000 (2021: RM23,543,000) which is in relation to value added tax to be recovered from the relevant taxation authorities.

NOTES TO THE FINANCIAL STATEMENTS

13. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) - GROUP

	Note	Nominal amount RM'000	Assets RM'000	Liabilities RM'000
2022				
Derivatives at fair value through profit or loss:				
- Forward exchange contracts	13.1	**25,768**	**–**	**(1,275)**
Derivatives at fair value through other comprehensive income:				
- Commodity contracts	13.2	**23,119**	**1,048**	**(812)**
Current assets/(liabilities)			**1,048**	**(2,087)**
2021				
Derivatives at fair value through profit or loss:				
- Forward exchange contracts	13.1	4,532	–	(26)
Derivatives at fair value through other comprehensive income:				
- Commodity contracts	13.2	17,352	843	–
- Interest rate swap contracts	13.3	180,970	–	(4,892)
			843	(4,918)
Current assets/(liabilities)			843	(1,022)
Non-current liabilities			–	(3,896)
			843	(4,918)

13.1 Forward exchange contracts are used to manage the foreign currency exposure arising from the Group's receivables and payables denominated in currencies other than the functional currency of the Group. 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.

13.2 This represents arrangements entered into with banks to hedge pricing risk of aluminium.

13.3 Interest rate swap contracts had been entered into with a financial institution in order to operationally hedge monthly interest payments on borrowings that would mature in March 2023. The fair value of interest rate swap contracts were determined by using mark-to-market values. During the financial year, the Group had fully settled the interest rate swap contracts.

NOTES TO THE FINANCIAL STATEMENTS

14. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash and bank balances	**224,268**	188,283	**3,830**	6,334
Short-term deposits placed with licensed banks	**15,913**	5,937	**–**	–
Money market placements with a non-financial institution	**145,995**	54,610	**2,549**	17,423
	386,176	248,830	**6,379**	23,757

Money market placements with a non-financial institution were investments in income trust funds in Malaysia. The trust funds were invested in highly liquid assets, which were readily convertible to cash.

15. SHARE CAPITAL - GROUP AND COMPANY

	2022		2021	
	Amount RM'000	Number of shares '000	Amount RM'000	Number of shares '000
Ordinary shares issued and fully paid	**197,660**	**192,153**	197,660	192,153

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

16. RESERVES

16.1 Cash flow hedge reserve

Cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of the cash flow hedges related to hedged transactions that have not yet occurred.

16.2 Foreign currency translation reserve

Foreign currency translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group.

NOTES TO THE FINANCIAL STATEMENTS

17. LOANS AND BORROWINGS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current				
Term loans	**668,668**	657,269	**286,107**	286,107
Hire purchase liabilities	**999**	297	**–**	–
	669,667	657,566	**286,107**	286,107
Current				
Term loans	**76,273**	90,947	**–**	–
Trade financing	**478,997**	533,898	**–**	–
Revolving credits	**214,630**	187,965	**–**	–
Hire purchase liabilities	**517**	139	**–**	–
	770,417	812,949	**–**	–
	1,440,084	1,470,515	**286,107**	286,107

17.1 Securities

Certain loans and borrowings are secured against legal charges over land, buildings, plant, machinery and equipment, assets under construction and land held for property development of certain subsidiaries (see Note 3.2, Note 4.1 and Note 6.2), investment in a subsidiary (see Note 8.3) and corporate guarantee from the Company (see Note 30.4).

17.2 Covenants required by certain banks

The covenants of banking facilities taken by certain subsidiaries of the Group restrict the ability of those subsidiaries to declare dividends to its shareholders from exceeding certain amount of the profit before tax or profit after tax for the financial year of the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

18. RETIREMENT BENEFIT OBLIGATIONS - GROUP

Certain entities in the Group operate an unfunded Retirement Benefit Scheme ("the Scheme") for its eligible employees. The Group's obligation under the Scheme is determined based on the latest actuarial valuation by an independent actuary dated 16 November 2020. The Group carries out the valuation once every three years. Under the Scheme, eligible employees are entitled to retirement benefits varying between 18 days and 52 days (2021: 18 days and 52 days) per year of final salary upon attainment of the retirement age of 60.

The amounts recognised in the statements of financial position are determined as follows:

	2022 RM'000	**2021 RM'000**
Analysed as:		
Current liabilities	**6,504**	4,772
Non-current liabilities	**65,529**	62,331
Retirement benefit obligations representing net liability	**72,033**	67,103
Analysed as:		
Not later than one year	**6,504**	4,772
Later than one year but not later than two years	**7,479**	5,938
Later than two years but not later than five years	**22,513**	20,975
Later than five years	**35,537**	35,418
	72,033	67,103

The movements during the financial year in the amounts recognised in the statements of financial position in respect of the retirement benefit obligations are as follows:

	2022 RM'000	**2021 RM'000**
At 1 January	**67,103**	72,739
Included in profit or loss		
Current service cost	**5,573**	4,501
Interest cost	**2,483**	2,485
Reversal	**–**	(7,968)
	8,056	(982)
Included in other comprehensive income		
Benefits paid by the Scheme	**(3,126)**	(4,654)
At 31 December	**72,033**	67,103

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

NOTES TO THE FINANCIAL STATEMENTS

18. RETIREMENT BENEFIT OBLIGATIONS - GROUP *(continued)*

The principal actuarial assumptions used are as follows:

	2022 **%**	**2021** **%**
Discount rate	**3.8**	3.8
Expected rate of salary increases	**5.5**	5.5

The discount rate is determined based on the values of Malaysian government securities and AA rated private debt securities with 3 to 7 years of maturity.

Significant actuarial assumption for determination of the retirement benefit obligations is the discount rate. The sensitivity analysis below has been determined based on changes to significant assumption with all other assumptions held constant.

	2022 **RM'000**	**2021** **RM'000**
A 1% increase in discount rate will decrease the retirement benefit obligation by	**2,721**	5,078

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

19. TRADE AND OTHER PAYABLES

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Trade					
Trade payables		**326,429**	303,500	**–**	–
Amount due to a related party	19.1	**–**	213	**–**	–
		326,429	303,713	**–**	–
Non-trade					
Other payables	19.2	**111,072**	69,653	**38**	12
Accrued expenses		**99,604**	86,785	**9,385**	7,308
Amount due to a subsidiary	19.3	**–**	–	**3,500**	–
Provisions		**15**	6	**–**	–
		210,691	156,444	**12,923**	7,320
		537,120	460,157	**12,923**	7,320

19.1 Amount due to a related party

The amount due to a related party was subject to normal trade terms.

19.2 Other payables

Included in other payables of the Group are the following:

i) a sum of RM24,000 (2021: RM589,000) in relation to value added tax to be paid to the relevant taxation authorities; and

ii) a sum of RM8,512,000 (2021: RM8,309,000) relates to amounts owing to suppliers for the construction of a factory.

19.3 Amount due to a subsidiary

The amount due to a subsidiary is unsecured, bears interest rate at 4.05% (2021: Nil) per annum and repayable on demand.

20. PROVISION - GROUP

The provision is in relation to internal reorganisation costs planned for the Group.

21. REVENUE

	Group		Company	
	2022 **RM'000**	**2021** **RM'000**	**2022** **RM'000**	**2021** **RM'000**
Revenue from contracts with customers	**3,167,314**	2,692,575	**–**	–
Other revenue				
- Dividend income	**–**	–	**52,586**	42,060
- Rental income	**138**	856	**–**	–
	3,167,452	2,693,431	**52,586**	42,060

21.1 Nature of goods and timing of recognition

Revenue from the sale of the products of general packaging and contract manufacturing as well as trading of goods in the course of ordinary activities is typically recognised at the point in time when the Group transfers the control of the goods to the customers. Revenue is measured as the amount of consideration to which the Group is expected to be entitled, net of discounts and rebates.

The general credit terms granted to customers range from cash on delivery to 120 days (2021: cash on delivery to 120 days) and there is no warranty attached to the goods sold by the Group. The Group generally allows return of goods in exchange with new goods.

21.2 Transaction price allocated to the remaining performance obligations

The Group applies the practical expedient in paragraph 121(a) of MFRS 15 and did not disclose the transaction price allocated to unsatisfied (or partially satisfied) performance obligations where the contract has an original expected duration of one year or less.

21.3 Disaggregation of revenue based on the geographical location and revenue from major product lines has been presented in the operating segments, Note 29 to the financial statements.

22. INTEREST EXPENSE

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- Term loans	**28,663**	31,767	**10,859**	13,000
- Trade financing	**17,341**	9,476	**–**	–
- Revolving credits	**7,629**	4,476	**–**	–
- Hire purchase liabilities	**52**	9	**–**	–
- Advances from subsidiaries	**–**	–	**35**	5
Interest expense on lease liabilities	**3,944**	441	**–**	–
	57,629	46,169	**10,894**	13,005

23. EMPLOYEE INFORMATION (INCLUDING KEY MANAGEMENT PERSONNEL COMPENSATIONS)

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Staff costs	**350,775**	336,097	**4,663**	3,036

Staff costs of the Group and of the Company include contributions to the Employees' Provident Fund of RM22,855,000 (2021: RM22,261,000) and RM235,000 (2021: RM169,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

24. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax is arrived at after charging/(crediting):

		Group		Company	
	Note	**2022 RM'000**	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Auditors' remuneration					
Audit fees					
KPMG PLT		**481**	486	**48**	44
Other member firms of KPMG International Limited		**160**	101	**–**	–
Other auditors		**384**	334	**–**	–
Non-audit fees					
KPMG PLT		**46**	102	**28**	48
Affiliates of KPMG PLT		**145**	50	**5**	4
Other auditors		**158**	198	**15**	8
Material expenses/ (income)					
Depreciation of:					
- property, plant and equipment	3	**126,122**	136,686	**–**	1
- right-of-use assets	4	**20,639**	15,256	**–**	–
- investment properties	5	**1,802**	2,135	**–**	–
Amortisation of intangible assets	7	**1,132**	1,514	**–**	–
Net (reversal of impairment losses)/impairment losses on:					
- property, plant and equipment	3	**(67)**	197,036	**–**	–
- right-of-use assets	4	**–**	34,479	**–**	–
- investment properties	5	**–**	5,424	**–**	–
- investments in subsidiaries	8	**–**	–	**16,041**	54,690
Income distribution from money market placements with a non-financial institution		**(474)**	(1,140)	**(220)**	(74)
Loss on foreign exchange:					
- realised		**2,484**	1,449	**–**	–
- unrealised		**8,836**	4,511	**–**	–
Unrealised loss/(gain) on derivative financial instruments		**1,275**	(26)	**–**	–
Gain on disposal of:					
- property, plant and equipment		**(10,608)**	(3,418)	**–**	–
- right-of-use assets		**(4,379)**	–	**–**	–
Write-down of inventories		**6,659**	29,708	**–**	–
Write off in respect of:					
- inventories		**27,731**	20,766	**–**	–
- property, plant and equipment		**879**	109	**1**	–

24. PROFIT/(LOSS) BEFORE TAX *(continued)*

Profit/(Loss) before tax is arrived at after charging/(crediting) *(continued)*:

		Group		Company	
	Note	**2022 RM'000**	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Expenses/(income) arising from leases					
Expenses relating to:					
- short-term leases	a	**7,664**	5,889	**–**	–
- leases of low-value assets	a	**539**	535	**4**	3
Net gain on termination, expiration, modification and reassessment of lease contracts		**(1)**	(11)	**–**	–
Lease income from properties		**(2,671)**	(2,181)	**–**	–
Net impairment losses/(reversal of impairment losses) of financial instruments		**10,218**	2,476	**(927)**	(10,000)
Financial instruments written off		**–**	208	**2,000**	–

Note a

The Group leases plant and equipment and office equipment with contract term of less than 1 year. These leases are short-term and/or leases of low-value items. The Group had elected not to recognise right-of-use assets and leases liabilities for these leases.

NOTES TO THE FINANCIAL STATEMENTS

25. TAX EXPENSE

25.1 Recognised in profit or loss

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Current tax expense				
- Current year	**40,653**	36,498	**711**	2,094
- Prior years	**(437)**	(1,876)	**22**	(1)
	40,216	34,622	**733**	2,093
Deferred tax (credit)/expense				
- Current year	**(1,253)**	14,519	**–**	–
- Prior years	**(14)**	(9,432)	**–**	–
	(1,267)	5,087	**–**	–
Real property gain tax ("RPGT")	**2,092**	(6)	**–**	–
Total tax expense	**41,041**	39,703	**733**	2,093

NOTES TO THE FINANCIAL STATEMENTS

25. TAX EXPENSE *(continued)*

25.2 Reconciliation of tax expense

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Profit/(Loss) for the year	**87,888**	(108,940)	**21,617**	(12,086)
Total tax expense	**41,041**	39,703	**733**	2,093
Profit/(Loss) before tax	**128,929**	(69,237)	**22,350**	(9,993)
Income tax calculated using Malaysian tax rate of 24% (2021: 24%)	**30,943**	(16,617)	**5,364**	(2,398)
Non-deductible expenses	**19,645**	53,182	**7,968**	14,586
Tax exempt income	**(6,905)**	(3,707)	**(12,621)**	(10,094)
Tax incentives	**–**	(54)	**–**	–
Effect of:				
- different tax rates in foreign jurisdictions	**2,178**	(2,981)	**–**	–
- current year unrecognised deferred tax assets	**2,041**	32,669	**–**	–
- reinvestment allowance	**(228)**	(233)	**–**	–
- RPGT	**(2,450)**	(6)	**–**	–
Recognition of previously unrecognised deferred tax assets	**(3,697)**	(11,207)	**–**	–
Reversal of deferred tax on revaluation of property	**(35)**	(35)	**–**	–
	41,492	51,011	**711**	2,094
(Over)/Under provision in prior years	**(451)**	(11,308)	**22**	(1)
Total tax expense	**41,041**	39,703	**733**	2,093

NOTES TO THE FINANCIAL STATEMENTS

26. OTHER COMPREHENSIVE INCOME - GROUP

	2022 Before tax RM'000	2022 Tax expense RM'000	2022 Net of tax RM'000	2021 Before tax RM'000	2021 Tax expense RM'000	2021 Net of tax RM'000
Items that are or may be reclassified subsequently to profit or loss						
Cash flow hedge	**4,285**	**–**	**4,285**	2,108	–	2,108
Foreign currency translation differences for foreign operations	**4,947**	**–**	**4,947**	15,285	–	15,285
	9,232	**–**	**9,232**	17,393	–	17,393

27. EARNINGS/(LOSS) PER ORDINARY SHARE - GROUP

The calculation of basic earnings/(loss) per ordinary share was based on the profit/(loss) attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	2022 RM'000	2021 RM'000
Profit/(Loss) for the year attributable to the owners of the Company	**91,649**	(52,863)
Weighted average number of ordinary shares ('000)	**192,153**	192,153
Basic earnings/(loss) per ordinary share (sen)	**47.70**	(27.51)

The diluted earnings/(loss) per ordinary share is the same as basic earnings/(loss) per ordinary share as there are no dilutive instruments as at end of the current and last financial years.

28. DIVIDENDS

Dividends recognised by the Company:

	sen per share	Total amount RM'000	Date of payment
2022			
First and final 2021 single-tier dividend	**4**	**7,686**	**29 July 2022**
2021			
First and final 2020 single-tier dividend	4	7,686	30 July 2021

The Directors recommended a first and final single-tier dividend of 4 sen per share totalling RM7,686,000 for the financial year ended 31 December 2022. These financial statements do not reflect the said dividend which will be accounted for as an appropriation of retained earnings in the financial year ending 31 December 2023 when approved by the shareholders at the forthcoming Annual General Meeting.

29. 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 Group Managing Director (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:

- Division 1 - General packaging - manufacture of metal and lithographed tin cans, plastic jerry cans, rigid packaging, aluminium cans and corrugated fibre board cartons
- Division 2 - Contract manufacturing - manufacturing, packaging and distribution of carbonated and non-carbonated beverages
- Division 3 - Trading
- Division 4 - Property development 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 Group Managing Director. 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 and deferred tax assets), as included in the internal management reports that are reviewed by the Group Managing Director. Segment total asset is used to measure the return of assets of each segment.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, right-of-use assets, investment properties, land held for property development and intangible assets.

NOTES TO THE FINANCIAL STATEMENTS

29. OPERATING SEGMENTS - GROUP *(continued)*

	General packaging RM'000	Contract manufacturing RM'000	Trading RM'000	Property developement and investment holding RM'000	Total RM'000	Reconciliations/ Eliminations RM'000	Note	Consolidated financial statements RM'000
2022								
Segment profit/(loss)	213,236	12,517	(6,414)	24,363	243,702	(58,287)	29.1.1	185,415
Included in the measure of segment profit/(loss) are:								
Revenue from external customers	2,817,765	138,871	210,678	138	3,167,452	-		3,167,452
Written down of inventories	(6,583)	(76)	-	-	(6,659)	-		(6,659)
Waiver of debts	-	31,892	1,518	21	33,431	(33,431)		-
Written off in respect of:								
- financial instruments	(21)	-	-	(33,410)	(33,431)	33,431		-
- inventories	(26,081)	(1,650)	-	-	(27,731)	-		(27,731)
- property, plant and equipment	(513)	(365)	-	(1)	(879)	-		(879)
Net reversal of impairment losses/ (impairment losses) of:								
- property, plant and equipment	67	-	-	-	67	-		67
- investments in subsidiaries	(7,915)	-	-	(4,460)	(12,375)	12,375		-
- financial instruments	(553)	(55)	(9,610)	(12,000)	(22,218)	12,000		(10,218)
Depreciation and amortisation	(144,935)	(6,805)	(180)	(1,851)	(153,771)	4,076		(149,695)
Not included in the measure of segment profit/(loss) but provided to Group Managing Director:								
Interest income	4,979	32	8,602	1,957	15,570	(14,427)		1,143
Interest expense	(45,409)	(5,106)	(9,528)	(12,157)	(72,200)	14,571		(57,629)
Tax expense	(38,536)	292	(1,575)	(1,222)	(41,041)	-		(41,041)
Segment assets	4,251,891	157,377	441,183	275,764	5,126,215	(867,867)	29.1.2	4,258,348
Included in the measure of segment assets are:								
Segment capital expenditure	396,772	10,769	-	556	408,097	(1,601)		406,496

29. OPERATING SEGMENTS - GROUP *(continued)*

	General packaging RM'000	Contract manufacturing RM'000	Trading RM'000	Property developement and investment holding RM'000	Total RM'000	Reconciliations/ Eliminations RM'000	Note	Consolidated financial statements RM'000
2021								
Segment profit/(loss)	62,290	(84,465)	12,607	22,511	12,943	(42,784)	29.1.1	(29,841)
Included in the measure of segment profit/(loss) are:								
Revenue from external customers	2,562,196	91,184	1,067,400	47,051	3,767,831	(1,074,400)		2,693,431
Write down of inventories	(29,452)	(256)	–	–	(29,708)	–		(29,708)
Written off in respect of:								
- financial instruments	(235)	–	–	–	(235)	–		(235)
- inventories	(20,015)	(751)	–	–	(20,766)	–		(20,766)
- property, plant and equipment	(109)	–	–	–	(109)	–		(109)
Net (impairment loss)/ reversal of impairment losses of:								
- property, plant and equipment	(142,320)	(54,716)	–	–	(197,036)	–		(197,036)
- investment properties	–	(5,424)	–	–	(5,424)	–		(5,424)
- right-of-use assets	(17,027)	–	–	(17,452)	(34,479)	–		(34,479)
- investments in subsidiaries	(98,900)	–	–	(53,620)	(152,520)	152,520		–
- financial instruments	238	37	(2,751)	10,000	7,524	(10,000)		(2,476)
Depreciation and amortisation	(149,363)	(9,049)	(163)	(2,219)	(160,794)	5,203		(155,591)
Not included in the measure of segment profit/(loss) but provided to Group Managing Director:								
Interest income	2,906	10	7,634	8,746	19,296	(12,523)		6,773
Interest expense	(30,116)	(6,502)	(8,420)	(13,927)	(58,965)	12,796		(46,169)
Tax expense	(32,596)	(3,734)	(884)	(2,489)	(39,703)	–		(39,703)
Segment assets	3,688,440	143,917	612,311	309,589	4,754,257	(797,925)	29.1.2	3,956,332
Included in the measure of segment assets are:								
Segment capital expenditure	122,032	17,713	228	109,346	249,319	–		249,319

NOTES TO THE FINANCIAL STATEMENTS

29. OPERATING SEGMENTS - GROUP *(continued)*

29.1 Reconciliations of reportable segment revenue, profit or loss and assets

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

	2022 **RM'000**	**2021** **RM'000**
Segment profit/(loss)	**185,415**	(29,841)
Interest income	**1,143**	6,773
Interest expense	**(57,629)**	(46,169)
Consolidated profit/(loss) before tax	**128,929**	(69,237)

29.1.2 The following items are added to segment assets to arrive at total assets reported in the statements of financial position:

	2022 **RM'000**	**2021** **RM'000**
Segment assets	**4,258,348**	3,956,332
Deferred tax assets	**2,506**	3,279
Current tax assets	**2,719**	2,739
Consolidated total assets	**4,263,573**	3,962,350

29.2 Geographical information

The Group's geographical information is based on the location of the Group's assets. In presenting on the basis of geographical areas, segment revenue is based on the geographical location from which the sale transactions originated. The amounts of non-current assets does not include financial instruments.

	Revenue		**Non-current assets**	
	2022 **RM'000**	**2021** **RM'000**	**2022** **RM'000**	**2021** **RM'000**
Malaysia	**2,018,094**	1,474,045	**1,583,322**	1,585,638
Vietnam	**672,518**	585,582	**244,220**	259,307
Singapore	**210,678**	470,685	**5,498**	5,357
Myanmar	**226,355**	123,777	**318,952**	309,041
Indonesia	**39,489**	39,342	**32,101**	35,365
United States of America	**318**	–	**231,328**	–
	3,167,452	2,693,431	**2,415,421**	2,194,708

NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS

30.1 Categories of financial instruments

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

(a) Amortised cost ("AC")
(b) Fair value through profit or loss ("FVTPL") - Mandatorily required by MFRS 9
(c) Fair value through other comprehensive income ("FVOCI")

Group

	Carrying amount RM'000	**AC RM'000**	**FVTPL RM'000**	**FVOCI RM'000**
2022				
Financial assets				
Trade and other receivables	**571,629**	**571,629**	**–**	**–**
Cash and cash equivalents	**386,176**	**240,181**	**145,995**	**–**
Derivative financial assets	**1,048**	**–**	**–**	**1,048**
	958,853	**811,810**	**145,995**	**1,048**
Financial liabilities				
Loans and borrowings	**(1,440,084)**	**(1,440,084)**	**–**	**–**
Trade and other payables (excluding provisions)	**(537,105)**	**(537,105)**	**–**	**–**
Derivative financial liabilities	**(2,087)**	**–**	**(1,275)**	**(812)**
	(1,979,276)	**(1,977,189)**	**(1,275)**	**(812)**
2021				
Financial assets				
Trade and other receivables	625,890	625,890	–	–
Cash and cash equivalents	248,830	194,220	54,610	–
Derivative financial assets	843	–	–	843
	875,563	820,110	54,610	843
Financial liabilities				
Loans and borrowings	(1,470,515)	(1,470,515)	–	–
Trade and other payables (excluding provisions)	(460,151)	(460,151)	–	–
Derivative financial liabilities	(4,918)	–	(26)	(4,892)
	(1,935,584)	(1,930,666)	(26)	(4,892)

NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS *(continued)*

30.1 Categories of financial instruments *(continued)*

Company

	Carrying amount RM'000	AC RM'000	FVTPL RM'000
2022			
Financial assets			
Trade and other receivables	**103,791**	**103,791**	**–**
Cash and cash equivalents	**6,379**	**3,830**	**2,549**
	110,170	**107,621**	**2,549**
Financial liabilities			
Loans and borrowings	**(286,107)**	**(286,107)**	**–**
Trade and other payables	**(12,923)**	**(12,923)**	**–**
	(299,030)	**(299,030)**	**–**
2021			
Financial assets			
Trade and other receivables	65,964	65,964	–
Cash and cash equivalents	23,757	6,334	17,423
	89,721	72,298	17,423
Financial liabilities			
Loans and borrowings	(286,107)	(286,107)	–
Trade and other payables	(7,320)	(7,320)	–
	(293,427)	(293,427)	–

30. FINANCIAL INSTRUMENTS *(continued)*

30.2 Net gains and losses arising from financial instruments

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Net (losses)/gains on:				
Fair value through:				
- profit or loss	**98**	3,307	**220**	74
- other comprehensive income	**4,285**	2,108	**–**	–
Financial assets at amortised cost	**(7,098)**	(2,216)	**2,064**	19,249
Financial liabilities at amortised cost	**(66,982)**	(45,374)	**(10,894)**	(13,005)
	(69,697)	(42,175)	**(8,610)**	6,318

30.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

30.4 Credit risk

Credit risk is the risk of a financial loss 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 and cash and cash equivalents. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, cash and cash equivalents and financial guarantees given to banks for banking facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

Trade 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 financial guarantees given by banks, shareholders or directors of customers are obtained, and credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the trade receivables does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. Nevertheless, trade receivables that are written off could still be subject to recovery activities.

There are no significant changes as compared to previous year.

NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS *(continued)*

30.4 Credit risk *(continued)*

Trade receivables *(continued)*

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables of the Group are summarised in the table below:

	2022 RM'000	2021 RM'000
Maximum exposure	**526,026**	582,506
Collaterals obtained	**(295,273)**	(308,993)
Net exposure to credit risk	**230,753**	273,513

The above collaterals were credit insurance obtained by the Group.

Concentration of credit risk

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic location from which the trade receivables originated was:

	Group	
	2022 RM'000	2021 RM'000
Malaysia	**249,078**	238,652
Vietnam	**114,963**	157,201
Singapore	**13,748**	15,394
Myanmar	**50,360**	38,603
Thailand	**37,947**	29,011
United States of America	**5,159**	43,552
Others	**54,771**	60,093
	526,026	582,506

Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the Group manages its trade receivables and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 120 days.

The Group considers credit loss experience and observable data such as current changes and future forecasts in economic conditions by market segment of the Group to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS *(continued)*

30.4 Credit risk *(continued)*

Trade receivables *(continued)*

Recognition and measurement of impairment losses (continued)

During this process, the probability of non-payment by the trade receivable is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables which are presented on a net basis, such impairments are recorded in a separate impairment account with the loss being recognised in profit or loss.

It requires management to exercise significant judgement on determining the probability of default by trade receivables and appropriate forward looking information.

The following table provides information about the exposure to credit risk and ECLs for trade receivables which are grouped together as they are expected to have similar risk nature.

Group

	Gross carrying amount RM'000	Impairment loss allowances RM'000	Net balance RM'000
2022			
Not past due	**414,151**	**(538)**	**413,613**
Past due 1-30 days	**69,341**	**(93)**	**69,248**
Past due 31-120 days	**40,047**	**(143)**	**39,904**
Past due more than 120 days	**19,907**	**(16,646)**	**3,261**
	543,446	**(17,420)**	**526,026**
2021			
Not past due	383,260	(416)	382,844
Past due 1-30 days	113,476	(15)	113,461
Past due 31-120 days	65,367	(11)	65,356
Past due more than 120 days	28,499	(7,654)	20,845
	590,602	(8,096)	582,506

There are trade receivables where the Group has not recognised any loss allowance as the trade receivables are supported by subsequent collection after the reporting period and historical collection trend from these customers.

30. FINANCIAL INSTRUMENTS *(continued)*

30.4 Credit risk *(continued)*

Trade receivables *(continued)*

Recognition and measurement of impairment losses (continued)

The movements in the allowance for impairment in respect of trade receivables during the financial year are shown below:

Group

	Lifetime ECL/ Credit impaired	
	2022	**2021**
	RM'000	**RM'000**
Balance at 1 January	**8,096**	5,683
Amounts written off	**(1,038)**	(64)
Net remeasurement of loss allowance	**10,218**	2,476
Foreign exchange difference	**144**	1
Balance at 31 December	**17,420**	8,096

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 the ability of the subsidiaries to service their loans on an individual basis.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM612 million (2021: RM389 million) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

The financial guarantees are provided as credit enhancements for the subsidiaries' to secure loans.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' funds.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

30. FINANCIAL INSTRUMENTS *(continued)*

30.4 Credit risk *(continued)*

Financial guarantees *(continued)*

Recognition and measurement of impairment loss (continued)

The subsidiaries defaulting on the credit lines is remote. Consequently, the Company is of the view that the loss allowance is not material and hence, it is not provided for.

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

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 statements of financial position.

Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when:

- The subsidiary is unlikely to repay its loan or advance to the Company in full;
- The subsidiary is continuously loss making and is having a deficit shareholders' funds.

The Company determines the probability of default for these loans and advances individually using internal information available.

30. FINANCIAL INSTRUMENTS *(continued)*

30.4 Credit risk *(continued)*

Inter-company loans and advances *(continued)*

Recognition and measurement of impairment loss (continued)

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' loans and advances.

Company

	Gross carrying amount RM'000	Impairment loss allowances RM'000	Net balance RM'000
2022			
Low credit risk	**103,790**	**–**	**103,790**
Credit impaired	**1,097**	**(1,097)**	**–**
	104,887	**(1,097)**	**103,790**
2021			
Low credit risk	66,888	(927)	65,961
Credit impaired	13,097	(13,097)	–
	79,985	(14,024)	65,961

The movement in the allowance for impairment in respect of subsidiaries' loans and advances during the year is as follows:

Company

	Lifetime ECL/ Credit impaired 2022 RM'000	2021 RM'000
Balance at 1 January	**14,024**	24,024
Amount written off	**(12,000)**	–
Net remeasurement of reversal of loss allowance	**(927)**	(10,000)
Balance at 31 December	**1,097**	14,024

30. FINANCIAL INSTRUMENTS *(continued)*

30.4 Credit risk *(continued)*

Cash and cash equivalents

The cash and cash equivalents are held with banks, financial institutions and a non-financial institution. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks, financial institutions and a non-financial institution have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

Credit risks on other receivables of the Group is mainly arising from value added tax to be recovered from the relevant taxation authorities.

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

This other receivables have low credit risks. Consequently, the Group is of the view that the loss allowance is not material and hence, it is not provided for.

30.5 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.

30. FINANCIAL INSTRUMENTS *(continued)*

30.5 Liquidity risk *(continued)*

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:

Group

	Carrying amount RM'000	Contractual interest rate/ Discount 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
2022							
Non-derivative financial liabilities							
Trade and other payables	537,105	-	537,105	537,105	-	-	-
Loans and borrowings	1,440,084	1.48 - 11.18	1,627,746	802,402	97,958	448,997	278,389
Lease liabilities	162,988	1.16 - 6.70	213,214	13,308	11,711	28,358	159,837
	2,140,777		2,378,065	1,352,815	109,669	477,355	438,226
Derivative financial liabilities							
Commodity contracts	(236)	-	(236)	(236)	-	-	-
Forward exchange contracts (gross settled):							
- Outflow	1,275	-	25,768	25,768	-	-	-
- Inflow	-	-	(24,493)	(24,493)	-	-	-
	2,141,216		2,379,104	1,353,854	109,669	477,355	438,226

NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS *(continued)*

30.5 Liquidity risk *(continued)*

Maturity analysis (continued)

Group

	Carrying amount RM'000	Contractual interest rate/ Discount 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
2021							
Non-derivative financial liabilities							
Trade and other payables	460,151	–	460,151	460,151	–	–	–
Loans and borrowings	1,470,515	0.55 - 5.81	1,568,488	832,463	211,525	124,065	400,435
Lease liabilities	10,649	2.65 - 6.70	12,437	6,141	3,550	2,746	–
	1,941,315		2,041,076	1,298,755	215,075	126,811	400,435
Derivative financial liabilities							
Commodity contracts	(843)	–	(843)	(843)	–	–	–
Interest rate swap contracts	4,892	2.76 - 2.86	4,892	1,032	3,860	–	–
Forward exchange contracts (gross settled):							
- Outflow	26	–	4,532	4,532	–	–	–
- Inflow	–	–	(4,506)	(4,506)	–	–	–
	1,945,390		2,045,151	1,298,970	218,935	126,811	400,435

NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS *(continued)*

30.5 Liquidity risk *(continued)*

Maturity analysis (continued)

Company

	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
2022							
Non-derivative financial liabilities							
Trade and other payables	**9,423**	–	**9,423**	**9,423**	**–**	**–**	**–**
Amount due to a subsidiary	**3,500**	4.05	**3,642**	**3,642**	**–**	**–**	**–**
Loans and borrowings	**286,107**	3.76	**347,859**	**12,894**	**12,930**	**257,315**	**64,720**
Financial guarantees	**–**	–	**612,128**	**612,128**	**–**	**–**	**–**
	299,030		**973,052**	**638,087**	**12,930**	**257,315**	**64,720**
2021							
Non-derivative financial liabilities							
Trade and other payables	7,320	–	7,320	7,320	–	–	–
Loans and borrowings	286,107	3.49	342,557	9,751	9,751	29,281	293,774
Financial guarantees	–	–	388,792	388,792	–	–	–
	293,427		738,669	405,863	9,751	29,281	293,774

30. FINANCIAL INSTRUMENTS *(continued)*

30.6 Market risk

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

30.6.1 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"). The currencies giving rise to this risk are primarily United States Dollar ("USD") 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. 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 in the statements of financial position as at the end of the reporting period was:

Group

	2022		**2021**	
	Denominated in		**Denominated in**	
	SGD RM'000	**USD RM'000**	**SGD RM'000**	**USD RM'000**
Balance recognised in the statements of financial position				
Trade and other receivables	**11,489**	**420,743**	9,978	212,173
Cash and cash equivalents	**5,225**	**55,086**	6,036	23,642
Trade and other payables	**(1,299)**	**(86,411)**	(5,301)	(117,039)
Loans and borrowings	**–**	**(282,614)**	–	(159,733)
Net exposure	**15,415**	**106,804**	10,713	(40,957)

30. FINANCIAL INSTRUMENTS *(continued)*

30.6 Market risk *(continued)*

30.6.1 Currency risk *(continued)*

Currency risk sensitivity analysis

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/equity 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.

Group

	Profit or loss/Equity	
	2022 **RM'000**	**2021** **RM'000**
SGD	**(1,172)**	(814)
USD	**(8,117)**	3,113

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.

30.6.2 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 and the Company'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.

30. FINANCIAL INSTRUMENTS *(continued)*

30.6 Market risk *(continued)*

30.6.2 Interest rate risk *(continued)*

Risk management objectives, policies and processes for managing the risk

The Group and the Company are 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.

Exposure to interest rate risk

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

	Group		**Company**	
	2022 **RM'000**	**2021** **RM'000**	**2022** **RM'000**	**2021** **RM'000**
Fixed rate instruments				
Financial assets	**15,913**	5,937	**103,790**	65,961
Financial liabilities	**(164,504)**	(11,085)	**–**	–
	(148,591)	(5,148)	**103,790**	65,961
Floating rate instruments				
Financial assets	**145,995**	54,610	**2,549**	17,423
Financial liabilities	**(1,438,568)**	(1,470,079)	**(289,607)**	(286,107)
	(1,292,573)	(1,415,469)	**(287,058)**	(268,684)

30. FINANCIAL INSTRUMENTS *(continued)*

30.6 Market risk *(continued)*

30.6.2 Interest rate risk *(continued)*

Interest rate risk sensitivity analysis

(a) *Fair value sensitivity analysis for fixed rate instruments*

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate forward exchange contracts 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/equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Group		**Company**	
	Profit or loss/Equity		**Profit or loss/Equity**	
	100 bp Increase RM'000	**100 bp Decrease RM'000**	**100 bp Increase RM'000**	**100 bp Decrease RM'000**
2022				
Floating rate instruments	**(9,824)**	**9,824**	**(2,182)**	**2,182**
2021				
Floating rate instruments	(10,758)	10,758	(2,042)	2,042

30. FINANCIAL INSTRUMENTS *(continued)*

30.7 Hedging activities

Cash flow hedge

The Group held the following instruments to hedge exposures to change in interest rates of certain bank loans and aluminium price.

Group

	Maturity	
	Under 1 year RM'000	**1-2 years RM'000**
2022		
Commodity risk		
Commodity contracts	**(236)**	**–**
2021		
Commodity risk		
Commodity contracts	(843)	–
Interest rate risk		
Interest rate swap contracts		
Net exposure	4,659	2,082
Fixed interest rates	2.76% - 2.86%	2.76% - 2.86%

The Group entered into arrangement with a financial institution in order to operationally hedge the pricing risk of aluminium.

The Group entered into interest rate swap contracts with a financial institution in order to operationally hedge the cash flow risk in relation to the floating monthly interest rates of bank loans. The Group has fully settled the bank loans during the financial year. In 2021, the outstanding bank loans and nominal value of the interest rate swap contracts was RM180,970,000.

30. FINANCIAL INSTRUMENTS *(continued)*

30.7 Hedging activities *(continued)*

Cash flow hedge *(continued)*

The amounts relating to items designated as hedged items as at reporting date are as follows:

Group

	Change in value used for calculation of hedge ineffectiveness RM'000	Cash flow hedge reserve RM'000	Nominal amount RM'000	(Assets)/ Liabilities RM'000	Line item in the consolidated financial position where the hedging instrument is included
2022					
Commodity risk					
Commodity contracts	**–**	**236**	**23,119**	**(236)**	*Derivative financial assets*
2021					
Commodity risk					
Commodity contracts	–	843	17,352	(843)	*Derivative financial assets*
Interest rate risk					
Interest rate swap contracts	–	(4,282)	180,970	4,892	*Derivative financial liabilities*

NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS *(continued)*

30.7 Hedging activities *(continued)*

Cash flow hedge *(continued)*

Group

	Changes in the value of hedging instrument recognised RM'000	**Hedge ineffectiveness recognised in other comprehensive income RM'000**	**Line item in other comprehensive income that includes hedge ineffectiveness**
2022			
Commodity risk			
Commodity contracts	**(607)**	**–**	*Cash flow hedge*
Interest rate risk			
Interest rate swap contracts	**4,282**	**–**	*Cash flow hedge*
2021			
Commodity risk			
Commodity contracts	3,930	–	*Cash flow hedge*
Interest rate risk			
Interest rate swap contracts	(2,569)	–	*Cash flow hedge*

The following table provides reconciliation by risk category of components of equity and analysis of other comprehensive income items, net of tax, resulting from cash flow hedge accounting:

Group

	Cash flow hedge reserve	
	2022 RM'000	**2021 RM'000**
At 1 January	**(3,439)**	(4,800)
Changes in fair value		
Commodity contracts	**(607)**	3,930
Interest rate swap contracts	**4,282**	(2,569)
At 31 December	**236**	(3,439)

30. FINANCIAL INSTRUMENTS *(continued)*

30.8 Fair value information

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 statements of financial position.

	Fair value of financial instruments carried at fair value				**Fair value of financial instruments not carried at fair value**					
	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Total fair value RM'000**	**Carrying amount RM'000**
Group										
2022										
Financial liabilities										
Term loans	**–**	**–**	**–**	**–**	**–**	**–**	**(728,301)**	**(728,301)**	**(728,301)**	**(744,941)**
Hire purchase liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**(1,573)**	**(1,573)**	**(1,573)**	**(1,516)**
	–	**–**	**–**	**–**	**–**	**–**	**(729,874)**	**(729,874)**	**(729,874)**	**(746,457)**
2021										
Financial liabilities										
Term loans	–	–	–	–	–	–	(758,857)	(758,857)	(758,857)	(748,216)
Hire purchase liabilities	–	–	–	–	–	–	(454)	(454)	(454)	(436)
Interest rate swap contracts	–	(4,892)	–	(4,892)	–	–	–	–	(4,892)	(4,892)
	–	(4,892)	–	(4,892)	–	–	(759,311)	(759,311)	(764,203)	(753,544)
Company										
2022										
Financial liabilities										
Term loan	**–**	**–**	**–**	**–**	**–**	**–**	**(294,385)**	**(294,385)**	**(294,385)**	**(286,107)**
2021										
Financial liabilities										
Term loan	–	–	–	–	–	–	(291,238)	(291,238)	(291,238)	(286,107)

NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS *(continued)*

30.8 Fair value information *(continued)*

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.

Level 2 fair value

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).

The fair value of money market placements with a non-financial institution, commodity contracts and interest rate swap contracts are determined by using mark-to-market values at the end of the reporting date.

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 (2021: no transfer in either directions).

Level 3 fair value

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. The market rate of interest is determined by reference to similar borrowing arrangements.

The fair value of term loans and hire purchase liabilities are calculated using discounted cash flows.

NOTES TO THE FINANCIAL STATEMENTS

31. 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 2022, the Group's strategy which was unchanged from 2021, was to maintain the net debt-to-equity ratio at below 1.5:1. The net debt-to-equity ratios at 31 December 2022 and 31 December 2021 were as follows:

	2022 **RM'000**	**2021** **RM'000**
Loans and borrowings (Note 17)	**1,440,084**	1,470,515
Lease liabilities	**162,988**	10,649
Less: Cash and cash equivalents (Note 14)	**(386,176)**	(248,830)
Net debt	**1,216,896**	1,232,334
Total equity	**1,826,575**	1,733,797
Net debt-to-equity ratio	**0.67**	0.71

32. CAPITAL COMMITMENTS - GROUP

	2022 **RM'000**	**2021** **RM'000**
Capital expenditure commitments		
Property, plant and equipment		
- Contracted but not provided for	**399,392**	40,382

33. CONTINGENT LIABILITIES - COMPANY

Corporate guarantees

The Company has provided corporate guarantees amounting to RM1,368 million (2021: RM997 million) to secure banking facilities granted to certain subsidiaries. As at 31 December 2022, the amount of facilities utilised amounted to RM612 million (2021: RM389 million).

NOTES TO THE FINANCIAL STATEMENTS

34. 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 are Directors of the Group.

The Group has related party relationship with the following:

(i) ultimate holding company;
(ii) subsidiaries of the Company as disclosed in Note 8 to the financial statements; and
(iii) a company in which a Director has substantial financial interests – Alcom Group Berhad (“related party”).

34.1 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 Note 34.2 to the financial statements, are as follows:

	2022 RM’000	**2021 RM’000**
Group		
Purchases from a related party	**353**	2,279
Rental income from a related party	**(45)**	–
Company		
Interest paid to subsidiaries	**35**	5
Interest income from subsidiaries	**(3,121)**	(2,840)
Dividend income from subsidiaries	**(52,586)**	(42,060)

Trade and non-trade balances with subsidiaries and a related party are disclosed in Notes 12 and 19 to the financial statements.

34. RELATED PARTIES *(continued)*

34.2 Key management personnel compensations

The key management personnel compensations are as follows:

	Group		**Company**	
	2022 **RM'000**	**2021** **RM'000**	**2022** **RM'000**	**2021** **RM'000**
Directors of the Company				
- Fees	**1,049**	861	**705**	540
- Remuneration	**14,803**	13,536	**1,488**	950
- Benefits-in-kind	**107**	94	**27**	7
	15,959	14,491	**2,220**	1,497
Other directors in the Group entities				
- Fees	**567**	650	**–**	–
- Remuneration	**200**	399	**–**	–
	767	1,049	**–**	–
Past directors				
- Fees	**120**	–	**66**	–
- Remuneration	**8**	–	**6**	–
	128	–	**72**	–
	16,854	15,540	**2,292**	1,497

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 85 to 184 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2022 and of their financial performance and cash flows for the financial year then ended.

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

Marc Francis Yeoh Min Chang
Director

Chee Khay Leong
Director

Kuala Lumpur

Date: 5 April 2023

STATUTORY DECLARATION

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

I, **Chan Kam Chiew**, 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 85 to 184 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 abovenamed **Chan Kam Chiew**, MIA CA7639, at Kuala Lumpur on 5 April 2023.

Chan Kam Chiew

Before me:

Alizahwati Binti Atan
(No. W811)
Commissioner for Oaths
Kuala Lumpur

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 2022 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 85 to 184.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a baspis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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.

1. Impairment of property, plant and equipment ("PPE") and right-of-use assets ("ROU")

Refer to Note 2(i)(ii) – Significant accounting policy: Impairment of other assets, Note 3 – Property, plant and equipment and Note 4 – Right-of-use assets.

The key audit matter

The Group has property, plant and equipment and right-of-use assets of RM1,692 million and RM525 million respectively as at 31 December 2022. Certain subsidiaries in the Group made losses during the current financial year ended 31 December 2022 or had a history of continuous losses. The property, plant and equipment and right-of-use assets belonging to these subsidiaries are subject to impairment testing under MFRS 136, Impairment of Assets given the impairment indicators present.

The Group estimated the recoverable amounts of the assets concerned and compared with their carrying amount in order to determine the amount of impairment loss which should be recognised for the year, if any.

We determined valuation of property, plant and equipment and right-of-use assets as a key audit matter as there are significant judgmental assumptions used by the Group which may be affected by future market or economic conditions.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CAN-ONE BERHAD

Key Audit Matters *(continued)*

1. **Impairment of property, plant and equipment ("PPE") and right-of-use assets ("ROU")** *(continued)*

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- Discussed the impairment model based on discounted future cash flows with the Group and challenged the key assumptions and estimates used, in particular, those relating to forecast growth in future revenue, operating profit margin and discount rate by making reference to internally derived sources as well as publicly available data of comparable entities;

- Considered the Group's forecasting process and evaluated the accuracy of the historical forecast by comparing prior period financial budget against actual results;

- Performed sensitivity across the different elements of the impairment model in order to understand which judgements and assumptions are most sensitive in achieving the Group's recoverable assessment;

- Assessed the relevant disclosures in the consolidated financial statements in respect of impairment assessment.

2. **Recoverability of trade receivables**

Refer to Note 2(i)(i) – Significant accounting policy: Impairment of financial assets, Note 12 – Trade and other receivables and Note 30.4 – Financial instruments: Credit risk – Trade receivables.

The key audit matter

As at 31 December 2022, the carrying amount of the Group's trade receivables amounted to RM526 million, representing 29% of the Group's current assets.

The Directors applied assumptions in assessing the level of allowance for expected credit losses ("ECL") required to determine the impairment loss of trade receivables. Therefore, there is an inherent uncertainty in the assumptions applied by the Directors to determine the probability of default by trade receivables and appropriate forward-looking information.

We identified the recoverability of trade receivables as a key audit matter because of the significance degree of judgement applied by the Group in determining the impairment loss for trade receivables and the significance of trade receivables to the consolidated financial statements.

We performed the following audit procedures, among others:

- Evaluated the appropriateness of the Group's allowance for ECL policies in accordance to the requirement of MFRS 9, Financial Instruments: Recognition and Measurement;

- Assessed the completeness and accuracy of the trade receivable ageing report used by Directors in assessing and monitoring the receivables' profile;

- Inspected post year end cash receipt relating to selected samples of trade receivables' balances at year end; and

- Assessed the adequacy of the Group's allowance for ECL made against doubtful trade receivables by taking into account our own expectation based on the Group's previous experience of customers' historical and post year end payment trends.

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CAN-ONE BERHAD

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- 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.

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

- 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, actions taken to eliminate threats or safeguards applied.

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 8 to the financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CAN-ONE 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

Ow Peng Li
Approval Number: 02666/09/2023 J
Chartered Accountant

Petaling Jaya

Date: 5 April 2023

LIST OF MATERIAL PROPERTIES

AS AT 31 DECEMBER 2022

No.	Location	Description and Existing Use	Year of Last Revaluation/ Acquisition	Area (Square metres)	Tenure	Expiry Date of Lease	2022 Age of Buildings (Years)	2022 Net Book Value (RM'000)
1	Lot No. C1 Thilawa Special Economic Zone Zone A, Thanlyin Township Yangon Region The Republic of the Union of Myanmar	Land & Office Factory Building/ Industrial	2016	99,567	Leasehold	04.06.2064	4	**180,832**
2	PT 15637 (Lot C) Taman Perindustrian Puchong Section 3, Puchong, Selangor Malaysia	Land & Building/ Vacant	2019	40,468	Leasehold	02.09.2090	21	**81,363**
3	Lot PT31619 Arab-Malaysian Industrial Park Nilai, Negeri Sembilan Malaysia	Land & Office Factory Building/ Industrial	2019	52,586	Freehold	–	25	**79,642**
4	HS (D) 80122 PT No. 5141 Mukim Damansara Petaling, Selangor Malaysia	Land & Office Factory Building/ Industrial	2019	31,142	Freehold	–	30	**58,930**
5	Lot No. 28829 to 28832 Batu Caves, Selangor Malaysia	Land & Office Factory Building/ Industrial	2019	16,923	Freehold	–	27	**58,750**
6	Lot 125, Dai Lo Huu Nghi Vietnam Singapore Industrial Park Thuan An District Binh Duong Province Vietnam	Land & Office Factory Building/ Industrial	2019	15,000	Leasehold	12.07.2048	7	**51,608**
7	Lot 4, Jalan Perusahaan 2 Batu Caves, Selangor Malaysia	Land & Office Factory Building/ Industrial	2019	18,848	Leasehold	05.09.2074	30	**49,665**

LIST OF MATERIAL PROPERTIES

AS AT 31 DECEMBER 2022

							2022	
No.	Location	Description and Existing Use	Year of Last Revaluation/ Acquisition	Area (Square metres)	Tenure	Expiry Date of Lease	Age of Buildings (Years)	Net Book Value (RM'000)
8	Lot 19, Jalan SU 4 Section 22 Shah Alam, Selangor Malaysia	Land & Office Factory Building/ Industrial	2019	19,776	Freehold	–	24	**45,624**
9	22 Dai Lo Huu Nghi Vietnam Singapore Industrial Park Thuan An District Binh Duong Province Vietnam	Land & Office Factory Building/ Industrial	2019	44,230	Leasehold	11.02.2046	19	**32,519**
10	Lot PT 2 Jalan Perusahaan 4 Batu Caves, Selangor Malaysia	Land & Office Factory Building/ Industrial	2019	12,450	Leasehold	05.09.2074	42	**31,246**

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ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2023

Total number of issued shares : 192,153,000
Class of shares : Ordinary shares
Voting rights : 1 vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of shares held	%
Less than 100 shares	31	1.28	232	#
100 to 1,000 shares	511	21.02	387,212	0.20
1,001 to 10,000 shares	1,276	52.49	5,968,196	3.11
10,001 to 100,000 shares	513	21.10	16,940,700	8.82
100,001 to 9,607,649 shares*	99	4.07	59,997,860	31.22
9,607,650 shares and above**	1	0.04	108,858,800	56.65
Total	**2,431**	**100.00**	**192,153,000**	**100.00**

Notes:

\# *Negligible.*

* *Less than 5% of issued shares.*

** *5% and above of issued shares.*

SUBSTANTIAL SHAREHOLDERS

(According to the Register of Substantial Shareholders)

Name	Direct No. of shares held	Direct %	Indirect No. of shares held	Indirect %	Total No. of shares held	Total %
Eller Axis Sdn. Bhd. (“EASB”)	108,858,800	56.65	–	–	108,858,800	56.65
Yeoh Jin Hoe	7,505,700	3.91	108,858,800 (a)	56.65 (a)	116,364,500	60.56

Note:

(a) *Deemed interest by virtue of his shareholding in EASB pursuant to Section 8(4) of the Companies Act 2016 (“the Act”).*

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2023

DIRECTORS' SHAREHOLDINGS

(According to the Register of Directors' Shareholdings)

	← Direct →		← Indirect →		← Total →	
Name	**No. of shares held**	**%**	**No. of shares held**	**%**	**No. of shares held**	**%**
Dato' Seri Subahan Bin Kamal	–	–	–	–	–	–
Marc Francis Yeoh Min Chang	–	–	–	–	–	–
Chee Khay Leong	2,054,100	1.07	–	–	2,054,100	1.07
Goh Teck Hong	–	–	–	–	–	–
Yeoh Jin Hoe	7,505,700	3.91	108,858,800 (a)	56.65 (a)	116,364,500	60.56
Yeoh Jin Beng	150,000	0.08	5,500,000 (b)	2.86 (b)	5,650,000	2.94
Foo Kee Fatt	–	–	–	–	–	–
Datuk Dr. Syed Hussain Bin Syed Husman, J.P.	–	–	–	–	–	–
Rajaretnam Soloman Daniel	–	–	–	–	–	–
Kee E-Lene	–	–	–	–	–	–

Notes:

(a) *Deemed interest by virtue of his shareholding in EASB pursuant to Section 8(4) of the Act.*

(b) *Deemed interest by virtue of his shareholding in Yongsun Equity Sdn. Bhd. pursuant to Section 8(4) of the Act.*

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ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2023

LIST OF 30 LARGEST SHAREHOLDERS

(According to the Record of Depositors)

No.	Name	No. of shares held	%
1.	Amsec Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account - AmBank (M) Berhad for Eller Axis Sdn. Bhd.*	108,858,800	56.65
2.	Amsec Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account - AmBank (M) Berhad for Yeoh Jin Hoe*	7,505,700	3.91
3.	Yongsun Equity Sdn. Bhd.	5,500,000	2.86
4.	Winchem (Malaysia) Sdn. Bhd.	4,400,000	2.29
5.	Tan Kim Seng	2,800,000	1.46
6.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for TXM Services Sdn. Bhd.*	2,337,300	1.22
7.	See Ewe Lin	2,200,000	1.14
8.	Inter-Pacific Equity Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Tan Heng Loon*	2,100,100	1.09
9.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Teh Win Kee (8106483)*	1,863,500	0.97
10.	Amsec Nominees (Tempatan) Sdn. Bhd. *- AmBank (M) Berhad for Tan Boon Seng (7928-1102)*	1,800,000	0.94
11.	Low Kam Fatt	1,730,000	0.90
12.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Teh Win Kee (8016787)*	1,729,500	0.90
13.	See Teow Guan	1,407,100	0.73
14	Chee Khay Leong	1,404,000	0.73
15.	Tan Aik Choon	1,120,900	0.58
16.	Khoo Loon See	1,119,000	0.58
17.	Goh Swee Yong	816,200	0.42
18.	Low Khek Heng @ Low Choon Huat	804,300	0.42
19.	Goh Thong Beng	770,000	0.40
20.	Tan Kim Kee @ Tan Kee	700,000	0.36
21.	Maybank Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Looi Boon Han*	682,300	0.36
22.	Chee Khay Leong	650,000	0.34
23.	Maybank Nominees (Tempatan) Sdn. Bhd. *- Soh Chin Leong*	600,000	0.31
24.	Kenanga Nominees (Tempatan) Sdn. Bhd. *- Rakuten Trade Sdn. Bhd. for Pui Cheng Wui*	584,100	0.30
25.	Maybank Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Chan Chiau Chung*	515,000	0.27
26.	Yeoh Jin Aik	500,000	0.26
27.	HLIB Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Khor Boon Hong*	481,400	0.25
28.	Ong Poh Lan	432,300	0.22
29.	Yayasan Guru Tun Hussein Onn	430,500	0.22
30.	Tan Eng Liang	420,600	0.22
	Total	156,262,600	81.30

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Nineteenth Annual General Meeting ("AGM") of Can-One Berhad ("Can-One" or "the Company") will be conducted virtually and live-streamed from the broadcast venue at the Conference Room, Lot 6, Jalan Perusahaan Satu, 68100 Batu Caves, Selangor Darul Ehsan, Malaysia ("Broadcast Venue") on Wednesday, 28 June 2023 at 10.00 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2022 and the Reports of the Directors and Auditors thereon. ***(Please refer to Note C of this Agenda)***

2. To declare a first and final single-tier dividend of 4 sen per share for the financial year ended 31 December 2022. ***Resolution 1***

3. To re-elect the following Directors of the Company who retire pursuant to Clause 82 of the Company's Constitution:

   (i) Foo Kee Fatt ***Resolution 2***

   (ii) Yeoh Jin Beng ***Resolution 3***

4. To re-elect the following Directors of the Company who retire pursuant to Clause 86 of the Company's Constitution:

   (i) Rajaretnam Soloman Daniel ***Resolution 4***

   (ii) Kee E-Lene ***Resolution 5***

5. To approve the payment of Directors' Fees amounting to RM1,052,000 to Directors of the Company and its subsidiaries (excluding Box-Pak (Malaysia) Bhd. and its subsidiaries) for the financial year ended 31 December 2022. ***Resolution 6***

6. To approve the payment of benefits of up to RM400,000 to the Non-Executive Directors of the Company and its subsidiaries (excluding Box-Pak (Malaysia) Bhd. and its subsidiaries) for the financial year ending 31 December 2023. ***Resolution 7***

7. To re-appoint 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. ***Resolution 8***

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

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

Proposed authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016 ***Resolution 9***

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

THAT such authority if/when passed shall constitute an authority for the issue of shares with prior shareholders' approval in a general meeting of the precise terms and conditions of the issue;

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

THAT such authority shall continue to be in force until:

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

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

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

whichever occurs first;

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

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

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

Proposed renewal of authority for the Company to purchase its own shares ***Resolution 10***

"THAT subject to compliance with the Companies Act 2016, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company's Constitution 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 in 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,

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 it deems 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."

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

10. 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 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 the recurrent related party transactions of a revenue or trading nature as set out in Section 2.4(a) of Part B of the Company's Circular to Shareholders dated 28 April 2023 provided that:

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

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

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

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

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

(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 NINETEENTH ANNUAL GENERAL MEETING

11. 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 12***

"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 Part B of the Company's Circular to Shareholders dated 28 April 2023 provided that:

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

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

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

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

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

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

whichever is earlier;

AND FURTHER THAT the Board of Directors of the Company be and 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."

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

NOTICE OF NINETEENTH 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 2022 (“Dividend”), if approved by shareholders at the Nineteenth Annual General Meeting of the Company, will be paid to shareholders on 28 July 2023. The entitlement date for the Dividends shall be 18 July 2023.

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

(a) shares transferred into their Securities Account before 4.30 p.m. on 18 July 2023, 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 of Directors

LYDIA TONG YIU SHYIAN-SHYIAN
SSM PC No. 202208000755
(BC/L/1922)

KWONG SHUK FONG
SSM PC No. 202008002178
(MAICSA 7032330)
Company Secretaries

Petaling Jaya
Selangor Darul Ehsan
Malaysia
28 April 2023

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

Notes:

(A) GENERAL MEETING RECORD OF DEPOSITORS

Only a depositor whose name appears on the General Meeting Record of Depositors as at 20 June 2023 shall be entitled to participate at the Nineteenth AGM of the Company or appoint proxy(ies) to participate and vote in his/her stead.

(B) MODE OF MEETING AND PROXY

(i) The venue of the Nineteenth AGM of the Company is strictly a Broadcast Venue as the conduct of the Nineteenth AGM of the Company will be conducted virtually and live-streamed. The Broadcast Venue is also for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting.

Members will not be allowed to attend the Nineteenth AGM of the Company in person at the Broadcast Venue on the day of the Meeting.

Members are to attend, ask questions to the Board of Directors ("Board") via real time submission of typed texts and vote remotely (collectively,"participate") at the Ninteenth AGM of the Company via the Remote Participation and Electronic Voting ("RPEV") facilities provided by KPMG Management & Risk Consulting Sdn. Bhd. ("KPMG MRC") via its ConveneAGM Meeting Platform at https://conveneagm.my/canoneagm2023. Please follow the Procedures for RPEV facilities in the Administrative Details for the Nineteenth AGM.

(ii) A member of the Company entitled to participate at the Nineteenth AGM of the Company is entitled to appoint not more than 2 proxies of his/her own choice to participate in his/her stead. A proxy may but need not be a member of the Company. Where a member appoints more than 1 proxy, the member shall specify the proportion of his/her shareholding to be represented by each proxy, failing which, the appointment shall be invalid.

(iii) Where a member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than 2 proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account to participate at the Nineteenth AGM of the Company. Where a member of the Company is an Exempt Authorised Nominee ("EAN") which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("Omnibus Account"), such EAN may appoint multiple proxies in respect of each Omnibus Account it holds. In both cases, such appointment shall be invalid unless the Authorised Nominee or EAN specifies the proportion of its shareholdings to be represented by each proxy it has appointed.

(iv) The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or if the appointor is a corporation, under its common seal or signed by its attorney duly authorised in writing or by 2 officers, 1 of whom shall be a director, on behalf of the corporation. Any alteration to the instrument appointing a proxy must be initialled.

(v) The appointment of a proxy may be made in hard copy form or by electronic form and must be deposited with/received by KPMG MRC, not less than 48 hours before the time appointed for holding the Nineteenth AGM of the Company or any adjournment thereof, and in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, otherwise the person so named shall not be entitled to vote in respect thereof.

(vi) In the case of an appointment made in hard copy form, the Proxy Form, together with the power of attorney (if any) under which it is signed or a notarially certified copy of that power or authority, must be deposited at the office of our Administration and Polling Agent, KPMG MRC at Concourse, KPMG Tower, No. 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

(vii) In the case of appointment by electronic form, the Proxy Form must be electronically lodged with KPMG MRC via its ConveneAGM Meeting Platform at https://conveneagm.my/canoneagm2023 or via email to support_conveneagm@kpmg.com.my. Please refer to the Administrative Details for the Nineteenth AGM on the procedures for electronic lodgement of Proxy Form via ConveneAGM Meeting Platform.

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

(C) AUDITED FINANCIAL STATEMENTS

This agenda item is meant for discussion only as under the provision of Section 340(1) of the Companies Act 2016, the audited financial statements do not require a formal approval of the members. Hence, this item will not be put forward for voting.

(D) POLL VOTING

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), all the resolutions set out in this Notice will be put to vote by way of poll. Independent Scrutineers will be appointed to verify the results of the poll.

(E) PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to participate at the forthcoming Nineteenth AGM of the Company and/or any adjournment thereof, a member of the Company:

(i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the Nineteenth AGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Nineteenth AGM of the Company (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");

(ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and

(iii) agrees that the member will indemnify the Company in respect of any penalty, claim, demand, loss and damage as a result of the member's breach of warranty.

(F) EXPLANATORY NOTES FOR ITEMS 3 AND 4 OF THE AGENDA

The profiles of the retiring Directors are set out in the Profile of Directors on pages 7 to 9 of the Company's Annual Report 2022. For the purpose of determining the eligibility of Directors, Foo Kee Fatt and Yeoh Jin Beng, who are standing for re-election at the Nineteenth AGM, the Board through its Nomination Committee ("NC") had assessed them using the Directors' Evaluation Form as well as the Independent Director's Self-Assessment Checklist, where applicable, in order to assess each of their caliber and ability to understand the requirements, risk and management of the Group's business; contribution and performance; character, integrity and professional conduct in dealing with conflict of interest situations; ability to critically challenge and ask the right questions; commitment and due diligence, confidence to stand up for a point of view; interaction at meetings and training records for the financial year ended 31 December 2022 and, where relevant, his independence. Based on the evaluation results, the abovementioned retiring Directors, Foo Kee Fatt and Yeoh Jin Beng met the performance criteria required of an effective member of the Board. Foo Kee Fatt who is an Independent Director continue to demonstrate objectivity and independence in his judgement.

The recommendation for the re-election of Rajaretnam Soloman Daniel and Kee E-Lene were based on the prior assessments of the NC and the Board before their appointment as Directors. During the Directors' selection process, both the aforesaid Directors' qualifications, skills, experience, knowledge, character, integrity, other attributes, time commitment and potential contribution were assessed.

The Board based on the recommendation of the NC, endorsed that the Directors named under Resolutions 2, 3, 4 and 5 who are retiring in accordance with the Company's Constitution are eligible to stand for re-election.

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

(G) EXPLANATORY NOTES ON SPECIAL BUSINESS

Ordinary Resolution 9 - Proposed authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016

Ordinary Resolution 9 proposed, if passed, will give a mandate to the Board, from the date of the forthcoming Nineteenth AGM of the Company, to allot and issue ordinary shares of the Company at any time at such issue price which is at a not more than a 10% discount to the 5-day volume weighted average market price of the shares of the Company immediately before the relevant price fixing date, to such Qualified Placee(s) as the Board may in its absolute discretion, consider to be in the interest of the Company and upon such other additional terms and conditions (if any) to be determined by the Board, without having to convene a general meeting provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares in the Company for the time being ("Mandate"). The Mandate from the shareholders will be effective immediately upon passing of the Ordinary Resolution and shall continue to be in force until:

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

whichever occurs first.

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

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

As at the date of this Notice, no new ordinary shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM of the Company held on 29 June 2022. Hence, no proceeds were raised.

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

Ordinary Resolution 10 - Proposed renewal of authority for the Company to purchase its own shares

Ordinary Resolution 10 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 10% of the total number of issued shares in 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 28 April 2023 which is made available together with the Company's Annual Report 2022 at http://www.canone.com.my/agm2023.

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

(G) *EXPLANATORY NOTES ON SPECIAL BUSINESS* *(continued)*

Ordinary Resolution 11 - Proposed renewal of mandate for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature ("RRPTs")

Ordinary Resolution 11 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 as well as Alcom Group Berhad and/or its subsidiary companies, as set out in Section 2.4(a) of Part B of the Circular to Shareholders dated 28 April 2023.

The aforesaid mandate from shareholders is on an annual basis and subject to renewal at the next AGM of the Company.

For further information, please refer to the Circular to Shareholders dated 28 April 2023 which is made available together with the Company's Annual Report 2022 at http://www.canone.com.my/agm2023.

Ordinary Resolutions 12 - Proposed new mandate for the Company and its subsidiaries to enter into additional recurrent related party transactions of a revenue or trading nature ("RRPTs")

Ordinary Resolution 12 proposed, if passed, will give mandate to the Company and its subsidiary companies to enter into additional RRPTs with Box-Pak (Malaysia) Bhd. and/or its subsidiary companies, as set out in Section 2.4(b) of Part B of the Circular to Shareholders dated 28 April 2023.

The aforesaid mandate from shareholders is on an annual basis and subject to renewal at the next AGM of the Company.

For further information, please refer to the Circular to Shareholders dated 28 April 2023 which is made available together with the Company's Annual Report 2022 at http://www.canone.com.my/agm2023.

ADMINISTRATIVE DETAILS FOR THE NINETEENTH ANNUAL GENERAL MEETING

Date of AGM	:	**Wednesday, 28 June 2023**
Time of AGM	:	**10.00 a.m.**
Broadcast Venue	:	**Conference Room** **Lot 6, Jalan Perusahaan Satu** **68100 Batu Caves** **Selangor Darul Ehsan** **Malaysia**
Meeting Platform	:	**Convene AGM at https://conveneagm.my/canoneagm2023**

MODE OF COMMUNICATION

Pose questions to the Board via real time submission of typed texts at ConveneAGM Meeting Platform at https://conveneagm.my/canoneagm2023 during live streaming of the Nineteenth AGM.

MODE OF MEETING

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Shareholders **WILL NOT BE ALLOWED** to attend the Nineteenth AGM in person at the Broadcast Venue on the day of the meeting.

ENTITLEMENT TO PARTICIPATE AND VOTE

Only shareholders whose names appear on the Record of Depositors as at **20 June 2023** shall be eligible to attend, ask question (in the form of real time submission of typed texts) and vote remotely (collectively, "participate") at the Nineteenth AGM or appoint a proxy(ies) and/or the Chairman of the meeting to attend and vote on his/her behalf.

REMOTE PARTICIPATION AND ELECTRONIC VOTING ("RPEV") FACILITIES

The RPEV facilities is provided by KPMG Management & Risk Consulting Sdn. Bhd. ("KPMG MRC") via its ConveneAGM Meeting Platform at https://conveneagm.my/canoneagm2023. Shareholders (individual/corporate/authorised nominees/exempt authorised nominees) are to participate remotely at the Nineteenth AGM using RPEV facilities from ConveneAGM Meeting Platform.

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

ADMINISTRATIVE DETAILS
FOR THE NINETEENTH ANNUAL GENERAL MEETING

PROCEDURES FOR RPEV FACILITIES

Shareholders who wish to participate at the Nineteenth AGM are required to register at ConveneAGM Meeting Platform at https://conveneagm.my/canoneagm2023 from **Friday, 28 April 2023** until the day of the Nineteenth AGM on **Wednesday, 28 June 2023**. Shareholders are encouraged to register at least 48 hours before the commencement of the Nineteenth AGM to allow the Company to verify the shareholder status and to avoid any delay in registration.

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

BEFORE THE DAY OF THE NINETEENTH AGM		
Procedures		**Action**
(a)	Registration for Shareholders and/or Corporate Representatives	• Go to https://conveneagm.my/canoneagm2023. • Select “**Register Now**” and choose “**Register as Shareholder**”. • Fill out the form with the required information and click to “**Submit Registration**”. • A confirmation will be displayed after a successful registration. • Check your registered email. • Open the email from AGM@Convene (agmaccounts@conveneagm.com). • Select “**Verify Your Email**”. • After the email verification, you will be redirected to create your own personalised password. • Upon system verification against the Record of Depositors as at 20 June 2023, you will receive email from AGM@Convene indicating that your registration is approved or rejected. *Please note that the corporate shareholders who require their corporate representative to participate and vote at the Nineteenth AGM must deposit their certificate of appointment of corporate representative to KPMG MRC not later than Monday, 26 June 2023 at 10.00 a.m.*
(b)	Registration for Proxyholders	• As Proxy, you will receive email from AGM@Convene (agmaccounts@conveneagm.com) with your proxy code once you are appointed by your shareholder. • Click on the link in the email or go to https://conveneagm.my/canoneagm2023. • Select “**Register Now**” and choose “**Register as Proxyholder**”. • Fill out the form with the required information and click to “**Submit Registration**”. • A confirmation will be displayed after a successful registration. • Check your registered email. • Open the email from AGM@Convene (agmaccounts@conveneagm.com). • Select “**Verify Your Email**”. • After the email verification, you will be redirected to create your own personalised password. *Please note that in the event the shareholder who appointed you cannot be authenticated against the Record of Depositors as at 20 June 2023, your registration will not be valid.*
ON THE DAY OF THE NINETEENTH AGM		
Participation by Shareholders, Proxies and/or Corporate Representatives during AGM		• Login to https://conveneagm.my/canoneagm2023 • Click to start live webcast. • Proceed to ask question and/or vote when permissible.

ADMINISTRATIVE DETAILS FOR THE NINETEENTH ANNUAL GENERAL MEETING

APPOINTMENT OF PROXY

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

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

Accordingly, Proxy Forms and/or documents relating to the appointment of proxy/corporate representative/attorney for the Nineteenth AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than **Monday, 26 June 2023 at 10.00 a.m.**:

(i) In hard copy:

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

(ii) By electronic means:

The proxy form can also be lodged electronically through ConveneAGM Meeting Platform at https://conveneagm.my/canoneagm2023 or email to support_conveneagm@kpmg.com.my. The steps to submit via ConveneAGM Meeting Platform are summarised below:

- Go to https://conveneagm.my/canoneagm2023.
- Select "**Register Now**" and choose "**Register as Shareholder**".
- Fill out the form with the required information and select "**Submit Registration**".
- A confirmation will be displayed after a successful registration.
- Check your registered email.
- Open the email from AGM@Convene (agmaccounts@conveneagm.com).
- Select "**Verify Your Email**".
- After the email verification, you will be redirected to create your own personalised password.
- Sign in to https://conveneagm.my/canoneagm2023.
- Select "**Fill Out Proxy Form**".

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

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

VOTING PROCEDURE

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

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

ADMINISTRATIVE DETAILS FOR THE NINETEENTH ANNUAL GENERAL MEETING

VOTING PROCEDURE *(continued)*

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

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

NO DOOR GIFT/E-VOUCHER/FOOD VOUCHER

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

Can-One Berhad would like to thank all its shareholders for their kind co-operation and understanding in these challenging times.

RECORDING OR PHOTOGRAPHY AT THE AGM

Strictly no recording or photography of the Nineteenth AGM proceedings is allowed.

PRE-MEETING SUBMISSION OF QUESTIONS TO THE BOARD OF DIRECTORS

The shareholders may submit questions to the Company in advance via ConveneAGM Meeting Platform at https://conveneagm.my/canoneagm2023 prior to the AGM no later than **10.00 a.m. on Monday, 26 June 2023**. The Chairman and the Board of Directors will endeavour their best to respond to the questions submitted by the shareholders which are related to the resolutions to be tabled at the Nineteenth AGM.

ENQUIRIES

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

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

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

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

Toll Free No	:	1 800 817 240
Email	:	support@conveneagm.com
Live Chat	:	Click on the chat icon at the bottom right side of https://conveneagm.my/canoneagm2023

PROXY FORM

CAN-ONE BERHAD
[Registration No. 200401000396 (638899-K)]
(Incorporated in Malaysia)

*I/We .... (NRIC/Company No. ....)
(Full Name in Block Letters)

of ....
(Address)

and telephone no./email address .... being a member/members of Can-One Berhad (the "Company"), hereby appoint:

Full Name (in Block Letters)	**NRIC/Passport No.**	**No. of Shares**	**% of Shareholdings**
Telephone No.	**Email Address**		

and

Full Name (in Block Letters)	**NRIC/Passport No.**	**No. of Shares**	**% of Shareholdings**
Telephone No.	**Email Address**		

or failing him/her, THE CHAIRMAN OF THE MEETING as *my/our proxy to vote for *me/us on *my/our behalf at the Nineteenth Annual General Meeting ("AGM") of the Company to be conducted virtually and live-streamed from the broadcast venue at the Conference Room, Lot 6, Jalan Perusahaan Satu, 68100 Batu Caves, Selangor Darul Ehsan, Malaysia ("Broadcast Venue") on Wednesday, 28 June 2023 at 10.00 a.m. and at any adjournment thereof. *I/We indicate with an "X" in the spaces below how *I/we wish *my/our votes to be cast.

Resolution	Ordinary Business	For	Against
1	To declare a first and final single-tier dividend of 4 sen per share in respect of the financial year ended 31 December 2022.		
2	To re-elect Foo Kee Fatt as Director.		
3	To re-elect Yeoh Jin Beng as Director.		
4	To re-elect Rajaretnam Soloman Daniel as Director.		
5	To re-elect Kee E-Lene as Director.		
6	To approve the payment of Directors' fees amounting to RM1,052,000 to Directors of the Company and its subsidiaries (excluding Box-Pak (Malaysia) Bhd. and its subsidiaries) for the financial year ended 31 December 2022.		
7	To approve the payment of benefits of up to RM400,000 to the Non-Executive Directors of the Company and its subsidiaries (excluding Box-Pak (Malaysia) Bhd. and its subsidiaries) for the financial year ending 31 December 2023.		
8	To re-appoint 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.		
	Special Business		
9	Proposed authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
10	Proposed renewal of authority for the Company to purchase its own shares.		
11	Proposed renewal of mandate for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature.		
12	Proposed new mandate for the Company and its subsidiaries to enter into additional recurrent related party transactions of a revenue or trading nature		

Subject to the abovestated voting instructions, *my/our proxy may vote or abstain from voting on the resolutions as *he/she/they may think fit.

If appointment of proxy is under hand: .... Signed by *individual member/*officer or attorney of member/*authorised nominee of .... (beneficial owner)	No. of shares held: .... Securities Account No.: .... *(CDS Account No.) (Compulsory)* Date: ....
If appointment of proxy is under seal: The Common Seal of .... was hereto affixed in accordance with its Constitution in the presence of: .... Director Director/Secretary In its capacity as *member/*attorney of member/*authorised nominee of .... (beneficial owner)	No. of shares held: .... Securities Account No.: .... *(CDS Account No.) (Compulsory)* Date: ....

Signed this .... day of .... , 2023.

**Strike out whichever is not desired.*
[Unless otherwise instructed, the proxy may vote as he/she thinks fit.]

Notes:

(i) Only a depositor whose name appears on the General Meeting Record of Depositors as at 20 June 2023 shall be entitled to participate at the Nineteenth AGM of the Company or appoint proxy(ies) to participate and vote in his/her stead.

(ii) The venue of the Nineteenth AGM of the Company is strictly a Broadcast Venue as the conduct of the Nineteenth AGM of the Company will be conducted virtually and live-streamed. The Broadcast Venue is also for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting.

(iii) Members will not be allowed to attend the Nineteenth AGM of the Company in person at the Broadcast Venue on the day of the Meeting.

Notes** (continued)**:

(iv) Members are to attend, ask questions to the Board of Directors via real time submission of typed texts and vote remotely (collectively,"participate") at the Nineteenth AGM of the Company via the Remote Participation and Electronic Voting ("RPEV") facilities provided by KPMG Management & Risk Consulting Sdn. Bhd. ("KPMG MRC") via its ConveneAGM Meeting Platform at https://conveneagm.my/canoneagm2023. Please follow the Procedures for RPEV facilities in the Administrative Details for the Nineteenth AGM.

(v) A member of the Company entitled to participate at the Nineteenth AGM of the Company is entitled to appoint not more than 2 proxies of his/her own choice to participate in his/her stead. A proxy may but need not be a member of the Company. Where a member appoints more than 1 proxy, the member shall specify the proportion of his/her shareholding to be represented by each proxy, failing which, the appointment shall be invalid.

(vi) Where a member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than 2 proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account to participate at the Nineteenth AGM of the Company. Where a member of the Company is an Exempt Authorised Nominee ("EAN") which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("Omnibus Account"), such EAN may appoint multiple proxies in respect of each Omnibus Account it holds. In both cases, such appointment shall be invalid unless the Authorised Nominee or EAN specifies the proportion of its shareholdings to be represented by each proxy it has appointed.

(vii) The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or if the appointor is a corporation, under its common seal or signed by its attorney duly authorised in writing or by 2 officers, 1 of whom shall be a director, on behalf of the corporation. Any alteration to the instrument appointing a proxy must be initialled.

(viii) The appointment of a proxy may be made in hard copy form or by electronic form and must be deposited with/received by KPMG MRC, not less than 48 hours before the time appointed for holding the Nineteenth AGM of the Company or any adjournment thereof, and in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, otherwise the person so named shall not be entitled to vote in respect thereof.

(ix) In the case of an appointment made in hard copy form, the Proxy Form, together with the power of attorney (if any) under which it is signed or a notarially certified copy of that power or authority, must be deposited at the office of our Administration and Polling Agent, KPMG MRC at Concourse, KPMG Tower, No. 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

(x) In the case of appointment by electronic form, the Proxy Form must be electronically lodged with KPMG MRC via its ConveneAGM Meeting Platform at https://conveneagm.my/canoneagm2023 or via email to support_conveneagm@kpmg.com.my. Please refer to the Administrative Details for the Nineteenth AGM on the procedures for electronic lodgement of Proxy Form via ConveneAGM Meeting Platform.

(xi) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice will be put to the vote by way of poll. Independent Scrutineers will be appointed to verify the results of the poll.

(xii) By submitting an instrument appointing a proxy(ies) and/or representative(s) to participate at the forthcoming Nineteenth AGM of the Company and/or any adjournment thereof, the member of the Company accepts and agrees to the Personal Data Privacy terms as set out in the Notice of Nineteenth AGM of the Company dated 28 April 2023.

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AFFIX
STAMP

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

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CAN-ONE BERHAD
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