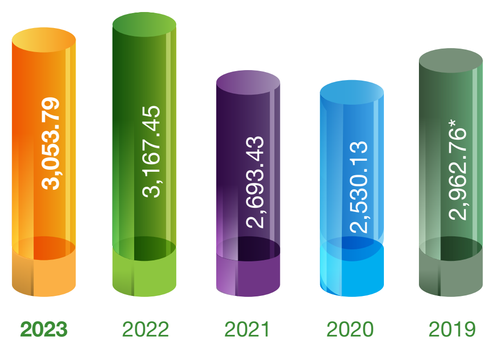
**CAN-ONE BERHAD**
200401000396 (638899-K)

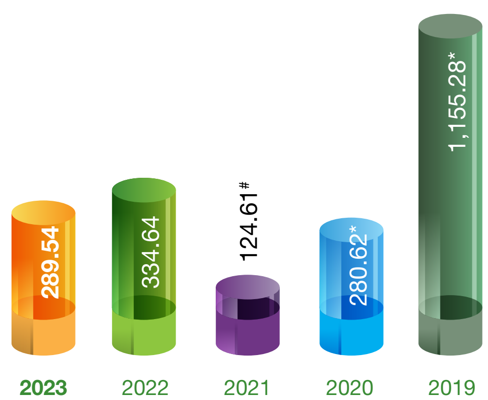
# FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

| | Financial Year Ended 31 December | | | | |
|---|---|---|---|---|---|
| | 2023 | 2022 | 2021 | 2020 | 2019 |
| Revenue (RM'Million) | 3,053.79 | 3,167.45 | 2,693.43 | 2,530.13 | 2,962.76* |
| Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) (RM'Million) | 289.54 | 334.64 | 124.61# | 280.62* | 1,155.28* |
| Profit/(Loss) Before Taxation (RM'Million) | 50.29 | 128.93 | (69.24) | 100.00* | 959.94* |
| Profit/(Loss) After Taxation (RM'Million) | 28.62 | 87.89 | (108.94) | 80.92* | 939.34* |
| Net Profit/(Loss) Attributable to Equity Holders (RM'Million) | 33.40 | 91.65 | (52.86) | 76.42* | 714.66* |
| Total Assets (RM'Million) | 4,483.23 | 4,263.57 | 3,962.35 | 3,792.51 | 3,837.18 |
| Paid-Up Capital (RM'Million) | 197.66 | 197.66 | 197.66 | 197.66 | 197.66 |
| Shareholders' Equity (RM'Million) | 1,851.49 | 1,826.58 | 1,733.80 | 1,781.35 | 1,727.88 |
| Return on Equity (%) | 1.80 | 5.02 | (3.05) | 4.29 | 41.36 |
| Total Borrowings and Lease Liabilities (RM'Million) | 1,762.11 | 1,603.07 | 1,481.16 | 1,302.26 | 1,397.09 |
| Earnings/(Loss) Per Share (Sen) | 17.38 | 47.70 | (27.51) | 39.77* | 371.92* |
| Net Assets Per Share (RM) | 9.64 | 9.51 | 9.02 | 9.27 | 8.99 |
| Debt-To-Equity Ratio (times) | 0.95 | 0.88 | 0.85 | 0.73 | 0.81 |

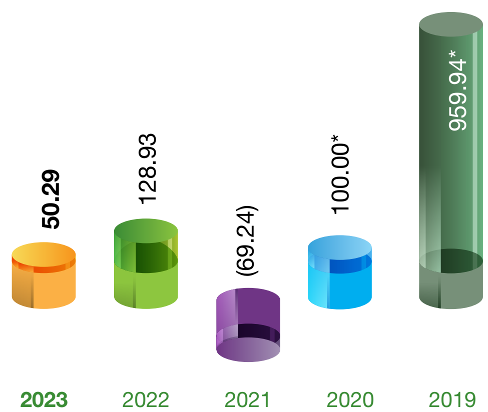
## Revenue (RM'MILLION)



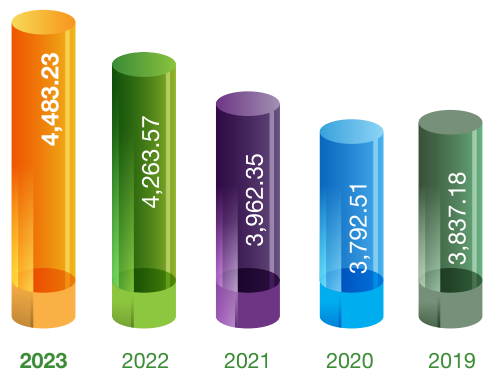

## Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) (RM'MILLION)




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




## Total Assets (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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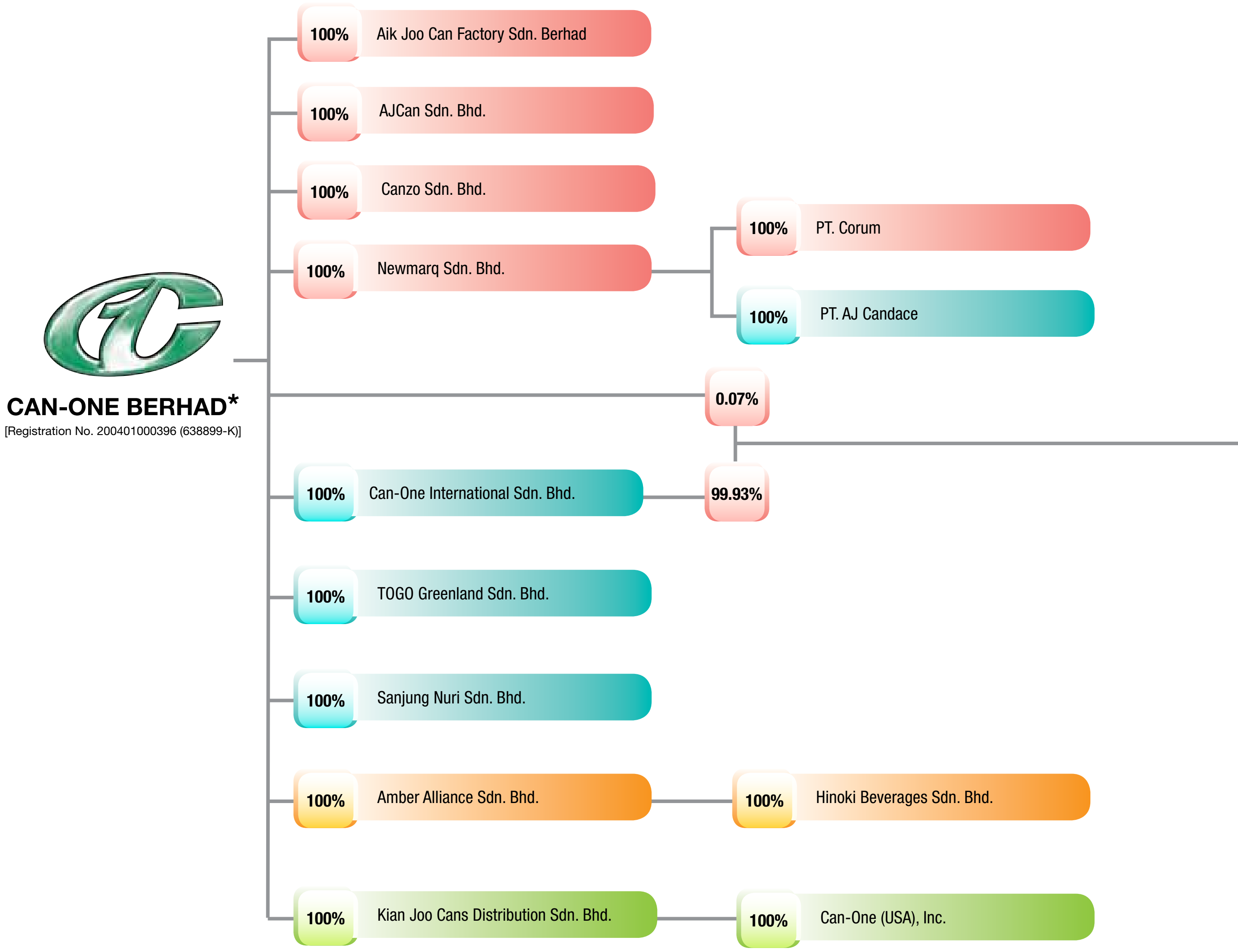
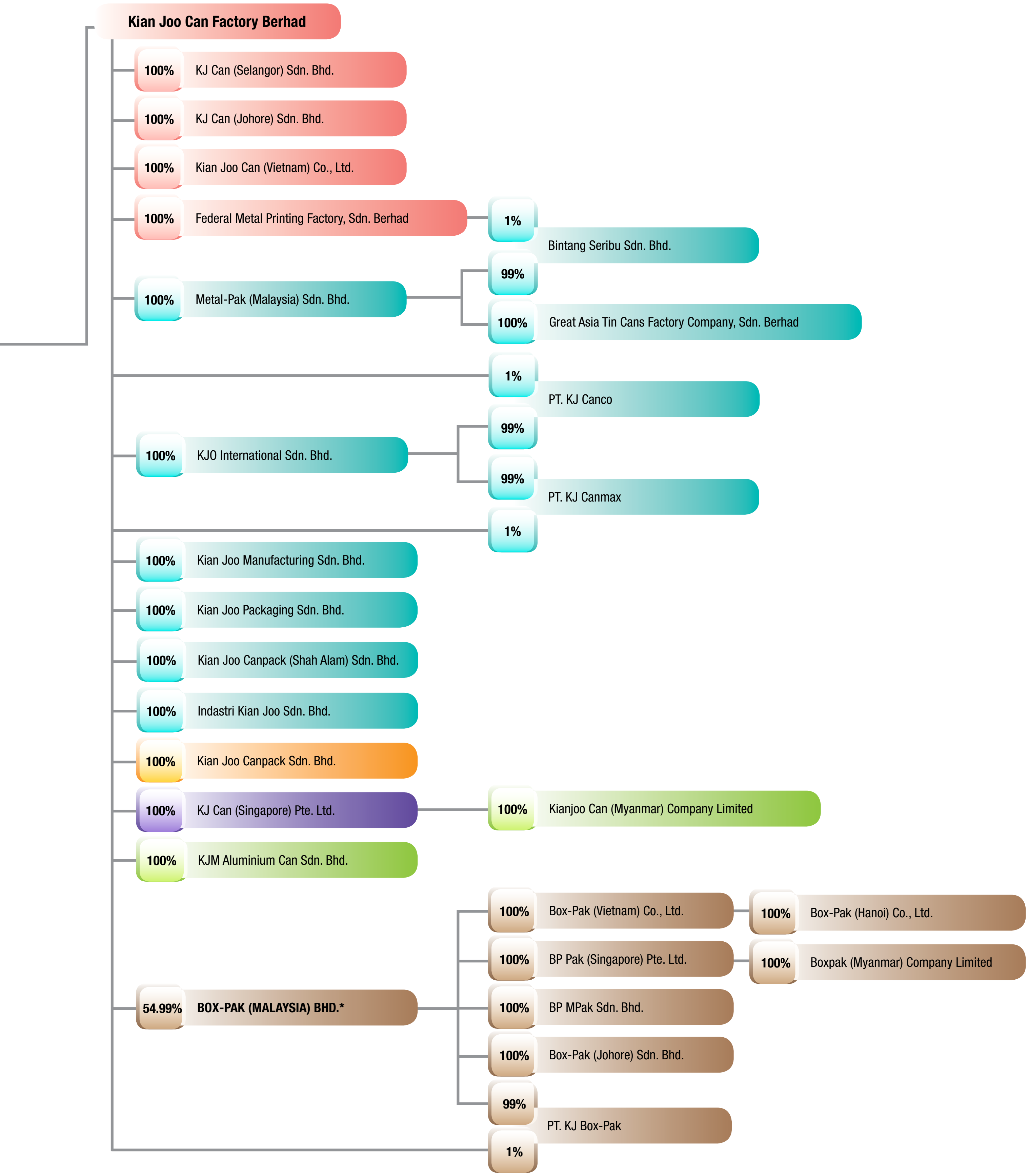
# CORPORATE STRUCTURE
## AS AT 15 APRIL 2024




** 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
1%
PT. KJ Canco
99%
100% KJO International Sdn. Bhd.
99%
PT. KJ Canmax
1%
100% Kian Joo Manufacturing Sdn. Bhd.
100% Kian Joo Packaging Sdn. Bhd.
100% Kian Joo Canpack (Shah Alam) Sdn. Bhd.
100% Indastri Kian Joo Sdn. Bhd.
100% Kian Joo Canpack Sdn. Bhd.
100% KJ Can (Singapore) Pte. Ltd.
100% Kianjoo Can (Myanmar) Company Limited
100% KJM Aluminium Can Sdn. Bhd.
100% Box-Pak (Vietnam) Co., Ltd.
100% Box-Pak (Hanoi) Co., Ltd.
100% BP Pak (Singapore) Pte. Ltd.
100% Boxpak (Myanmar) Company Limited
54.99% BOX-PAK (MALAYSIA) BHD.*
100% BP MPak Sdn. Bhd.
100% Box-Pak (Johore) Sdn. Bhd.
99%
PT. KJ Box-Pak
1%

# CORPORATE INFORMATION
AS AT 15 APRIL 2024

## BOARD OF DIRECTORS

**Tun Arifin Bin Zakaria**
*Chairman/Senior Independent Non-Executive Director*

**Marc Francis Yeoh Min Chang**
*Group Managing 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@canone.com.my

### PRINCIPAL BANKERS
AmBank (M) Berhad
AmBank Islamic Berhad
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
OCBC Bank (Malaysia) Berhad
United Overseas Bank (Malaysia) Bhd

### 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
Email : info@kpmg.com.my

### 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
AS AT 15 APRIL 2024

## TUN ARIFIN BIN ZAKARIA

*Chairman/Senior Independent Non-Executive Director*
*Malaysian, Male, Aged 73*

Tun Arifin Bin Zakaria was appointed as Senior Independent Non-Executive Director and Chairman of Board of Directors of Can-One Berhad ("Can-One" or "the Company") on 28 June 2023.

He graduated with Bachelor of Law (LLB) (Honours) from the University of Sheffield, United Kingdom ("UK') in 1974 and Master of Law (LLM) from the University College, London in 1979. He was called to the English Bar at The Honourable Society of Lincoln's Inn in 1979.

Upon graduation, his distinguished legal career began when he joined the Malaysian Judicial and Legal Service including serving as a Magistrate in the Magistrates' Court, President of the Sessions Court, and Senior Assistant Registrar of the High Court, Federal Counsel and Senior Federal Counsel in the Advisory Division of the Attorney General's Chambers of Malaysia, Legal Advisor to the Ministry of Primary Industries, Legal Advisor to the Public Services Department, Legal Advisor to the State of Malacca and Perak, Deputy Parliamentary Draftsman and Senior Federal Counsel of the Inland Revenue Department.

He served in various capacities in the Government of Malaysia, both in Judicial and Legal Departments before being appointed as Judicial Commissioner of the High Court of Malaya on 1 March 1992, and Judge of the High Court of Malaya in 1994. In 2002, he was elevated as Judge of the Court of Appeal, in 2005 as Judge of the Federal Court and then in October 2008 as Chief Judge of the High Court of Malaya. On 12 September 2011, he was appointed as the 13th Chief Justice of Malaysia, where he served until his retirement on 31 March 2017. In 2013, he was made an Honorary Bencher of The Honorable Society of Lincoln's Inn.

His most distinguished contributions to the legal fraternity, improve the efficiency of judiciary include promotion of the use of information technology in courts, upgrading and installation of Court Recording and Transcription (CRT) facility, implementation of e-filing, e-finance system enabling payments through kiosks. Other contributions include setting up of the New Commercial Courts (NCC) to dispose commercial cases within 9 months, establishing the Environmental Courts as part of Sessions and Magistrates' Courts in 2011, setting up the Construction Court in Kuala Lumpur and Shah Alam in 2013, overseeing establishment of the Coroner's Court in 2014 and setting up the Anti-Profiteering Court in 2015 as well as establishment of a court-annexed mediation throughout the country to expedite disposal of cases and reduce cost of litigation.

He also headed the committee drafting the Rules of Court 2012, combining the Rules of the High Court 1980 and the Subordinate Court Rules 1980, reforming and streamlining civil procedure in Malaysia.

He currently is the Chairman of DutaLand Berhad and Microlink Solutions Berhad, both are listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). He is also the Chairman of Inns of Court Malaysia, a society for legal professionals. He was formerly the Group Chairman of Permodalan Nasional Berhad.

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

# PROFILE OF DIRECTORS
AS AT 15 APRIL 2024

## MARC FRANCIS YEOH MIN CHANG

*Group Managing Director*
*Malaysian, Male, Aged 39*

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, United States of America ("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 ("AGB") which is listed on the Main Market of Bursa Securities and also in Aluminium Company of Malaysia Berhad, a wholly-owned subsidiary of 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.

## GOH TECK HONG

*Executive Director*
*Malaysian, Male, Aged 49*

Goh Teck Hong 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
AS AT 15 APRIL 2024

## YEOH JIN HOE

*Non-Independent Non-Executive Director*
*Malaysian, Male, Aged 77*

Yeoh Jin Hoe was appointed as 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, rigid packaging, 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).

# PROFILE OF DIRECTORS
AS AT 15 APRIL 2024

## YEOH JIN BENG

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

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.

## FOO KEE FATT

*Independent Non-Executive Director*
*Malaysian, Male, Aged 58*

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 ("MICPA") and MIA. 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 36 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 MMS Ventures Berhad and Box-Pak (Malaysia) Bhd., both of which are listed on the Main Market of Bursa Securities.

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

# PROFILE OF DIRECTORS

AS AT 15 APRIL 2024

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

*Independent Non-Executive Director*
*Malaysian, Male, Aged 67*

Datuk Dr. Syed Hussain Bin Syed Husman, J.P. 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, UK, and also a Doctorate in Business Administration from Asia e University (AeU). 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. He 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, Council Member of the Malaysian Qualifications Agency under the Ministry of Higher Education, President of Confederation of Asia Pacific Employers (CAPE) and also a Governing Board member of International Labour Organisation (ILO).

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
AS AT 15 APRIL 2024

## RAJARETNAM SOLOMAN DANIEL

*Independent Non-Executive Director*
*Malaysian, Male, Aged 69*

Rajaretnam Soloman Daniel 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 director in several subsidiaries of RHB Bank.

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, Female, Aged 55*

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 brings with her a depth of business experience in addition to her corporate legal experience having worked closely for over 30 years with founders of companies, more particularly, in property development, retail advisory, education and agriculture. Adding to this diversity, she also co-founded Abundant Ventures Sdn. Bhd., a social enterprise focusing on food security, health and the environment whilst undertaking an advisory role at the Malaysian chapter of a global youth non-governmental organisation (NGO).

She does not have any family relationship with any Director and/or major shareholder of Can-One. Other than as an Independent Non-Executive Director of CIMB Bank Berhad, she has no directorship in other public companies and listed issuers.

*Additional information:*
1. *None of the Directors has any conflict of interest or potential conflict of interest, including interest in any competing business with Can-One or its subsidiaries.*
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 2023.*
3. *Details of the Directors' attendance at Board meetings are set out in page 77 of this Annual Report.*

# PROFILE OF KEY SENIOR MANAGEMENT
AS AT 15 APRIL 2024

## CHAN KAM CHIEW

*Group Finance Director*
*Malaysian, Male, Aged 59*

Chan Kam Chiew is a member of MIA, 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. In March 2023, he was appointed as a member of the Malaysian Financial Reporting Standards Application and Implementation Committee of the MASB.

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

## BERNADETTE CHIN CHEEN CHOO

*Director - Group Executive Management Office*
*Malaysian, Female, Aged 58*

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 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.

# PROFILE OF KEY SENIOR MANAGEMENT
AS AT 15 APRIL 2024

## HO YIK KIT

*Head of Corporate Sustainability*
*Malaysian, Male, Aged 60*

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 role as General Manager - Audit, Risk and Sustainability in January 2021. On 11 March 2024, he assumed the role of Head of Corporate Sustainability.

## LYDIA TONG YIU SHYIAN-SHYIAN

*Joint Company Secretary*
*Malaysian, Female, Aged 37*

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 of Can-One on 1 February 2023.

## KWONG SHUK FONG

*Joint Company Secretary*
*Malaysian, Female, Aged 51*

Kwong Shuk Fong is an associate member 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.

## LE SEE LI

*Head of Operational Efficiencies and Improvements - Tin cans segment, Teluk Panglima Garang*
*Malaysian, Male, Aged 60*

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 General Manager of Aluminium cans segment, Nilai on 1 January 2017. On 1 January 2024, he took on the role of Head of Operational Efficiencies and Improvements in Tin cans segment, Teluk Panglima Garang manufacturing plant.

# PROFILE OF KEY SENIOR MANAGEMENT
AS AT 15 APRIL 2024

## LEONG SHEONG LOK

*General Manager - Tin cans segment, Shah Alam*
*Malaysian, Male, Aged 54*

Leong Sheong Lok holds a Bachelor Degree in Mechanical Engineering from Universiti Kebangsaan Malaysia. He joined KJCFB group of companies ("KJCFB Group") as plant engineer in 1997. He was promoted to his current position on 1 January 2017.

## ANG KOK KUN

*General Manager - Tin cans segment, Batu Caves*
*Malaysian, Male, Aged 53*

Ang Kok Kun obtained his Bachelor 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, Male, Aged 48*

Tan Kim Weng obtained his Bachelor of Business Administration degree from University of Ottawa, United States of America. 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 his current position on 1 January 2017.

## HOH WEE SANG

*General Director - Tin cans segment, Vietnam*
*Malaysian, Male, Aged 57*

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.

# PROFILE OF KEY SENIOR MANAGEMENT
## AS AT 15 APRIL 2024

### FOO MUN CHOONG

*General Manager - Sales,*
*Tin cans segment*
*General Manager - Tin cans segment,*
*Teluk Panglima Garang and Butterworth*
*Malaysian, Male, Aged 52*

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 to 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.

### LIM ENG TAK

*General Manager - Rigid*
*packaging segment*
*Malaysian, Male, Aged 56*

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.

### LAU GIE WEE

*Head of Commercial - Contract*
*Manufacturing Division*
*Malaysian, Male, Aged 35*

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.

### QUEK KHEH MENG

*General Manager - Contract*
*Manufacturing Division, Seremban*
*Malaysian, Male, Aged 50*

Quek Kheh Meng holds a Bachelor of Business Administration (Honours) degree from Coventry University, UK in 1998. He joined KJCFB Group as Sales Executive in the Tin cans segment in 1988. 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.

# PROFILE OF KEY SENIOR MANAGEMENT
AS AT 15 APRIL 2024

## LIM KIM HONG

*General Manager - Aluminium cans segment, Myanmar*
*Malaysian, Male, Aged 63*

Lim Kim Hong has more than 42 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

*General Manager - Aluminium cans segment, Batu Caves*
*Malaysian, Male, Aged 49*

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 and he was promoted to Operations Manager on 1 June 2020. On 1 January 2024, he was promoted to the position of General Manager.

## YEW LI LIAN

*General Manager - Sales, Aluminium cans Segment*
*Malaysian, Female, Aged 59*

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.

## CHEW HOCK SAN

*General Manager - Aluminium cans and Cartons segments, Myanmar*
*Malaysian, Male, Aged 58*

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.

# PROFILE OF KEY SENIOR MANAGEMENT
AS AT 15 APRIL 2024

## CHAN HUAN CHEONG

*Group Senior General Director - Cartons segment, Vietnam*
*Malaysian, Male, Aged 81*

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 of companies ("Box-Pak Group") operations in Vietnam in 2004 and was promoted to his current position on 28 May 2014.

## TAN BENG WAH

*Chief Operating Officer - Cartons segment - Malaysia*
*Malaysian, Male, Aged 55*

Tan Beng Wah holds a Bachelor of Accounting Degree and a Master in Business Administration from University Utara Malaysia. He is also a member of the MIA.

He joined KPMG Peat Marwick, Penang as audit assistant in 1994. From 1995 to 1997, he served as the Finance Manager in a subsidiary of a listed company, Sin Kean Boon Group Berhad. In 1998, he joined Aik Joo Can Factory Sdn. Berhad as the General Manager of the Finance and Administration units. He was appointed to the Board of Can-One as Executive Director on 16 July 2012. He was responsible for the financial and administration affairs of the Group. He joined F & B Nutrition Sdn. Bhd. as Chief Executive Officer from 2019 to 2023. His experience covers operation, finance, human resource, administration and marketing.

He joined Box-Pak Group on 1 April 2023 as Chief Operating Officer for the Group's operations in Malaysia.

## MA MY PHUONG

*General Director - Cartons segment, Vietnam*
*Vietnamese, Female, Aged 52*

Ma My Phuong graduated from high school and has 32 years of working experience in the corrugated carton industry having started her career in 1992. She joined Box-Pak Group's operations in Vietnam in 2004 as a Marketing Manager and was promoted to Deputy General Director on 1 September 2016. She was promoted to her current position on 1 January 2023.

# PROFILE OF KEY SENIOR MANAGEMENT

AS AT 15 APRIL 2024

## LE THI PHUONG LAN

*Deputy General Director - Cartons segment - Vietnam*
*Vietnamese, Female, Aged 44*

Le Thi Phuong Lan has 23 years of working's experience in the corrugated carton industry. She holds a Master's Degree in Finance and Banking and Bachelor of Economics degree majoring in Accounting and Auditing. She joined the Group's operations in Vietnam in September 2005 as a Chief Accountant and was promoted to Deputy General Director on 1 September 2016.

## GAN JOE YEE

*General Manager - Cartons segment, Vietnam*
*Malaysian, Male, Aged 51*

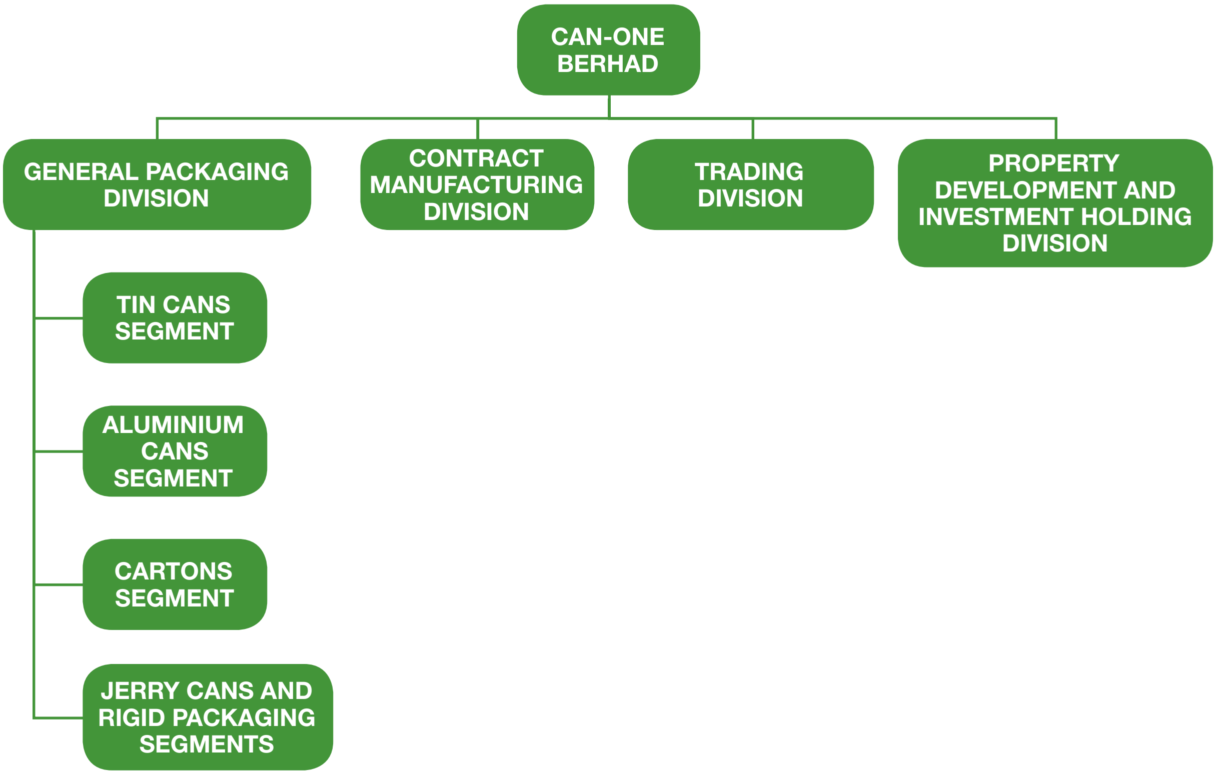
Gan Joe Yee holds a Bachelor Degree in Commerce (Honours) from Lincoln University, New Zealand. He has 28 years working experience in various industries. He joined the Group on 19 July 2019 as General Manager of the corrugated carton operations in Hanoi, Vietnam.

*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 or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.*
- *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 2023.*

# 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 new aluminium can plant in the United States of America ("USA") commenced its operations in December 2023. The main customers of aluminium cans are the beverage industry which includes 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 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 sales 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 in the abovementioned divisions are included in this division. This includes investments in certain subsidiaries, investments in properties held for development, and for entities with properties for letting to related companies and third parties.

## FINANCIAL PERFORMANCE HIGHLIGHTS AND REVIEW

| | FYE 2023 RM'000 | FYE 2022 RM'000 | Increase/ (Decrease) RM'000 |
|---|---|---|---|
| Revenue | **3,053,791** | 3,167,452 | (113,661) |
| Gross profit | **330,909** | 371,664 | (40,755) |
| Profit before tax ("PBT") | **50,285** | 128,929 | (78,644) |
| Profit after tax ("PAT") | **28,623** | 87,888 | (59,265) |
| Earnings before interest, tax, depreciation and amortisation ("EBITDA") | **289,536** | 334,636 | (45,100) |
| Adjusted earnings before interest, tax, depreciation and amortisation ("Adjusted EBITDA") | **273,243** (1) | 329,800 (2) | (56,557) |

(1) *This was arrived at after deducting the reversal of impairment loss on property, plant and equipment, and financial instruments, gain from subsidiaries struck off/deregistered as well as gain on disposal of property, plant and equipment, and right-of-use assets during the financial year amounting to RM16.3 million.*

(2) *This was arrived at after adding the impairment loss on financial instruments and deducting the reversal of impairment loss on property, plant, and equipment and gain on disposal of property, plant and equipment, and right-of-use assets during the financial year amounting to RM4.8 million.*

The net revenue of the Group for FYE 2023 decreased by RM113.7 million to RM3,053.8 million. PBT of the Group for FYE 2023 decreased by RM78.6 million to RM50.3 million. The lower revenue and PBT was mainly attributable to General Packaging division and partially offset by Property development and investment holding division as explained below.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL PERFORMANCE HIGHLIGHTS AND REVIEW *(continued)*

### DIVISIONAL BUSINESS REVIEW

***General Packaging division***

Revenue of the General Packaging division decreased by RM176.0 million to RM2,882.9 million in FYE 2023 mainly due to a decrease in sales volumes of the Tin cans and Cartons segments partially offset by an increase in sales volumes of the Aluminium cans segment. PBT decreased by RM122.5 million to RM50.3 million in FYE 2023. This was mainly due to lower sales, higher interest expense, and pre-operating expenses incurred for the set-up of a new aluminium can plant in the USA and partially offset by higher other operating income, which was from unrealised gain on foreign exchange and derivatives, gain on disposal of assets and interest income.

***Contract Manufacturing division***

Revenue of the Contract Manufacturing division increased by RM27.6 million to RM166.5 million in FYE 2023 mainly due to an increase in sales volume. The division recorded a lower PBT at RM3.6 million in FYE 2023 mainly due to higher sales volume and value achieved and reversal of impairment loss on property, plant and equipment offset by a lesser amount of debts waived by related companies.

***Trading division***

Revenue of Trading division decreased by RM283.5 million to RM250.1 million in FYE 2023. Loss before tax ("LBT") of the division increased marginally by RM0.3 million to RM7.6 million in FYE 2023 which was mainly due to the decrease in trading activities and higher interest expense offset by lower impairment loss on financial instruments and higher interest income.

***Property Development and Investment Holding division***

Property development has commenced to recognise a share of revenue and PBT of RM34.6 million and RM13.4 million respectively from its property development activities in Kapar.

## FINANCE POSITION REVIEW

| | As at 31.12.2023 RM'000 | As at 31.12.2022 RM'000 | Increase/ (Decrease) RM'000 |
|---|---|---|---|
| Total assets | 4,483,226 | 4,263,573 | 219,653 |
| Total liabilities | 2,550,058 | 2,349,356 | 200,702 |
| Shareholders' equity | 1,851,492 | 1,826,575 | 24,917 |
| Non-controlling interests | 81,676 | 87,642 | (5,966) |
| Cash and cash equivalents | 387,066 | 386,176 | 890 |
| Total loans and borrowings and lease liabilities | 1,762,105 | 1,603,072 | 159,033 |
| Return on equity (%) | 1.80 | 5.02 | |
| Gearing ratio (times) | 0.95 | 0.88 | |
| Net gearing ratio (times) | 0.74 | 0.67 | |
| Net assets per share (RM) | 9.64 | 9.51 | |
| Earnings per share (RM) | 0.17 | 0.48 | |

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCE POSITION REVIEW *(continued)*

As at 31 December 2023, the Group's total assets stood at RM4,483.2 million, a higher assets base of RM219.7 million compared to 31 December 2022.

The Group continued to invest in capital expenditures to increase production capacity and to work on improving production efficiency. Total capital expenditures invested in FYE 2023 amounted to RM536.9 million.

Total liabilities of the Group stood at RM2,550.1 million as at 31 December 2023, an increase of RM200.7 million compared to 31 December 2022. This increase was mainly due to an increase in hire purchase liabilities to finance plant and machinery and lease liabilities from the lease of a new factory premises where the aluminium can plant in USA is situated.

## CASH FLOWS REVIEW

The cash and cash equivalents of the Group increased by RM0.9 million to RM387.1 million as at 31 December 2023.

The Group generated net cash flows of RM466.8 million from operating activities. Net cash used in investing activities was RM355.2 million mainly due to the acquisition of property, plant and equipment offset by proceeds from the disposal of certain property, plant and equipment, and right-of-use assets. Net cash of RM98.5 million used in financing activities mainly related to the net repayment of term loans and interest paid.

## CAPITAL STRUCTURE AND CAPITAL RESOURCES

Gross gearing ratio increased to 0.95 times as at 31 December 2023 (31 December 2022: 0.88 times) due to higher hire purchase and lease liabilities to finance the investment in the USA aluminium can plant. Net gearing ratio stood at 0.74 times, higher by 0.07 times as the cash and cash equivalents as of 31 December 2023 approximated to the amount as of 31 December 2022.

The Group aims to maintain a prudent financial structure in order to continue to have access to adequate capital and financing on favourable terms to safeguard the ability of the Group 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 the debt covenants.

The Group's total capital commitments as of 31 December 2023 amounted to RM163.1 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 four (4) sen per share amounting to approximately RM7.7 million for the FYE 2023, subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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, confectionary, lubricants, paint, chemicals, battery jackets, 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 cans market in Malaysia is a matured industry with more than fifty (50) years of history.

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

Jerry cans which are primarily produced in the Indonesian plant are used for edible oil packaging while Rigid packaging produced in the Malaysian plant is used as packaging material in the food and beverage industry such as cooking oil, oats, flavoured syrup, honey, and others.

At present, the 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 is dependent on the consumers' demand in the domestic market as well as export opportunities.

***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 Environment, Social, and Governance ("ESG") gains momentum, aluminium products, especially aluminium cans, will gain prominence in the consumer marketplace and will be in direct competition with plastic and glass bottle 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 three (3) aluminium cans manufacturers in Malaysia. It is also possible for domestic beverage manufacturers to import empty cans from suppliers aboard. The majority of aluminium cans produced by the Group is to cater to domestic beverage manufacturers. Hence, the growth of aluminium cans business is dependent on the consumer market demands both domestically and overseas. The Group's direction of targeting and developing new export markets has been positive.

In its fifth year of commercial operation, the Group's Myanmar entity recorded a revenue RM243.3 million (FYE 2022: RM189.6 million) and reported a PBT of RM34.3 million (FYE 2022: PBT RM14.8 million). Revenue and profit increased due to a combination of higher sales volume and favourable United States Dollar ("USD") exchange rate.

The Group's new aluminium can plant in the USA commenced its operations in December 2023. As a greenfield project, it is only expected to contribute positive results to the Group in 3 to 5 years time.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OPERATIONAL ACTIVITIES REVIEW *(continued)*

### GENERAL PACKAGING DIVISION *(continued)*

***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 to achieve business growth.

In Malaysia, the corrugated carton industry is a mature 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 operations of the Group in Malaysia or Vietnam. Some downstream players are pure converters where they source paper boards from corrugated carton manufacturers and supply corrugated cartons to their customers.

In Malaysia, the Group focuses its marketing efforts on fast-moving consumer goods where high-quality corrugated cartons are in demand. The Group also sells its corrugated cartons to the food and beverages, furniture, edible oil, electronic and electrical, and other industries.

In Vietnam, the corrugated carton industry is also a mature industry with a large number of manufacturers. Apart from manufacturers of similar size, the operations of the Group 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 electrical and electronic and furniture industries. During FYE 2023, the entities of the Group in Vietnam were experiencing lower production and sales volume because of lower demand in key export markets weighing on its manufacturing industry. The Management will continue to focus on business development activities to increase sales volume from customers and work towards better operational efficiencies.

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

The entity of the Group in Myanmar is in its fifth year of commercial operation. The Myanmar entity recorded a revenue of RM46.0 million (FYE 2022: RM44.0 million) and incurred a LBT of RM5.7 million (FYE 2022: RM6.7 million). This is the second consecutive year that the Myanmar entity recorded positive gross profit which was mainly attributable to the changes in sales mix. The Management will closely monitor the operations of this entity to improve on its 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OPERATIONAL ACTIVITIES REVIEW *(continued)*

### CONTRACT MANUFACTURING DIVISION

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

The Management is increasing its efforts in marketing to secure more orders from customers while gearing up production capacity to contribute positively to the financial performance of the Group in the financial year ending 2024.

### TRADING DIVISION

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

## RISKS ASSUMED IN BUSINESS OPERATIONS

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

### A. Availability and price of raw materials

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

There is one sole local 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 an 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.

The 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. There are aluminium coils suppliers in the USA. The cost of aluminium coils is based on the commodity price quoted on London Metal Exchange ("LME") and aluminium rolling cost. The Group manages the cost pressure partially through a hedging mechanism, when appropriate.

# 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 financial management and operations of the Group *(continued)*:

### A. Availability and price of raw materials *(continued)*

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 the majority of paper rolls are sourced locally by the Malaysian and Vietnam entities, the cost of paper rolls mirrors those of the international market as it is influenced by the market price 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, they 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 the price and availability of raw materials, establishing long-term business relationships with its pool of suppliers, and maintaining sufficient inventory of raw materials.

### B. Political, Economic, 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, and unfavourable changes in government policies which include interest rates, method and rate of taxation, currency exchange control or introduction of new regulations, import duties and tariffs and re-negotiations or nullification of existing contracts.

### C. Competition

The general packaging industry is mature and highly competitive due to price pressure and the presence of numerous manufacturers competing for the same pool of customers. The Group is confident that it will be able to withstand any direct competition. The entry barriers into the general packaging industry are high because of the need for large capital investment.

### 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 the foreign currency risk in the following manner:

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

# 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 financial management and operations of the Group *(continued)*:

### 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. There was no revision made to the minimum wage applied, i.e. RM1,500 per month since FYE 2022.

The Group has complied with the Employment Act 1955 (Amendment 2022) in Malaysia that was enforced on 1 January 2023 to increase and expand the protection and welfare of employees. The key changes made to the Act include the following:

(i) The maximum working hours for workers have been reduced from 48 hours per week to 45 hours per week;
(ii) Increased paid parental leave. Maternity leave entitlement for working mothers has increased from 60 days to 98 days post delivery and Paternity leave of 7 consecutive days;
(iii) Employees earning RM4,000 per month and below are now eligible for overtime payment; and
(iv) Awareness promotion in the workplace in respect of sexual harassment issues.

The Group established collaborative ventures with technical and vocational institutions to create employer branding by obtaining Skim Latihan Dual Nasional ("SLDN") accreditation for some plants as places of technical experiential learning focusing primarily on metal printing skill development. This will provide the Group with an avenue to build local skilled talents and reduce the reliance on foreign workers.

In Vietnam, the Government of Vietnam enforces the minimum wage. In Ho Chi Minh City, the minimum wage per month is Vietnamese Dong ("VND") 4.68 million whereas in Hanoi City, it is VND4.16 million since FYE 2022. In the year 2023, the Government of Vietnam withheld the minimum wage increase to cushion the impact on businesses and the economic conditions brought on by the pandemic.

In Myanmar, the Government of Myanmar increased the minimum wage by Myanmar Kyat 1,000 to Myanmar Kyat 5,800 a day effective 1 October 2023.

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

### 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 food safety. Thus, the Group is committed to producing and offering products with high-quality assurance for packaging and consumption, which are key factors directly affecting the end consumers' satisfaction as well as the business reputation of the Group.

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, Environment Management Systems ISO 14001, Occupational Health and Safety Management Systems ISO 45001, 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.

## RISKS ASSUMED IN BUSINESS OPERATIONS *(continued)*

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

### G. ESG-related rules

Regulators are strengthening ESG-related rules. The transition to a low-carbon economy is emerging as a crucial conversation and a license to operate. The Group has an ESG roadmap, and has engaged customers, vendors, and financial institutions in our effort to understand the decarbonisation requirements. This is addressed and reported in the Sustainability Report on pages 28 to 67 of this Annual Report.

## FORWARD-LOOKING STATEMENT

The operating environment of the Group for the financial year ending 2024 is expected to be influenced by volatility in foreign currency exchange rates, cumulative inflationary effects in raw materials and other input costs such as labour, transportation, and energy costs, challenging macroeconomics conditions in certain markets, escalation of geopolitical conflicts with the risks of sea trade disruptions and shipping delays, uncertainty amid an election year in a large number of countries, rising protectionism, an elevated interest rate environment that increases working capital costs for businesses as well as limit consumer spending. There is also heightened awareness and compliance related to climate-related risk mitigation actions that businesses are adopting. Global economists are forecasting slower consumption rather than a recession in light of moderate global trade growth. The Board is cautiously optimistic about business prospects of the Group as the Group continues to explore new market opportunities with an emphasis on operational efficiency to deliver sustainable growth and satisfactory performance for the financial year ending 31 December 2024.

# SUSTAINABILITY REPORT

## ABOUT THIS REPORT

This report provides detailed disclosures on Can-One Berhad ("Can-One" or "the Company") and its subsidiaries ("the Group" or "Can-One Group") sustainability commitments, initiatives, actions taken, and performance for the financial year ended 31 December ("FYE") 2023.

It has been prepared with reference to the Global Reporting Initiative ("GRI") Universal Standards 2021 and per Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements and the third edition of the Bursa Securities Sustainability Reporting Guide.

This report should be read together with the Company's Annual Report 2023 ("AR 2023") 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. The last Sustainability Report was published in April 2023.

Our last report covers the Group's principal operating segments in Malaysia and Vietnam only. This year, we have included our aluminium can and carton operations in Myanmar as they have became material operating segments. Companies covered in this report:

| General cans segment | Aluminium cans segment |
|---|---|
| • Aik Joo Can Factory Sdn. Berhad | • KJM Aluminium Can Sdn. Bhd. |
| • AJCan Sdn. Bhd. | • Kianjoo Can (Myanmar) Company Limited |
| • Canzo Sdn. Bhd. | **Carton segment** |
| • Kian Joo Can Factory Berhad | • Box-Pak (Malaysia) Bhd. |
| • KJ Can (Selangor) Sdn. Bhd. | • Box-Pak (Vietnam) Co., Ltd. |
| • KJ Can (Johor) Sdn. Bhd. | • BP MPak Sdn. Bhd. |
| • Kian Joo Can (Vietnam) Co., Ltd. | • Box-Pak (Hanoi) Co., Ltd. |
| • Federal Metal Printing Factory Sdn. Berhad | • Boxpak (Myanmar) Company Limited |
| **Contract manufacturing division** | |
| • Kian Joo Canpack Sdn. Bhd. | |

## REPORTING PRINCIPLES

In preparing this report, we have applied the Reporting Principles under Section 4 of GRI 1 Foundation 2021:

**Accuracy:** Reporting information that is correct and sufficiently detailed to allow for an assessment of the organisation's impacts

**Balance:** Reporting information in an unbiased way and providing a fair representation of the organisation's positive and negative impacts

**Clarity:** Presenting information that is accessible and understandable

# SUSTAINABILITY REPORT

## REPORTING PRINCIPLES *(continued)*

**Comparability:** Selecting, compiling, and reporting information consistently to enable an analysis of changes in the organisation's impact over time and an analysis of these impacts relative to those of other companies

**Completeness:** Providing sufficient information to enable an assessment of the organisation's impacts during the reporting period

**Sustainability Context:** Reporting information about its impacts in the wider context of sustainable development

**Timeliness:** Reporting information on a regular schedule and making it available in time for information users to make decisions

**Verifiability:** Gathering, recording, compiling, and analysing information in such a way that the information can be examined to establish its quality

## RESTATEMENTS

We have re-stated some comparative data to improve clarity, reflect the availability of updated emission factors and inclusion of Myanmar operations for FYE 2022. Intensity data has been re-calculated to enable a more meaningful comparison. Restated data, along with its impact of restatement are indicated in the respective sections of this report.

## STATEMENT OF ASSURANCE

In strengthening the credibility of the Sustainability Report, this Sustainability Report has been subjected to an internal review by the Company's internal auditors and independent assurance in accordance with recognised assurance standards for selected indicators and has been approved by the Board of Directors ("Board").

The scope, subject matters and relevant conclusion(s) are provided below:

| Type of Assurance | Material Matters | Subject Matter | Scope | Conclusion |
|---|---|---|---|---|
| Internal Review | Anti-Corruption | Percentage of operations assessed for corruption-related risk | Operations assessed:<br>1. Malaysia<br>2. Myanmar | Not applicable |
| Independent Assurance | Climate Change | **Scope 1** greenhouse gas (GHG) emissions – emissions associated with combustion from boiler systems (Natural gas, coal and biomass) (tonnes of carbon dioxide equivalent ("$tCO_2e$")) | Operations assessed:<br>1. Malaysia<br>2. Vietnam<br>3. Myanmar | Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter as presented in Can-One's Sustainability Report have not been prepared and presented fairly, in all material respects, in accordance with the defined Criteria*. |
| | | **Scope 2** GHG emissions (purchased electricity) ($tCO_2e$) | | |
| | Responsible Waste Management | • Total waste diverted from disposal (paper, aluminium and tin scraps) (tonnes)<br>• Total waste directed to disposal (hazardous (scheduled) waste) (tonnes) | | |

* Note: In preparing the Subject Matter mentioned above, Can-One's applied the following criteria: (1) The Global Reporting Initiative ("GRI") Standards and (2) Can-One's relevant policies and procedures

Please refer to pages 65 to 67 for the limited assurance report provided by KPMG PLT

## FEEDBACK

We welcome and encourage our stakeholders to provide feedback about this report at sustainability@canone.com.my.

# SUSTAINABILITY REPORT

## MESSAGE FROM GROUP MANAGING DIRECTOR

Dear Stakeholders,

I am pleased to share with you our latest Sustainability Report, which marks our 7th edition. This year, we have expanded the reporting boundary of our sustainability initiatives to include Myanmar to show our commitment to accountability in all our activities. We have also updated our sustainability report to align with the latest Global Reporting Initiative (GRI) 2021 reporting standards and Bursa Enhanced Disclosure Requirements to ensure our disclosures meet the highest industry standards.

To strengthen the credibility of our sustainability performance metrics, we have engaged KPMG PLT to validate our key reporting metrics to ensure accuracy and transparency in our sustainability disclosures.

In our last report, we highlighted some sustainability initiatives to address Greenhouse Gas (“GHG”) emissions across our Group. We are pleased to update on the progress of those initiatives. Our efforts in subscribing to the Green Electricity Tariff under our national utility company, Tenaga Nasional Berhad and our boiler systems at our carton segment plants in Vietnam transitioning from coal energy to biomass, have resulted in 19.6% reduction in GHG Scope 2 emissions and 72% reduction (from coal and biomass emission source) in Scope 1 emissions at the respective country plants. Meanwhile, the 3,013 kilowatt peak (“kWp”) rooftop solar system at our two plants in Nilai, Negeri Sembilan are near completion and should be online by the second quarter of the financial year ending 2024. We are committed to achieve 70% Scope 2 emissions intensity reduction by year 2030 with the aspiration to be net zero by year 2050.

In advancing our commitment towards responsible supply chain, we will be leveraging on the Supplier Ethical Data Exchange ("SEDEX") platform to improve our risk management processes and uphold our supply chain ethical standards.

We are proud to support the Malaysian Government’s initiative, National Dual Training Program or Skim Latihan Dual Nasional ("SLDN"), aimed at nurturing a skilled national workforce. Through our partnership with local technical institutes as part of their Academy in Industrial Program, our Malaysia subsidiaries, Kian Joo Can Factory Berhad group of companies (“Kian Joo Group”) including Box-Pak (Malaysia) Bhd. and its subsidiaries (“Box-Pak Group”) are contributing to the development of skilled professionals who will drive innovation and growth in the industry.

We wish to express our sincere gratitude for your support to our sustainability efforts. Together, we are making a tangible impact on the environment, society, and economy, and I look forward to continuing our journey towards a more sustainable and responsible future.

**Marc Francis Yeoh Min Chang**
Group Managing Director

# SUSTAINABILITY REPORT

## OUR APPROACH TO SUSTAINABILITY

Our approach to sustainability is underpinned by a robust governance structure where our Board together with the Audit and Risk Management Committee evaluate and approve the strategies and initiatives to instil a sustainability culture and practices throughout the Group.

## GOVERNANCE STRUCTURE

**BOARD OF DIRECTORS**

- Assumes overall responsibility for and oversight of the Group's sustainability agenda

**AUDIT AND RISK MANAGEMENT COMMITTEE**

**SUSTAINABILITY REPORTING EXECUTIVE COMMITTEE**

- Audit and Risk Management Committee takes on the additional role and responsibility of Sustainability Executive Committee
- Supports the Board's oversight of the Group's sustainability related topics
- Evaluates and advise the Board on sustainability strategies, policies relating to sustainability practices and initiatives and priorities
- Aligns sustainability strategy to long term business growth and goals
- Receives updates and advise Board on sustainability matter half yearly

**SUSTAINABILITY WORKING GROUPS**

- Comprise cross functional representatives from senior and middle management across our operating entities
- Day-to-day implementation of the strategies, policies, initiatives and plans
- Maintain data records, monitor, and report on progress to Sustainability Reporting Executive Committee
- Guide and support companies within the Group on sustainability related matters

# SUSTAINABILITY REPORT

## SUSTAINABILITY IN OUR BUSINESS PROCESSES

| Planning and Development | Procurement | Manufacture | Sales and Delivery |
|---|---|---|---|
| • Research and development of sustainable packaging solutions<br>• Co-develop products with customers | • Sourcing of sustainable raw materials<br>• Working with ethically compliant suppliers | • Investment in energy-efficient machineries<br>• Shift towards green energy<br>• Mindful management of waste, water, air, energy and effluent | • Engaging with customers on their sustainability objectives<br>• Efficient delivery and distribution |
| **Expected Sustainability Outcomes** | | | |
| • Fully recyclable packaging solutions<br>• Products with lower carbon footprint<br>• Increased availability of sustainable products solutions | • Accessibility to sustainable raw materials<br>• Elevate suppliers' sustainability practices performance<br>• Larger pool of ethically compliant suppliers | • Reduced material usage, energy usage and waste generation<br>• GHG Scope 1 and 2 emissions reduction<br>• Compliance with relevant laws and regulations on Scheduled Wastes and Industrial Effluent management | • Expansion of market base<br>• GHG Scope 3 emission reduction from product distribution |

## STAKEHOLDERS ENGAGEMENT

Our stakeholder Groups are those that have an impact on our business or affected by the Group and our activities. We continuously engage with them to understand their evolving expectations and how our business practices impact them. These interactions help us to identify relevant material issues and provide insights into emerging opportunities and risks while responding to their needs more effectively.

# SUSTAINABILITY REPORT

## STAKEHOLDERS ENGAGEMENT *(continued)*

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

| STAKEHOLDER | METHOD OF ENGAGEMENT | FREQUENCY | EXPECTATIONS |
|---|---|---|---|
| Shareholders and Investors | • Annual General Meeting<br>• Annual Report<br>• Announcements on Bursa Securities | • Annually<br>• Periodically<br>• As and when required | • Business strategies and future plan<br>• Group overall performance<br>• Dividend payout<br>• Good corporate governance<br>• Mitigation and adaptation to climate change |
| Employees | • Town Hall Meetings<br>• Performance appraisals<br>• Training<br>• 'Open door' feedback | • Annually<br>• As and when required | • Workplace safety and health<br>• Career development and upskilling opportunities<br>• Fair remuneration practices with competitive benefits<br>• Inclusive and non-discriminatory workplace<br>• Work-life balance |
| Customers | • Customer Satisfaction Survey<br>• Customers audit and visits<br>• Customer support channels<br>• Face to face meetings | • Regularly<br>• As and when required | • Product expectations in terms of quality, price, and delivery<br>• Sustainable and innovative product<br>• Ethical labour practices<br>• Customer data privacy |
| Suppliers | • Supplier meetings<br>• Site visits and audits<br>• Suppliers' evaluations | • Regularly<br>• Periodically<br>• As and when required | • Competitive price and quality of product, services, and delivery<br>• Transparency in procurement processes<br>• Capacity building for suppliers |
| Government Agencies and Regulators | • Participation in government and regulatory events.<br>• Seminars, trainings, and dialogue<br>• On-site inspections | • As and when required | • Compliance with relevant laws, by-laws, and regulations<br>• Corporate governance and compliances |
| Community | • Community events<br>• Dialogue sessions<br>• Corporate Social Responsibilities events | • As and when required | • Providing employment opportunities<br>• Contributing to community initiatives<br>• Business has minimal environmental impact in terms of waste and emissions |

## MATERIALITY ASSESSMENT

Our current materiality assessment is based on a stakeholder survey conducted in fourth quarter of FYE 2020. We aim to carry out a comprehensive materiality assessment once every 3 years. A new stakeholder survey questionnaire was distributed at the end of February 2024. The result of this survey will be reported in our next Sustainability Report.

# SUSTAINABILITY REPORT

## 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. Incorporating input from our stakeholders, our materiality determination process aims to identify and prioritise key matters which then form the foundation of our sustainability efforts.

**1. IDENTIFICATION**

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

**2. PRIORITISE**

- Engage with internal and external stakeholders
- Rank and prioritise each material matter
- Disclose prioritised material matters in a manner to illustrate the importance of the prioritised matter relative to one another

**3. REVIEW AND VALIDATE**

- Subject the prioritised material matters for validation and approval by the Board
- Establish a review on robustness of current materiality assessment processes
- Determine frequency to undertake materiality assessment review to ensure continued relevance of prioritised matter

## MATERIALITY MATRIX

For FYE 2023, a limited-scale materiality review was carried out on our previous year's material topics for relevance.

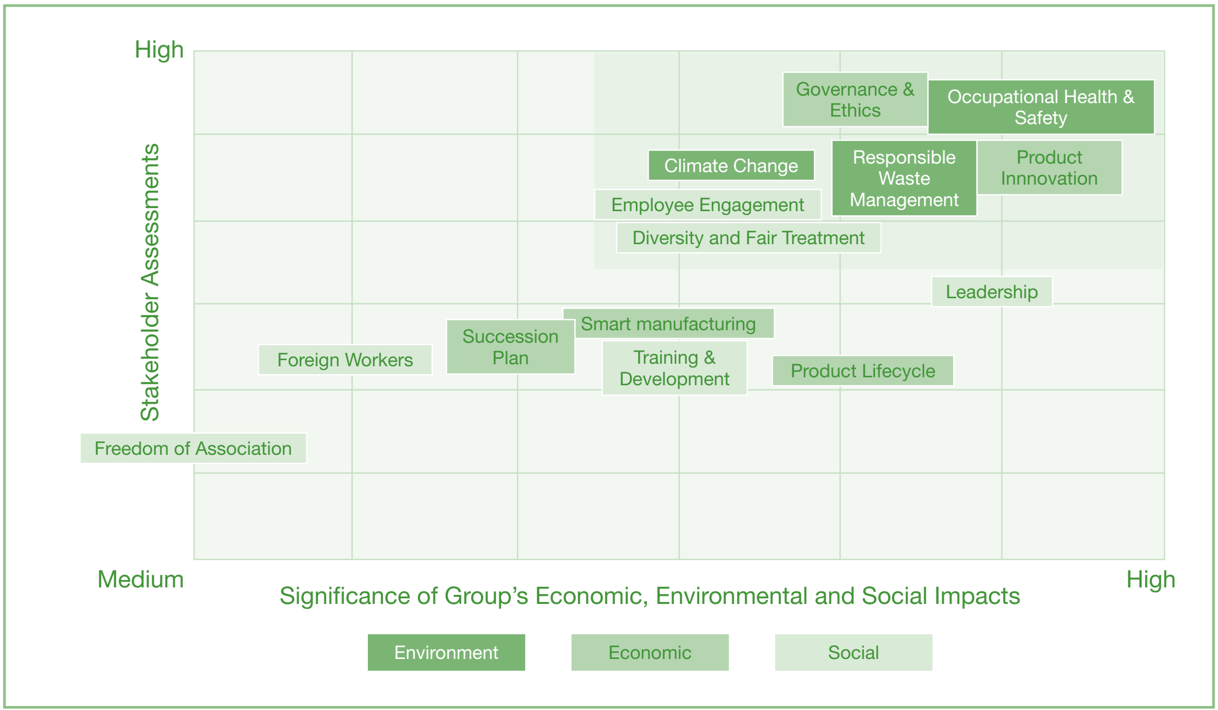
We have repositioned Water Consumption materiality matter higher along both axes, illustrating increased stakeholders' interest in our management of water resources. Then, we consolidated Water Consumption along with Electricity Consumption and Energy Consumption & Emission under Climate Change to reflect increased stakeholders' interest in our management of water resources, environmental footprint, and carbon footprint strategy.

Our materiality matrix has been refreshed accordingly. For a detailed comparison with our prior materiality matrix, please refer to our FYE 2022 Sustainability Report.

Our updated materiality matrix has been reviewed by the Audit and Risk Management Committee and approved by the Board.

# SUSTAINABILITY REPORT

## MATERIALITY MATRIX *(continued)*




## RISK MANAGEMENT

A formalised risk management process is in place to identify, evaluate, and manage significant risks including sustainability risks faced by the Group. The Audit and Risk Management Committee oversees the Group's risk management and sustainability processes. There is also a Risk Management and Sustainability Working Group at each entity to ensure all identified risks stay within our risk appetite.

| Material Matters | Risk | Opportunities |
|---|---|---|
| Product Innovation | • Reputation and product excellence promise to customers<br>• Poor financial performance threatens business continuity | • Customer retention and increase market share with product offerings<br>• Sustainable financial performance attracts investors and delivers long term value to stakeholders |
| Governance and Ethics | • Poor governance practices tarnish reputation, image, and trust | • Effective governance practices enhance reputation as a trustworthy Group |
| Responsible Waste Management | • Non-compliance with environmental regulations leads to reprimands, fines, penalties, and reputational loss | • Waste reduction and increased resource efficiency can lead to operational cost savings<br>• Community support |
| Climate Change | • Non-compliance with climate-related regulations leads to fines and penalties<br>• Poor water management leads to higher costs and potential scarcity of water resources | • Operate with low-carbon footprint open opportunities to tap into rising demand for low-carbon products and services<br>• Efficient water management could reduce operational costs and promote water conservation behaviour |

# SUSTAINABILITY REPORT

## RISK MANAGEMENT *(continued)*

| Material Matters | Risk | Opportunities |
|---|---|---|
| Occupational Health and Safety | • Accidents and injuries at the workplace lead to productivity loss, potential legal action, and reputational damage | • A good safety culture offers a conducive working environment and improves employees' well-being and productivity |
| Diversity and Fair Treatment | • Discriminatory employment practices damage the Group's reputation which may lead to the inability to retain or attract talents | • Inclusive, diverse, and empowering work culture attracts talents and brings diverse viewpoints that enhance the quality of decision-making |
| Employee Engagement | • Disengaged and underdeveloped employees contribute to lower productivity and performance | • Effective talent development and upskilling programs enable the Group to retain and attract talent which can lead to a high-performance culture |

## SUSTAINABILITY FRAMEWORK

Our framework outlines our focus areas which are: Delivering Excellence, Responsible Supply Chain, Caring For The Environment, and Empowering Our People. We aim to deliver the objectives under each focus area by addressing the concerns related to each of our material matters. We have set targets to enable us to monitor our sustainability performance and by linking these targets to a performance scorecard, we can track our progress and ensure that we are making continuous improvements towards these targets.

**Delivering Excellence**
Create value for our stakeholders while upholding transparency and accountability

- Governance and Ethics
- Product Innovation

**Responsible Supply Chain**
Ensuring our supply chain meets ethical, social and environmental standards

- Governance and Ethics

**Caring For The Environment**
Reduce carbon footprint and minimise our operations environmental impact

- Responsible Waste Management
- Climate Change

**Empowering Our People**
Fostering an inclusive and diverse culture and promote employee wellbeing

- Occupational Health and Safety
- Diversity and Fair Treatment
- Employee Engagement

Alignment with the following United Nations Sustainable Development Goals adopted by the Group

# SUSTAINABILITY REPORT

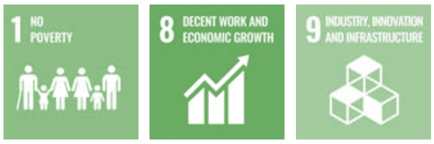
## PERFORMANCE SCORECARD

Our key targets and progress to-date.

| Material Matters | Targets | Current progress against targets |
|---|---|---|
| Product Innovation | Zero product recall from packaging material defects | • No product recall cases reported or received for the FYE 2023 |
| Governance and Ethics | Zero bribery and corruption cases reported<br>Procure from ethically compliant suppliers | • No corruption, bribery, or unethical business conduct cases in FYE 2023<br>• In FYE 2023, 111 suppliers in the Group went through our self-assessment questionnaire on ethical business practices<br>• No complaints received on human rights violations |
| Responsible Waste Management | Minimise waste generation<br>Scheduled waste management compliant with regulatory framework | • Scheduled waste management at all our plants complied with the respective county's regulatory framework in FYE 2023<br>• No violations or summons received in FYE 2023<br>• 92% of waste is recyclable |
| Climate Change | Air emissions consistently meet Department of Environment guidelines<br>Adoption of solar energy as a renewable source for greenfield sites. For the Vietnam plant, the substitution of coal energy to a greener source<br>Energy efficiency will be given high consideration for future machinery and equipment investment<br>Net zero by year 2050 | • All our plant's chimneys stack emission monitoring was within the limit set by the respective country's Environmental Quality Act<br>• Cartons segment plants in Vietnam completed their transition from coal to biomass energy in FYE 2023. At the two plants, Scope 1 emissions reduced by 72%^ while in terms of intensity, it reduced by 69%^<br>• Subscription to Green Electricity Tariff by 4 plants in Malaysia reduced those plants Scope 2 emission by 19.6% in FYE 2023<br>• The 3,013 kWp rooftop solar system at our two plants in Nilai is near completion. Expected online by second quarter of financial year ending 2024<br>^ Coal and biomass emission source |
| Occupational Health and Safety | Zero employees and contractor fatality | • No fatalities were recorded for employees and contractors in FYE 2023 |
| Diversity and Fair Treatment | Increase female representation by 10% by 2025 | • Overall female representation in the workforce: 26%. At management level: 46% |
| Employee Engagement | Increase staff retention rate by 3% by 2025<br>Improve staff satisfaction rate by 5% by 2025 | • FYE 2023 staff turnover rate: 3.14%<br>• The last staff satisfaction survey (September 2021) scored 74%. The next survey will be carried out in the first quarter of financial year ending 2024 |

## DELIVERING EXCELLENCE

### 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 to customer attraction and retention which is vital to sustainable financial performance.

**Management approach**

The ability of the Group to consistently provide products and services that meet customer and regulatory requirements is underpinned by the respective manufacturing plants' ISO 9001:2015 Quality Management System accreditation.

The use of the Material Safety Data Sheet ("MSDS") enables the Group to identify potential hazards of a chemical substance (health, combustion, reactivity, and the environment) before they are approved for use which assures the products produced meet our safety and quality standards.

Policies and processes compliances are performed by the Internal Audit department while independent certification bodies are engaged periodically for ISO compliance and re-certification.

The Group primarily sources aluminium coils from suppliers certified by the Aluminium Stewardship Initiative ("ASI"), which assures that the materials were produced responsibly according to international environmental, social, and governance standards.

Our carton plants also primarily source paper rolls from suppliers who are Forest Stewardship Council Chain of Custody ("FSC-CoC") certified which assures the papers are sourced from forests that are responsibly managed. In addition, all our carton plants are FSC-CoC certified as well.

**Our Performance**

FSC papers used in production in Metric Ton ("MT")

| FYE 2020 | FYE 2021 | RESTATED FYE 2022 | FYE 2023 |
|---:|---:|---:|---:|
| 13,000 | 18,000 | 25,200 | 30,400 |

Note: Restated to include Myanmar operations. Data collection for Myanmar started from FYE 2022. Figures are rounded to the nearest hundred.

# SUSTAINABILITY REPORT

## DELIVERING EXCELLENCE RESPONSIBLE SUPPLY CHAIN

### GOVERNANCE AND ETHICS

**Why it matters**

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

**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 ("AC Policy")
- Whistle-blowing policy ("WB Policy")

  The Group's AC Policy is aligned with the Malaysian Anti-Corruption Commission (Amendment) Act 2018. AC 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.

  WB 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.

- Employees Code of Conduct ("ECoC")

  ECoC covers employees' work ethics, professional conduct, respect for human rights, and promoting a safe and healthy work environment. Refer to the Management approach under the Diversity and Fair Treatment section for more details.

- Suppliers Code of Conduct ("SCC")

  Our SCC developed with guidance from the 10 Principles of the 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. All new and existing suppliers are required to sign off on the SCC affirming their compliance while engaging in business with the Group.

All managerial and key employees are required to declare and sign off an Annual Statement of Compliance with 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.

Our WB Policy allows employees and external stakeholders to report improprieties confidentially through email, telephone, or mail. Our ECoC, AC Policy, and WB Policy are available on our corporate website and Company intranet to ensure they are accessible to all stakeholders.

All new joiners undergo an induction program where they are required to familiarise themselves with the Group's ECoC, AC Policy, WB Policy, and other accompanying policies and procedures.

## DELIVERING EXCELLENCE
## RESPONSIBLE SUPPLY CHAIN *(continued)*

### GOVERNANCE AND ETHICS *(continued)*

#### Management Approach *(continued)*

Our procurement team conducts field audits on our suppliers periodically to confirm their compliance with our SCC. To enhance our supply chain ethical risk management further, we will subscribe to the SEDEX platform, an online system that can capture our suppliers' data on ethical and responsible practices and allow them to share their information with us.

Compliance audits are performed periodically to confirm adherence to our policies.

#### Our Performance

| Whistle-blowing | FYE 2020 | FYE 2021 | FYE 2022 | FYE 2023 |
|---|---|---|---|---|
| Number of whistle-blowing reports received | 0 | 0 | 4 | 1 |

The whistle-blowing case was investigated by relevant parties authorised by the Group Managing Director and has been addressed and closed as at year end.

| | | | | |
|---|---|---|---|---|
| Percentage of operations assessed for corruption-related risks | 0% | 0% | 19% | 69% |

- Percentage of employees who received training on anti-corruption and whistle-blowing during the year: 21%.
- In FYE 2023, 111 of our suppliers went through our self-assessment questionnaire on ethical business practices.
- Spending on local suppliers In FYE 2023 was RM1,082 mil (58% of total spending).

## CARING FOR THE ENVIRONMENT

### RESPONSIBLE WASTE MANAGEMENT

**Why it matters**

As a responsible Group, we are mindful of the waste 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.

**Management approach**

Our Environmental Policy provides 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.

The Safety, Health, and Environment ("SHE") Committee at each plant monitors compliance and holds regular discussions with the plant management on issues relating to safety, health, and environment at the workplace while the SHE officer at each plant ensures compliance with health, safety and environmental regulations.

Internal Auditors conduct compliance reviews periodically while independent certification bodies are engaged periodically to assess and re-certify ISO compliance.

Plants in the Group with ISO 14001 Environmental Management System 2015:

- KJM Aluminium Can Sdn. Bhd. (Nilai)
- Kian Joo Canpack Sdn. Bhd.
- Box-Pak (Malaysia) Bhd.
- Box-Pak (Vietnam) Co., Ltd.
- BP MPak Sdn. Bhd.
- Box-Pak (Hanoi) Co., Ltd.
- Boxpak (Myanmar) Company Limited
- Kian Joo Can Factory Berhad
  (financial year ending 2024)

Paper, aluminium, and tin scraps form the bulk of the solid wastes generated by the Group which are collected by our appointed licensed collectors and are fully recycled and re-used by the respective manufacturing plants. These fully recoverable wastes are classified as waste diverted from disposal.

Other wastes are largely ink sludge from wastewater treatment plants, 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 respective country's environmental rules and regulations before they are sent to appointed licensed waste management companies to undergo treatment and recovery process. Where recovery is not possible, they undergo proper disposal. We have been informed by our appointed wastes management companies in the respective country the following:

- **Malaysia:** 97% of wastes collected undergo recovery process for recycling
- **Vietnam:** Wastes collected are largely incinerated into cinder dust to form bricks
- **Myanmar:** 84%-93% of wastes collected are sent to secured landfill

Notwithstanding the above possible recovery, we have classified all other wastes as waste directed to disposal.

## CARING FOR THE ENVIRONMENT *(continued)*

### RESPONSIBLE WASTE MANAGEMENT *(continued)*

**Management approach** *(continued)*

Some of our plants produce wastewater as part of the production process. As the wastewater generated may contain certain metals, chemicals, and organic and inorganic compounds, the wastewater is channelled to their Wastewater Treatment Plant (“WWTP") for treatment. Treated water is tested in our laboratory to ensure it complies with safety parameters defined by the respective environment quality regulations governing industrial effluent before the water is allowed to be discharged. All our WWTP operations comply strictly with the requirements under the respective countries’ environmental quality regulations.

All scheduled wastes are reported to the respective country’s Department of Environment or its equivalent. In Malaysia, the reporting and monitoring of scheduled waste is through the Department of Environment Electronic Scheduled Waste Information System or e-SWIS.

**Our Performance**

| Waste diverted from disposal | FYE 2020 | FYE 2021 | RESTATED FYE 2022 | FYE 2023 |
|---|---|---|---|---|
| MT | 58,600 | 56,600 | 56,600 | 58,300 |

These are paper, aluminium, and tin scraps. They are non-hazardous and are fully recyclable.

| Waste directed to disposal | FYE 2020 | FYE 2021 | RESTATED FYE 2022 | FYE 2023 |
|---|---|---|---|---|
| MT | 3,900 | 4,600 | 5,300 | 5,000 |

These are hazardous waste or scheduled waste and are collected by appointed licensed waste management companies to undergo treatment and recovery process.

Notes: 1. Above waste diverted from disposal and waste directed to disposal figures are rounded to the nearest hundred.
2. Restated to include Myamar operations where data collection started from FYE 2022.

| Treated water discharged | FYE 2020 | FYE 2021 | FYE 2022 | FYE 2023 |
|---|---|---|---|---|
| Megalitres | – | – | – | 939 |

FYE 2023 is our first year to disclose treated wastewater released to local waterways.

Note: Above include 162 Megalitres from our plants in Vietnam where the wastewater is treated externally at a centralised wastewater treatment plant operated by the respective industrial park management where our plants are located.

# SUSTAINABILITY REPORT

## CARING FOR THE ENVIRONMENT

### CLIMATE CHANGE

**Why it matters**

We recognise it is our responsibility to minimise our environmental carbon footprint in business and operations and contribute to the preservation and protection of the environment while taking advantage of the opportunities that arise as the world transitions to a low-carbon economy.

**Management approach**

We aim to reduce our environmental carbon footprint and establish operational resilience to deliver long-term value to our business and stakeholders. Our Environmental Policy guides us to effectively manage and minimise the impacts arising from our operations.

As part of our efforts to mitigate climate change, we are committed to achieving 70% Scope 2 carbon emissions intensity reduction by 2030 with an aspiration to be net zero by 2050. We have developed a Roadmap that complements our policy and guides us on the journey.

Air Quality

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

Combustion from our boiler systems and industrial oven emits trace amounts of nitrogen dioxide ($NO_2$), carbon monoxide (CO), carbon dioxide ($CO_2$), sulfur dioxide ($SO_2$), and particulate matter.

All our plants conduct regular stack emission monitoring on their chimneys to ensure the emissions and particulate matter is within the limit set by the Environmental Quality Act of the respective country where we operate.

Our boiler and oven systems are inspected daily to ensure the system is operating optimally. They also undergo periodic independent inspections as part of regulatory requirements to ensure the system meets safety standards.

Energy and Carbon Emissions

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

Boiler systems provide hot water, steam, and heating while ovens provide heat for the manufacturing processes in some of our plants. Boiler systems and ovens in our Malaysia plants are powered by natural gas while those in Myanmar are powered by LPG (Liquified Petroleum Gas). Our boiler systems at our carton plants in Vietnam have undergone conversion to run on biomass (waste wood) instead of coal in year 2022/23.

We aim to manage our energy needs responsibly. We are continuously looking at new technologies, upgrading our existing machinery, and adopting good management practices to improve our energy efficiency.

Water Consumption

We are guided by our Environmental Policy in adopting a practical approach to water management to improve water efficiency and promote water conservation. Our water consumption primarily stems from our manufacturing activities such as steam, can/tin washing, contract filling, glue making, machinery cooling and cleaning, and staff facilities.

## CARING FOR THE ENVIRONMENT *(continued)*

### CLIMATE CHANGE *(continued)*

**Management approach** *(continued)*

Water Consumption *(continued)*

According to Aqueduct Water Risk Atlas*, our plants in Malaysia are in the Low water stress risk area while Ho Chi Minh City is in Low-Med risk and Hanoi and Myanmar are in the Med-High water stress risk area.

We are committed to implementing water conservation initiatives and raising employees' awareness of proper water management at all our premises. These initiatives include:

- Reduce water wastage through regular checking of toilets, canteen, and pantries.
- Raise awareness among employees through campaigns and reminders on water-saving habits at our plants.
- Consider rainwater harvesting systems when constructing new plants to reduce water dependency on municipal water.

Both our aluminium can plant and carton plant in Myanmar are relatively new and are equipped with rainwater harvesting systems.

* Source: Aqueduct Water Risk Atlas is a data platform under World Resources Institute, an environmental research organisation. https://www.wri.org/applications/aqueduct/water-risk-atlas

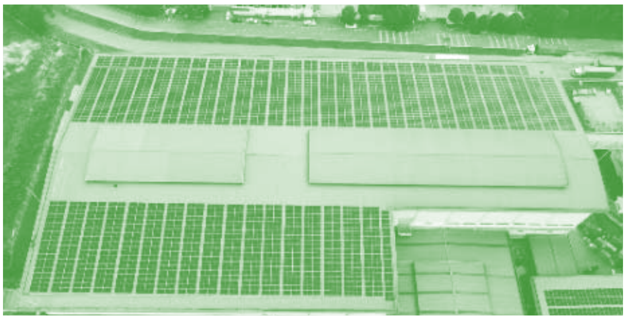
**Our Performance**

- Following our carton segment Vietnam plants boiler system conversion to run on biomass (waste wood) instead of coal, the plants reduced its Scope 1 GHG emissions by 72%^. Further reduction is expected in financial year ending 2024 as the Hanoi plant conversion was only completed towards the end of quarter fourth of FYE 2023.

- In February 2023, 3 of our Malaysian plants managed to subscribe 1,746 megawatt hour ("Mwh") per month of green energy from Tenaga Nasional Berhad ("TNB") under its Green Electricity Tariff (GET) program. In August 2023, total subscription was increased to 3,522 Mwh per month as an additional plant subscribed to GET. These reduced the plants Scope 2 GHG emission by 20,580 tons or 19.6% in FYE 2023.

- The 3,013 kWp rooftop solar system for our 2 plants in Nilai, Malaysia is near completion and target to be online by the second quarter of 2024. When commissioned, it is projected to reduce our Scope 2 GHG emission by approximately 2,284 tons.

- We have initiated discussions with TNB Renewables Sdn. Bhd. on the supply of green energy to all our Malaysia-based plants from their solar photo-voltaic farm under the Corporate Green Power Programme. If this initiative proceeds, the impact will likely be in year 2026/27.



*Rooftop solar system at the aluminium can plant in Nilai*

^ From coal and biomass emission source.

# SUSTAINABILITY REPORT

## CARING FOR THE ENVIRONMENT *(continued)*

### CLIMATE CHANGE *(continued)*

**Our Performance** *(continued)*

| Electricity | FYE 2020 | FYE 2021 | RESTATED FYE 2022 | FYE 2023 |
|---|---|---|---|---|
| Consumption (Mwh) | 143,700 | 142,900 | 157,500 | 171,400 |
| Intensity (Mwh/RM 'million) | 63.0 | 54.6 | 46.3 | 51.3 |

Note: Restated to include Myanmar operations. Data collection for Myanmar started from FYE 2022. Figures are rounded to the nearest hundred.

| Natural Gas | FYE 2020 | FYE 2021 | FYE 2022 | FYE 2023 |
|---|---|---|---|---|
| Consumption (one million British thermal units ("MMBtu")) | 423,600 | 425,000 | 419,800 | 451,900 |
| Intensity (MMBtu/RM 'million) | 253.9 | 211.1 | 169.2 | 180.7 |

| Energy | FYE 2020 | FYE 2021 | FYE 2022 | FYE 2023 |
|---|---|---|---|---|
| Consumption (Gigajoules ("GJ")) | 1,082,600 | 1,077,800 | 1,157,300 | 1,246,000 |
| Intensity (GJ/RM 'million) | 474.42 | 411.55 | 340.13 | 373.19 |

| Water | RESTATED FYE 2020 | RESTATED FYE 2021 | RESTATED FYE 2022 | FYE 2023 |
|---|---|---|---|---|
| Consumption (Megalitres) | 1,300 | 1,360 | 1,500 | 1,790 |
| Intensity (Megalitres/RM 'million) | 0.57 | 0.52 | 0.44 | 0.54 |

In FYE 2023, harvested rainwater made up 13% (18.4 megalitres) of total water consumption at our 2 plants in Myanmar.

Note: Water bills for our Vietnam plants are from the industrial park management where our respective plants are located. The bill includes volume of wastewater treated at their centralised treatment plant. Restated amounts reflect raw water consumption only. Impact of the restatement: consumption reduced by 3.6%, 2.4% and increased by 7.4% for FYE 2020, FYE 2021 and FYE 2022 while intensity reduced by 3.6%, 2.3% and 0.1% respectively.

# SUSTAINABILITY REPORT

## CARING FOR THE ENVIRONMENT *(continued)*

### CLIMATE CHANGE *(continued)*

#### Our Performance *(continued)*

| Scope 1 GHG Emissions | FYE 2020 | FYE 2021 | FYE 2022 | FYE 2023 |
|---|---|---|---|---|
| Emissions ($tCO_2e$) | 37,100 | 36,800 | 33,900 | 30,100 |
| Intensity ($tCO_2e$/RM 'million) | 40.7 | 37.4 | 26.5 | 18.6 |

Notes:

1. Scope 1: Emissions associated with combustion from our boiler systems (natural gas, coal and biomass consumption). Figures are rounded to the nearest hundred.
2. Emissions are calculated based on emission factors published by the 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 (IPCC Fifth Assessment Report, 2014 (AR5).
3. Denominator used for intensity calculation: Revenue of respective entity with natural gas, coal and biomass emission sources only.

| Scope 2 GHG Emissions (Location- based) | RESTATED FYE 2020 | RESTATED FYE 2021 | RESTATED FYE 2022 | FYE 2023 |
|---|---|---|---|---|
| Emissions ($tCO_2e$) | 118,900 | 109,300 | 114,600 | 124,900 |
| Intensity ($tCO_2e$/RM 'million) | 52.1 | 41.7 | 33.7 | 37.4 |

Notes:

1. Scope 2: The emission source is purchased electricity from the national grid. Figures are rounded to the nearest hundred
2. Emissions are calculated based on emission factors published by Energy Commission for Peninsular Malaysia electricity grid 2021, Department of Climate Change on research and develop emission factors for Vietnam's electricity grid 2020 and Myanmar Japan Thilawa Development Ltd for Thilawa Special Economic Zone electricity grid.
3. Comparative restated to reflect the availability of updated emission factors for Malaysia for FYE 2020 to FYE 2022 and inclusion of Myanmar operations for FYE 2022 where data collection started from FYE 2022.

#### Impact of the re-computation:

| Scope 2 GHG Emissions (Location-based) | FYE 2020 | FYE 2021 | FYE 2022 | FYE 2023 |
|---|---|---|---|---|
| Emissions ($tCO_2e$) | +16.1% | +7.7% | +12.5% | – |
| Intensity ($tCO_2e$/RM 'million) | +16.0% | +7.8% | +4.7% | – |

| Scope 2 GHG Emissions (Market- based) | RESTATED FYE 2020 | RESTATED FYE 2021 | RESTATED FYE 2022 | FYE 2023 |
|---|---|---|---|---|
| Emissions ($tCO_2e$) | 118,900 | 109,300 | 109,000 | 95,900 |
| Intensity ($tCO_2e$/RM 'million) | 52.1 | 41.7 | 32.0 | 28.7 |

Figures are rounded to the nearest hundred

# SUSTAINABILITY REPORT

## EMPOWERING OUR PEOPLE

### OCCUPATIONAL HEALTH AND SAFETY

**Why it matters**

We pursue our commitment to protecting the health, safety, and welfare of our people. By ensuring a healthy, safe, and conducive workplace, we aim to prevent injuries and illnesses among those working within our premises, which ultimately leads to increased efficiency and output.

**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 premises.

SHE Committees in the respective plants oversee the safety and health of employees at the workplace. The committees with representation from various departments and seniority levels ensure a balanced and well-informed approach toward all safety and occupational health matters. It also allows employees to flag potential issues and escalate them to the committee's attention. SHE Committee meets every quarter to discuss safety and health matters at the respective plants.

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

Personal Protection Equipment is provided to all employees working in the plant and warehouse areas while audiometric tests for employees are conducted annually.

Plants in the Group with ISO 45001 Occupational Health and Safety Management System Standard:2018

- KJM Aluminium Can Sdn. Bhd. (Nilai)
- Kian Joo Canpack Sdn. Bhd.
- Box-Pak (Malaysia) Bhd.
- Box-Pak (Vietnam) Co., Ltd.
- Boxpak (Myanmar) Company Limited
- Kian Joo Can Factory Berhad (FYE 2024)

**Our Performance**

- Total training hours invested on health and safety courses in FYE 2023 was 44,971 hours and attended by 3,268 employees

| Work-Related Injury by Case | FYE 2020 | FYE 2021 | RESTATED FYE 2022 | FYE 2023 |
|---|---|---|---|---|
| - Minor injury | 139 | 134 | 142 | 94 |
| - Major injury | 65 | 46 | 41 | 72 |
| - Fatality | – | – | – | – |
| Lost time injury (Days) | 1,924 | 1,225 | 1,735 | 1,626 |

## EMPOWERING OUR PEOPLE (CONTINUED)

### OCCUPATIONAL HEALTH AND SAFETY *(continued)*

**Our Performance** *(continued)*

| Work-Related ill health by Case | FYE 2020 | FYE 2021 | RESTATED FYE 2022 | FYE 2023 |
|---|---|---|---|---|
| No. of cases | – | – | – | – |

Note: Restated to include Myanmar operations. Data collection for Myanmar started in FYE 2022.

- Health and Safety training courses attended by our employees across operating entities:
  - Forklift and Clamp lift safety
  - First aid, Cardiopulmonary Resuscitation (CPR) and Automated External Defibrillator (AED)
  - Handling Scheduled waste
  - Hearing Conservation
  - Firefighting and evacuation
  - Hazardous chemicals handling
  - Food Handler training
  - Ceramah Keselamatan - PERKESO

# SUSTAINABILITY REPORT

## EMPOWERING OUR PEOPLE *(continued)*

### DIVERSITY AND FAIR TREATMENT


**Why it matters**

Diversity and inclusivity in the workplace give us a competitive edge through the ability to tap into a wide range of knowledge, perspectives, and ideas. We strive to promote equal employment opportunities and non-discrimination, by actively encouraging diversity of gender, race, religion, age, and nationality.

**Management approach**

We 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 providing our employees with attractive remuneration and benefits packages, a supportive working environment, and rewarding career advancement opportunities.

Our ECoC contains policies and guidelines relating to the standards and ethics that all employees are expected to adhere to in the course of their work. ECoC covers ethical behaviour, a 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 the 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 documents is not allowed.

Employment of migrant workers in our Malaysia plants adheres to the Minimum Wages Order 2022, the Employment Act 1955, and 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 Performance**

- 6,697 employees in the Group (FYE 2020: 6,206 employees).
- 71% local employees in Malaysia, 97% local employees in Myanmar and 99% local employees in Vietnam plants.
- 26% of the workforce are female versus 27% in FYE 2020. Female representation at the management level is 46% (FYE 2020: 46%).

| Employees by Age Group | FYE 2020 | FYE 2021 | RESTATED FYE 2022 | FYE 2023 |
|---|---|---|---|---|
| **< 30 years** | | | | |
| Management | 137 | 145 | 130 | 126 |
| Non-Management | 2,237 | 1,817 | 2,218 | 2,341 |
| **Total** | **2,374** | **1,962** | **2,348** | **2,467** |

# SUSTAINABILITY REPORT

## EMPOWERING OUR PEOPLE *(continued)*

### DIVERSITY AND FAIR TREATMENT *(continued)*

**Our Performance** *(continued)*

| **Employees by Age Group** *(continued)* | FYE 2020 | FYE 2021 | RESTATED FYE 2022 | FYE 2023 |
|---|---|---|---|---|
| **30 – 50 years** | | | | |
| Management | 494 | 496 | 524 | 541 |
| Non-Management | 2,803 | 2,695 | 2,862 | 3,067 |
| **Total** | **3,297** | **3,191** | **3,386** | **3,608** |
| **> 50 years** | | | | |
| Management | 115 | 125 | 128 | 142 |
| Non-Management | 420 | 428 | 442 | 480 |
| **Total** | **535** | **553** | **570** | **622** |
| **Grand Total** | **6,206** | **5,706** | **6,304** | **6,697** |

| **Employees by Gender** | FYE 2020 | FYE 2021 | RESTATED FYE 2022 | FYE 2023 |
|---|---|---|---|---|
| **Male** | | | | |
| Management | 405 | 415 | 421 | 439 |
| Non-Management | 4,149 | 3,675 | 4,139 | 4,544 |
| **Total** | **4,554** | **4,090** | **4,560** | **4,983** |
| **Female** | | | | |
| Management | 341 | 351 | 361 | 370 |
| Non-Management | 1,311 | 1,265 | 1,383 | 1,344 |
| **Total** | **1,652** | **1,616** | **1,744** | **1,714** |
| **Grand Total** | **6,206** | **5,706** | **6,304** | **6,697** |

Note: Restated to include Myanmar operations. Data collection for Myanmar started from FYE 2022.

# SUSTAINABILITY REPORT

## EMPOWERING OUR PEOPLE *(continued)*

### EMPLOYEE ENGAGEMENT


**Why it matters**

Our employees are our most valuable assets and are the driving force for our success and growth. Building trust and listening to employees' opinions through ongoing interaction improves the working environment. Through ongoing education, training, and development opportunities, our employees may improve their abilities and provide better results.

**Management approach**

We continuously aim to establish a comprehensive working environment and culture as part of developing and keeping an engaged, competent, and driven workforce for sustainable business and growth.

<u>Employee satisfaction</u>

An employee satisfaction survey provides us with a better understanding of how employees assess their job satisfaction at 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. Our last survey conducted in September 2021 showed a satisfaction score of 74% with 87% response rate. A new survey will be carried out in first quarter of financial year ending 2024.

<u>Training and development</u>

It is our objective to foster a skilled, resilient, and agile workforce that can thrive in an ever-changing market landscape, amidst technological advances and emerging trends. We invest in a life-long learning and development culture and offer opportunities for our employees to enhance their personal and professional growth.

To address skill gaps and help our employees achieve their career development goals, we regularly assess employees' training needs, through a training needs analysis for each employee and review our existing training initiatives for continued relevance.

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

Our subsidiary, Kian Joo Group is also supporting the Malaysian Government program SLDN to produce a national skilled workforce through a relevant and comprehensive training mechanism to meet the current needs of the industry. A few plants in Malaysia under Kian Joo Group including Box-Pak Group have linked up with various local institutes such as Institute Latihan Perindustrian Arumugam Pillai Nibong Tebal, Institute Latihan Perindustrian Kuchai Lama, Institut Kemahiran Belia Negara (IKBN) Naka and Institute Latihan Perindustrian Pasir Gudang, etc. to offer industrial training for their students undertaking their Printing & Electric Technology and Flexo-printing courses.

<u>Social relation</u>

The Group organises various employee engagement initiatives ranging from festival celebrations to recreational activities to foster teamwork, cohesiveness, and camaraderie.

# SUSTAINABILITY REPORT

## EMPOWERING OUR PEOPLE *(continued)*

### EMPLOYEE ENGAGEMENT *(continued)*

**Our Performance**

- Staff turnover rate for FYE 2023 was 3.14% (FYE 2020: 2.96%).
- Total training hours by:
  - ➢ Management : 17,441 hours (average of 26.87 hours per employee)
  - ➢ Non-Management: 73,715 hours (average of 21.09 hours per employee)
- Community projects
  - ➢ Continued our support to the Department of Environment (Jabatan Alam Sekitar) of Negeri Sembilan to celebrate National Environment Day held every year in October and celebrated throughout the country. For 2023, the event was held at Kompleks Belia dan Sukan Paroi, Negeri Sembilan on 4 November 2023.
  - ➢ In FYE 2023, Yayasan Canone Kianjoo invested RM464,000 (number of beneficiaries: 30) in the community comprising scholarship awards, financial aid, and contributions to orphanages, humanitarian organisations, and non-profit organisations.


Food waste to compost project at Batu Caves plant

National Environment Day

Clean water and electricity. Friends Of Sungai Klang Taman Melawati River Three project.

River clean-up Taman Desa Ria, Nilai

# SUSTAINABILITY REPORT

## EMPOWERING OUR PEOPLE *(continued)*

### EMPLOYEE ENGAGEMENT *(continued)*

**Our Performance** *(continued)*

Visit to GiatMara Technical Training Centre

Signing of Memoramdum of Understanding with Institute Latihan Perindustrian APNT


Briefing by KWSP on retirement savings.


Scholarship award 2023 Vietnam

Merdeka celebration

Volunteers working on melon farm


Christmas 2023 celebration

Hari Raya celebration 2023

## PERFORMANCE DATA TABLE FROM BURSA ESG REPORTING PLATFORM

Can-One Berhad as a listed issuer is required to provide mandatory ESG disclosures as part of the Main Market Listing Requirements. This aligns with the updated Sustainability Reporting Guide, 3rd Edition. The table below presents performance data that is relevant to our significant concerns. These figures have been verified both internally and externally, as indicated for each indicator:

| Indicator | Measurement Unit | 2023 |
|---|---|---|
| **Bursa (Anti-corruption)** | | |
| Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category | | |
| Overall | Percentage | 21.00 |
| Bursa C1(b) Percentage of operations assessed for corruption-related risks | Percentage | 69.00 |
| Bursa C1(c) Confirmed incidents of corruption and action taken | Number | 0 |
| **Bursa (Supply chain management)** | | |
| Bursa C7(a) Proportion of spending on local suppliers | Percentage | 58.00 |
| **Bursa (Waste management)** | | |
| Bursa C10(a) Total waste generated | Metric tonnes | 63,300.00 |
| Bursa C10(a)(i) Total waste diverted from disposal | Metric tonnes | 58,300.00 |
| Bursa C10(a)(ii) Total waste directed to disposal | Metric tonnes | 5,000.00 |
| **Bursa (Energy management)** | | |
| Bursa C4(a) Total energy consumption | Megawatt | 346,111.00 |
| **Bursa (Water)** | | |
| Bursa C9(a) Total volume of water used | Megalitres | 1,790.000000 |
| **Bursa (Emissions management)** | | |
| Bursa C11(a) Scope 1 emissions in tonnes of CO2e | Metric tonnes | 30,100.00 # |
| Bursa C11(b) Scope 2 emissions in tonnes of CO2e | Metric tonnes | 124,900.00 # |
| **Bursa (Health and safety)** | | |
| Bursa C5(a) Number of work-related fatalities | Number | 0 |
| Bursa C5(b) Lost time incident rate ("LTIR") | Rate | 1.69 |
| Bursa C5(c) Number of employees trained on health and safety standards | Number | 3,268 |

Internal assurance External assurance No assurance (*)Restated

*# Refer to KPMG's Limited Assurance Report for the scope covered in relation to these indicators.*

## PERFORMANCE DATA TABLE FROM BURSA ESG REPORTING PLATFORM *(continued)*

| Indicator | Measurement Unit | 2023 |
|---|---|---|
| **Bursa (Diversity)** | | |
| Bursa C3(a) Percentage of employees by gender and age group, for each employee category | | |
| Age Group by Employee Category | | |
| Management Under 30 | Percentage | 16.00 |
| Management Between 30-50 | Percentage | 67.00 |
| Management Above 50 | Percentage | 17.00 |
| Non-Management Under 30 | Percentage | 40.00 |
| Non-Management Between 30-50 | Percentage | 52.00 |
| Non-Management Above 50 | Percentage | 8.00 |
| Gender Group by Employee Category | | |
| Management Male | Percentage | 54.00 |
| Management Female | Percentage | 46.00 |
| Non-Management Male | Percentage | 77.00 |
| Non-Management Female | Percentage | 23.00 |
| Bursa C3(b) Percentage of directors by gender and age group | | |
| Male | Percentage | 89.00 |
| Female | Percentage | 11.00 |
| Under 30 | Percentage | 0.00 |
| Between 30-50 | Percentage | 22.00 |
| Above 50 | Percentage | 78.00 |

Internal assurance | External assurance | No assurance | (*)Restated

## PERFORMANCE DATA TABLE FROM BURSA ESG REPORTING PLATFORM *(continued)*

| Indicator | Measurement Unit | 2023 |
|---|---|---|
| **Bursa (Labour practices and standards)** | | |
| Bursa C6(a) Total hours of training by employee category | | |
| Management | Hours | 17,441 |
| Non-Management | Hours | 73,715 |
| Bursa C6(b) Percentage of employees that are contractors or temporary staff | Percentage | 3.58 |
| Bursa C6(c) Total number of employee turnover by employee category | | |
| Management | Number | 132 |
| Non-Management | Number | 2,384 |
| Bursa C6(d) Number of substantiated complaints concerning human rights violations | Number | 0 |
| **Bursa (Community/Society)** | | |
| Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer | MYR | 464,000.00 |
| Bursa C2(b) Total number of beneficiaries of the investment in communities | Number | 30 |
| **Bursa (Data privacy and security)** | | |
| Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data | Number | 0 |

Internal assurance External assurance No assurance (*)Restated

# SUSTAINABILITY REPORT

## GRI CONTENT INDEX

| GRI Standard | Disclosure | Page | Brief Information on Disclosures |
|---|---|---|---|
| **GRI 2: General Disclosures 2021** | | | |
| | **The organisation and its reporting practices** | | |
| 2-1 | Organisational details | 28<br>19-27 | Can-One Berhad is a Bursa-listed company<br>Refer to About This Report<br>Refer to Corporate Information and Management Discussion and Analysis ("MD&A") in AR 2023 |
| 2-2 | Entities included in the organisations's sustainability reporting | 28 | Scope and Boundary |
| 2-3 | Reporting period, frequency, and contact point | 28 | About this report |
| 2-4 | Restatement of information | 29 | Certain data have been restated. Refer to Restatements |
| 2-5 | External assurance | 29 | Refer to Statement of Assurance |
| | **Activities and workers** | | |
| 2-6 | Activities, value chain, and other business relationships | 19-27 | Refer to MD&A |
| **2-7** | Employees | 49-50 | Refer to the Diversity and Fair Treatment section |
| 2-8 | Workers who are not employees | - | 249 workers (3.6%) |
| | **Governance** | | |
| 2-9 | Governance structure and composition | 31<br>72-74 | Refer to the Governance Structure section and Corporate Governance Overview Statement under Nominating Committee in AR 2023 |
| 2-10 | Nomination and selection of the highest governance body | | |
| 2-11 | Chair of the highest governance body | | |
| 2-12 | Role of the highest governance body in overseeing the management of impacts | | |
| 2-13 | Delegation of responsibility for managing impacts | | |
| 2-14 | Role of the highest governance body in sustainability reporting | | |

# SUSTAINABILITY REPORT

## GRI CONTENT INDEX *(continued)*

| GRI Standard | Disclosure | Page | Brief Information on Disclosures |
|---|---|---|---|
| **GRI 2: General Disclosures 2021** *(continued)* | | | |
| | **Governance** *(continued)* | | |
| 2-15 | Conflicts of interest | 84-85 | Refer to the Audit and Risk Management Committee Report |
| 2-16 | Communication of critical concerns | | |
| 2-17 | The collective knowledge of the highest governance body | 72-74 | Refer to Corporate Governance Overview Statement under Nominating Committee |
| 2-18 | Evaluation of the performance of the highest governance body | 69-72 | Refer to Corporate Governance Overview Statement under Remuneration Committee and Nominating Committee in AR 2023 |
| 2-19 | Remuneration policies | | |
| 2-20 | The process to determine remuneration | | |
| | **Strategy, policies, and practices** | | |
| 2-22 | Statement of sustainability development strategy | 30 | Refer to the Group Managing Director's message |
| 2-23 | Policy commitments | 39 | Refer to the Governance and Ethics section |
| 2-24 | Embedding policies commitments | 32,39 | Refer to Sustainability in Our Business Processes section and Governance and Ethics section |
| 2-25 | Processes to remediate negative impacts | 84-85<br>86-91 | Refer to Audit and Risk Management Committee Report and Statement of Risk Management and Internal Control |
| 2-26 | Mechanisms for seeking advice and raising concerns | 39 | Refer to the Governance and Ethics section |
| 2-27 | Compliance with laws and regulations | 39<br>41<br>43-44 | Governance and Ethics section<br>Responsible Waste Management section<br>Climate Change section |
| 2-28 | Membership associations | - | Member of the Federation of Malaysian Manufacturers and Malaysian Employers Federation |

# SUSTAINABILITY REPORT

## GRI CONTENT INDEX *(continued)*

<table>
<tr><th>GRI Standard</th><th>Disclosure</th><th>Page</th><th>Brief Information on Disclosures</th></tr>
<tr><td colspan="4">GRI 2: General Disclosures 2021 (continued)</td></tr>
<tr><td></td><td colspan="3">Stakeholder engagement</td></tr>
<tr><td>2-29</td><td>Approach to stakeholder engagement</td><td>32-33</td><td>Refer to the Stakeholders Engagement section</td></tr>
<tr><td>2-30</td><td>Collective bargaining agreements</td><td>-</td><td>814 employees (19%) in Malaysia Plants and 1,795 employees (96%) in Vietnam Plants are covered by the Collective Agreement</td></tr>
<tr><td colspan="4">GRI 3: Material Topics 2021</td></tr>
<tr><td>3-1</td><td>The process of determining material topics</td><td>34</td><td>Refer to the Materiality Assessment Process section</td></tr>
<tr><td>3-2</td><td>List of material topics</td><td>35</td><td>Refer to the Materiality Matrix section</td></tr>
<tr><td colspan="4">GRI 201: Economic Performance 2016</td></tr>
<tr><td>3-3</td><td>Management of material topics</td><td>38</td><td>Refer to Management Approach in the Product Innovation section</td></tr>
<tr><td>201-1</td><td>Direct economic value generated and distributed</td><td>-</td><td><table>
<tr><th>RM ' million</th><th>FYE2021</th><th>FYE2022</th><th>FYE2023</th></tr>
<tr><td>Revenue</td><td>2,693</td><td>3,167</td><td>3,054</td></tr>
<tr><td>Operating Cost</td><td>1,986</td><td>2,489</td><td>2,412</td></tr>
<tr><td>Payment to capital provider</td><td>46</td><td>58</td><td>72</td></tr>
<tr><td>Employee wages and benefits</td><td>336</td><td>351</td><td>407</td></tr>
<tr><td>Payment to Governments</td><td>23</td><td>47</td><td>29</td></tr>
<tr><td>Payment to Shareholders</td><td>7.7</td><td>7.7</td><td>7.7</td></tr>
</table></td></tr>
<tr><td colspan="4">GRI 205: Anti-Corruption 2016</td></tr>
<tr><td>3-3</td><td>Management of material topics</td><td>39</td><td>Refer to Management Approach in the Governance and Ethics section</td></tr>
<tr><td>205-1</td><td>Operations assessed for risks related to corruption</td><td>40</td><td rowspan="2">Refer to the Governance and Ethics section</td></tr>
<tr><td>205-2</td><td>Communication and training about anti-corruption policies and procedures</td><td>39-40</td></tr>
<tr><td>205-3</td><td>Confirmed incidents of corruption and actions taken</td><td>40</td><td>Refer to Our Performance under the Governance and Ethics section</td></tr>
</table>

## GRI CONTENT INDEX *(continued)*

| GRI Standard | Disclosure | Page | Brief Information on Disclosures |
|---|---|---|---|
| **GRI 302: Energy 2016** | | | |
| 3-3 | Management of material topics | 43-44 | Refer to Management Approach in Climate Change section |
| 302-1 | Energy consumption within the organisation | 45 | Refer to the Climate Change section |
| 302-3 | Energy intensity | 45 | Refer to the Climate Change section |
| **GRI 303: Water and Effluent 2018** | | | |
| 3-3 | Management of material topics | 43-44 | Refer to Management Approach in Climate Change section |
| 303-2 | Management of water discharge-related impacts | 41-44 | Refer to Management Approach in the Responsible Waste Management section and Climate Change section |
| 303-3 | Water withdrawal | 45 | Refer to Water Consumption in Climate Change section |
| 303-4 | Water discharge | 42 | Refer to the Responsible Waste Management section |
| 303-5 | Water Consumption | 45 | Refer to the Climate Change section |
| **GRI 305: Emissions 2016** | | | |
| 3-3 | Management of material topics | 43-44 | Refer to Management Approach in Climate Change section |
| 305-1 | Direct (Scope 1) GHG emissions | 46 | Refer to the Climate Change section |
| 305-2 | Energy indirect (Scope 2) GHG emissions | 46 | |
| 305-4 | GHG emissions intensity | 46 | |
| 305-5 | Reduction of GHG Emissions | 46 | |
| 305-7 | Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | 43 | |

# SUSTAINABILITY REPORT

## GRI CONTENT INDEX *(continued)*

<table>
<tr><th>GRI Standard</th><th>Disclosure</th><th>Page</th><th>Brief Information on Disclosures</th></tr>
<tr><td colspan="4">GRI 306: Waste 2020</td></tr>
<tr><td>3-3</td><td>Management of material topics</td><td>41-42</td><td>Refer to the Management Approach in the Responsible Waste Management section</td></tr>
<tr><td>306-1</td><td>Waste generation and significant waste-related impacts</td><td>41-42</td><td rowspan="5">Refer to the Responsible Waste Management section</td></tr>
<tr><td>306-2</td><td>Management of significant waste-related impacts.</td><td>41-42</td></tr>
<tr><td>306-3</td><td>Waste generated</td><td>42</td></tr>
<tr><td>306-4</td><td>Waste diverted from disposal</td><td>42</td></tr>
<tr><td>306-5</td><td>Waste directed to disposal</td><td>42</td></tr>
<tr><td colspan="4">GRI 401: Employment 2016</td></tr>
<tr><td>3-3</td><td>Management of material topics</td><td>51</td><td>Refer to Management Approach in the Employee Engagement section</td></tr>
<tr><td>401-1</td><td>New employee hires and employee turnover</td><td>-</td><td>Malaysia plants new hire as at year end:
<table>
<tr><th>Age Group</th><th>Male</th><th>Female</th><th>Total</th></tr>
<tr><td>< 30</td><td>491</td><td>82</td><td>573</td></tr>
<tr><td>30 – 50</td><td>238</td><td>35</td><td>273</td></tr>
<tr><td>>50</td><td>11</td><td>1</td><td>12</td></tr>
<tr><td>Total</td><td>740</td><td>118</td><td>858</td></tr>
</table>
Vietnam plants new hire as at year end:
<table>
<tr><th>Age Group</th><th>Male</th><th>Female</th><th>Total</th></tr>
<tr><td>< 30</td><td>169</td><td>52</td><td>221</td></tr>
<tr><td>30 – 50</td><td>146</td><td>72</td><td>218</td></tr>
<tr><td>>50</td><td>9</td><td>1</td><td>10</td></tr>
<tr><td>Total</td><td>324</td><td>125</td><td>449</td></tr>
</table>
Myanmar plant new hire as at year end:
<table>
<tr><th>Age Group</th><th>Male</th><th>Female</th><th>Total</th></tr>
<tr><td>< 30</td><td>31</td><td>9</td><td>40</td></tr>
<tr><td>30 – 50</td><td>5</td><td>7</td><td>12</td></tr>
<tr><td>>50</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Total</td><td>36</td><td>16</td><td>52</td></tr>
</table>
Employee turnover for the Group was 3.14%.</td></tr>
</table>

# SUSTAINABILITY REPORT

## GRI CONTENT INDEX *(continued)*

<table>
<tr><th>GRI Standard</th><th>Disclosure</th><th>Page</th><th>Brief Information on Disclosures</th></tr>
<tr><td colspan="4">GRI 401: Employment 2016 (continued)</td></tr>
<tr><td>401-2</td><td>Benefits provided to full-time employees that are not provided to temp/part-time employees</td><td>-</td><td>All categories are entitled to medical coverage, life insurance, social security contributions, parental leave, and paid annual leave</td></tr>
<tr><td>401-3</td><td>Parental leave</td><td>-</td><td><table><tr><th>Country</th><th>Entitled</th><th>Taken</th><th>% returned to work #</th></tr><tr><td>Malaysia</td><td>2,014</td><td>165</td><td>91%</td></tr><tr><td>Vietnam</td><td>539</td><td>30</td><td>60%</td></tr><tr><td>Myanmar</td><td>452</td><td>38</td><td>87%</td></tr><tr><td>Total</td><td>3,005</td><td>233</td><td>86%</td></tr></table># As at end of reporting period</td></tr>
<tr><td colspan="4">GRI 403: Occupational Health and Safety 2018</td></tr>
<tr><td>3-3</td><td>Management of material topics</td><td>47</td><td>Refer to Management Approach in the Occupational Health and Safety section</td></tr>
<tr><td>403-1</td><td>Occupational health and safety management system</td><td>47</td><td>Refer to the Occupational Health and Safety section</td></tr>
<tr><td>403-2</td><td>Hazard identification, risk assessment, and incident investigation</td><td>47</td><td>Refer to the Occupational Health and Safety section</td></tr>
<tr><td>403-3</td><td>Occupational health services</td><td>-</td><td>Audiometric tests are conducted on-site annually</td></tr>
<tr><td>403-4</td><td>Worker participation, consultation, and communication on occupational health and safety</td><td>47</td><td>Refer to the Occupational Health and Safety section</td></tr>
<tr><td>403-5</td><td>Worker training on occupational health and safety</td><td>48</td><td>Refer to the Occupational Health and Safety section</td></tr>
<tr><td>403-6</td><td>Promotion of worker health</td><td>-</td><td>Access to company panel of clinics. Annual audiometric test for workers. Periodic factory noise monitoring as required by the respective jurisdiction</td></tr>
<tr><td>403-7</td><td>Prevention and mitigation of occupational health and safety impacts directly linked by business relationships</td><td>-</td><td>Supplier Code of Conduct in place and audits are carried out to ensure compliance</td></tr>
<tr><td>403-9</td><td>Work-related injuries</td><td>47</td><td>Refer to the Occupational Health and Safety section</td></tr>
<tr><td>403-10</td><td>Work-related ill health</td><td>48</td><td>Refer to the Occupational Health and Safety section</td></tr>
</table>

# SUSTAINABILITY REPORT

## GRI CONTENT INDEX *(continued)*

| GRI Standard | Disclosure | Page | Brief Information on Disclosures |
|---|---|---|---|
| **GRI 404: Training and Education 2016** | | | |
| 3-3 | Management of material topics | 51 | Refer to Management Approach in the Employee Engagement section |
| 404-1 | Average hours of training per year per employee | 52 | Refer to the Employee Engagement section |
| 404-2 | Programs for upgrading employees' skills and transition assistance programs | 51-52 | Refer to the Employee Engagement section |
| 404-3 | Percentage of employees receiving regular performance and career development reviews | - | All staff undergo annual staff appraisals. Ad-hoc reviews are also carried out |
| **GRI 405: Diversity & Equal Opportunity 2016** | | | |
| 3-3 | Management of material topics | 49 | Refer to Management Approach in the Diversity and Fair Treatment section |
| 405-1 | Diversity of governance bodies and employees | 49, 76 | Refer to the Diversity and Fair Treatment section and Corporate Governance Overview Statement |
| **GRI 406: Non-discrimination 2016** | | | |
| 3-3 | Management of material topics | 49 | Refer to Management Approach in the Diversity and Fair Treatment section |
| 408-1 | Incidents of discrimination and corrective actions taken | - | No incidence of discrimination was received or reported |
| **GRI 408: Child Labour 2016** | | | |
| 3-3 | Management of material topics | 49 | Refer to Management Approach in the Diversity and Fair Treatment section |
| 408-1 | Operations and suppliers at significant risk for incidents of child labour | 49, 39 | Employees Code of Conduct and Suppliers Code of Conduct |
| **GRI 409: Forced or Compulsory Labour 2016** | | | |
| 3-3 | Management of material topics | 49 | Refer to Management Approach in the Diversity and Fair Treatment section |
| 409-1 | Operations and suppliers at significant risk for incidents of forced or compulsory labour | 39, 49 | Employees Code of Conduct and Suppliers Code of Conduct |

# SUSTAINABILITY REPORT

## GRI CONTENT INDEX *(continued)*

| GRI Standard | Disclosure | Page | Brief Information on Disclosures |
|---|---|---|---|
| **GRI 410: Security Practices 2016** | | | |
| 3-3 | Management of material topics | - | All service providers are required to sign off and comply with our Suppliers Code of Conduct. The Internal Audit department conducts periodic audit |
| 410-1 | Security personnel trained in human rights policies or procedures | - | Our Group head of security will brief and train our security service provider personnel by first half of FYE 2024 |
| **GRI 414: Supplier Social Assessment 2016** | | | |
| 3-3 | Management of material topics | 39 | Refer to Management Approach in the Governance and Ethics section |
| 414-2 | Negative social impacts in the supply chain and action taken | 39 | Refer to the Governance and Ethics section |
| **GRI 416: Customer Health and Safety 2016** | | | |
| 3-3 | Management of material topics | 38 | Refer to Management Approach in the Product Innovation section |
| 416-1 | Assessment of the health and safety impacts of products and services | - | Refer to the Product Innovation section. All plants are ISO 9001 accredited and have an In-house Quality Control laboratory at the site. |
| 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and service | 38 | Refer to the Product Innovation section. There were no incidents of non-compliance for the year |
| **GRI 418: Customer Privacy 2016** | | | |
| 3-3 | Management of material topics | 39 | Refer to Management Approach in the Governance and Ethics section |
| 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | - | There were no substantiated complaints received in FYE 2023 |

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Website www.kpmg.com.my

The Board of Directors
**Can-One Berhad**
2B-4 Level 4,
Jalan SS 6/6,
Kelana Jaya,
47301 Petaling Jaya,
Selangor Darul Ehsan

Dear Sirs,

**Independent Limited Assurance Report on Selected Sustainability Information of Can-One Berhad ("Can-One" or the "Company") and its subsidiaries (the "Group") for the financial year ended 31 December 2023**

We, KPMG PLT ("KPMG"), were engaged to provide limited assurance on the Group's Selected Sustainability Information (the "Subject Matter"), published in Can-One's Annual Report for the financial year ended 31 December 2023 (the "Annual Report"), in the form of an independent limited assurance conclusion as to whether anything has come to our attention that would cause us to believe that the Subject Matter, in all material respects, has not been prepared in accordance with Can-One's definition and calculation methodologies, including any significant inherent limitations (the "Applicable Criteria").

**Subject Matter**

The Selected Sustainability Information covered by our limited assurance engagement for the financial year ended 31 December 2023 are as follows:

(i) Total waste diverted from disposal (paper, aluminium and tin scraps) (tonnes);

(ii) Total waste directed to disposal (hazardous (scheduled) waste) (tonned);

(iii) Scope 1 greenhouse gas (GHG) emissions – emissions associated with combustion from boiler systems (natural gas, coal and biomass) ($tCO_2e$); and

(iv) Scope 2 GHG emissions (purchased electricity) ($tCO_2e$).

The boundary of the limited assurance engagement by KPMG on the Selected Sustainability Information covers the Group's active and significant operating segments in Malaysia, Vietnam and Myanmar only.

**Board of Directors' and Management's Responsibilities**

The Board of Directors and the management of Can-One (the "Directors" and the "Management", respectively) are responsible for the preparation and presentation of the Subject Matter in accordance with the Applicable Criteria, and the information and assertions contained within it; for determining that the criteria is appropriate to meet their needs; and for establishing and maintaining appropriate performance management and internal control systems from which the Subject Matter is derived.

The Directors and the Management are responsible for the prevention and detection of fraud and error mainly through the implementation and continued operation of an adequate system of internal control.

**Board of Directors and Management's Responsibilities (continued)**

The Directors and the Management are also responsible for ensuring that staff involved with the preparation and presentation of the description of the Subject Matter in the Annual Report are properly trained, ensuring that information systems are properly updated and that any changes in reporting encompass all significant business units.

The Directors and the Management are responsible for disclosing to us their knowledge of: (i) known, actual or possible non-compliance with laws or regulations that have or may have a material effect on the Subject Matter; and (ii) allegations of or suspected fraud or dishonesty committed against the Group.

The Directors and the Management are responsible to make available to us the Subject Matter and any other information timely to facilitate the completion of the engagement within the required time frame.

The Directors and the Management are responsible for disclosing to us facts that may affect the Subject Matter, of which they may become aware up to the date of the independent limited assurance report.

**Our Responsibilities**

Our responsibility is to carry out a limited assurance engagement and to express a limited assurance opinion based on the work performed and evidence obtained.

We conducted our engagement in accordance with Malaysian Approved Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits of Reviews of Historical Financial Information*. This standard requires that we plan and perform procedures to obtain limited assurance that nothing has come to our attention that causes us to believe that the Subject Matter is not prepared, in all material respects, in accordance with the Applicable Criteria.

**Procedures Performed**

Our limited assurance engagement on the Subject Matter consists of making enquiries, primarily of persons responsible for the preparation of the Subject Matter, and applying analytical and other evidence gathering procedures, as appropriate. These procedures, amongst others, included:

- Enquired Management to gain an understanding of the processes established from which the Subject Matter is derived;
- Interviewed relevant staff responsible for preparing and presenting the Subject Matter in the Annual Report;
- Compared the Subject Matter presented in the Annual Report to underlying sources on a sample basis to determine whether the relevant information has been appropriately disclosed; and
- Read the Subject Matter presented in the Annual Report to determine whether they are in line with our overall knowledge of, and experience with, the sustainability performance of Can-One.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

# SUSTAINABILITY REPORT

KPMG

***Can-One Berhad ("Can-One") and its subsidiaries (the "Group")***
*Independent Limited Assurance Report on Selected Sustainability Information of Can-One Group for the financial year ended 31 December 2023*
*22 April 2024*

## Our Quality Management and Independence

Our firm applies Malaysian Approved Standard on Quality Management, ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

## Inherent Limitations

Due to the inherent limitations of any internal control structure, it is possible that errors or irregularities in the information presented in the Annual Report may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Annual Report, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

## Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on the limited assurance procedures performed and evidence obtained, as described above, nothing has come to our attention to cause us to believe that the Subject Matter for the financial year ended 31 December 2023 is not prepared, in all material respects, in accordance with the Applicable Criteria.

## Restriction on distribution and use of our report

In accordance with the terms of our engagement, this report on the Subject Matter has been prepared for the Directors for the purpose as described in the first paragraph of this report and for no other purpose. Our report should also not be regarded as suitable to be used or relied on by any other party.

We consent to the inclusion of this report in Can-One's Annual Report in respect of the financial year ended 31 December 2023, to assist the Directors in responding to their governance responsibilities by obtaining an independent limited assurance report on the Subject Matter. We will not accept any liability or responsibility to any other party to whom our report is shown or into whose hands it may come.

KPMG

**KPMG PLT**
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Petaling Jaya

Date: 22 April 2024

# 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 2023 ("FYE 2023"):

(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;

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

**Roles and Responsibilities of the Board** *(continued)*

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 *(continued)*:

(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 Ethics;

(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 2023, please refer to the ARMC Report on pages 84 and 85 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)*
Foo Kee Fatt *(Member)*
Yeoh Jin Hoe *(Member)*

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 2023, the RC convened 3 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 2023 are categorised as follows:

| No. | Name | Company (RM'000) | | | | | | | Group (RM'000) | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 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** | | | | | | | | | | | | | | | |
| 1. | Tun Arifin Bin Zakaria * | 41.2 | 3.0 | – | – | – | – | 44.2 | 41.2 | 3.0 | – | – | – | – | 44.2 |
| 2. | Yeoh Jin Hoe | 73.8 | 7.5 | – | – | – | – | 81.3 | 189.8 | 16.5 | 4,906.7 | 2,068.0 | 15.5 | – | 7,196.5 |
| 3. | Yeoh Jin Beng | 67.2 | 7.5 | – | – | – | – | 74.7 | 117.2 | 7.5 | – | – | – | – | 124.7 |
| 4. | Foo Kee Fatt | 100.2 | 7.5 | – | – | – | – | 107.7 | 184.2 | 16.5 | – | – | – | – | 200.7 |
| 5. | Datuk Dr. Syed Hussain Bin Syed Husman, J.P. | 106.8 | 6.0 | – | – | – | – | 112.8 | 106.8 | 6.0 | – | – | – | – | 112.8 |
| 6. | Rajaretnam Soloman Daniel | 100.2 | 7.5 | – | – | – | – | 107.7 | 100.2 | 7.5 | – | – | – | – | 107.7 |
| 7. | Kee E-Lene | 73.8 | 6.0 | – | – | – | – | 79.8 | 73.8 | 6.0 | – | – | – | – | 79.8 |
| 8. | Dato' Seri Subahan Bin Kamal ** | 39.4 | 4.5 | – | – | – | – | 43.9 | 39.4 | 4.5 | – | – | – | – | 43.9 |
| **Executive Directors** | | | | | | | | | | | | | | | |
| 9. | Marc Francis Yeoh Min Chang | 67.2 | 7.5 | 419.7 | 120.0 | 7.2 | – | 621.6 | 117.2 | 7.5 | 2,225.8 | 608.0 | 48.6 | – | 3,007.1 |
| 10. | Goh Teck Hong | 67.2 | 7.5 | 514.9 | 148.0 | 24.0 | – | 761.6 | 67.2 | 7.5 | 963.5 | 181.0 | 24.0 | – | 1,243.2 |
| 11. | Chee Khay Leong # | 57.1 | 6.0 | 237.4 | 67.9 | – | – | 368.4 | 129.3 | 13.5 | 3,207.8 | 908.8 | 42.6 | – | 4,302.0 |

*Notes:*

* *Appointed as Director after the conclusion of the Nineteenth AGM of the Company (“19th AGM”) on 28 June 2023.*

** *Vacated office as Director at the conclusion of the 19th AGM on 28 June 2023.*

\# *Retired as Executive Director on 6 November 2023.*

(1) *Salary comprised basic salary, EIS, EPF and SOCSO.*

(2) *Benefits-in-kind comprised provision of company motor vehicle, petrol allowance and phone bill.*

## 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 2023 fall within the following bands are as follows:

| Remuneration Range | Number of Directors |
|---|---|
| **Executive Directors** | |
| Between RM1,200,001 - RM1,250,000 | 1 |
| Between RM3,000,001 - RM3,050,000 | 1 |
| Between RM4,300,001 - RM4,350,000 | 1 |
| **Non-Executive Directors** | |
| Between RM1 - RM50,000 | 2 |
| Between RM75,001 - RM80,000 | 1 |
| Between RM100,001 - RM125,000 | 3 |
| Between RM200,001 - RM205,000 | 1 |
| 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 2023 are categorised as follows:

| Category | Group RM'000 | Company RM'000 |
|---|---|---|
| Salaries and bonuses *(1)* | 4,038 | 31 |
| Emoluments *(2)* | 1,218 | 694 |
| Benefits-in-kind *(3)* | 25 | – |
| **Total** | **5,281** | **725** |

*Notes:*

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

## 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 2023 fall within the following bands are as follows:

| Remuneration Range | Number of Senior Management personnel |
|---|---|
| Between RM650,001 - RM700,000 | 1 |
| Between RM900,001 - RM950,000 | 2 |
| Between RM1,250,001 - RM1,300,000 | 1 |
| Between RM1,500,001 - RM1,550,000 | 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)*
Datuk Dr. Syed Hussain Bin Syed Husman, J.P. *(Member)*
Kee E-Lene *(Member)*

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 the FYE 2023, the NC convened 3 meetings and the attendance of the meetings by the NC members were as follows:

| Members | Number of meetings attended in FYE 2023 | Percentage of Attendance |
|---|---|---|
| Rajaretnam Soloman Daniel | 3 out of 3 meetings | 100 |
| Datuk Dr. Syed Hussain Bin Syed Husman, J.P. | 3 out of 3 meetings | 100 |
| Kee E-Lene | 2 out of 3 meetings | 66 |

A summary of the key activities undertaken by the NC during FYE 2023 in the discharge of its duties were as follows:

(i) Assessed the suitability of Tun Arifin Bin Zakaria as Senior Independent Non-Executive Director of the Company and as Chairman of the Board, with effect after the conclusion of the 19th AGM of the Company on 28 June 2023;

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

(iii) 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 or potential 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 2023;

(iv) 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;

(v) Conducted the Conflict of Interest assessment for each individual Director;

(vi) Endorsed the re-election of Directors, Datuk Dr. Syed Hussain Bin Syed Husman, J.P., Yeoh Jin Hoe and Marc Francis Yeoh Min Chang who will be up for retirement pursuant to Clause 82 of the Constitution of the Company; and Tun Arifin Bin Zakaria who was appointed during the FYE 2023 and will be up for retirement pursuant to Clause 86 of the Constitution of the Company, at the close of the Twentieth AGM of the Company to be held in June 2024;

(vii) Reviewed and recommended the revised Board Charter of the Company to the Board for approval; and

(viii) Accept the retirement of Executive Director, Chee Khay Leong, upon completion of his contract of services.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## 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 30 November 2023, concluded that:

(i) all the 5 Independent Directors of the Company viz, Tun Arifin Bin Zakaria, 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 calibre to serve on the Board and the Board Committees and had continued to demonstrate his/her commitment to the Company in terms of time, participation and dialogue during the FYE 2023.

(iii) none of the Directors of the Company have improperly used his or her position in the Company to gain a benefit or advantage for himself or herself or any other person, or to cause detriment to the Company and/or the Group.

(iv) 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.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## 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 and updated on 30 November 2023 in line with the MMLR of Bursa Securities. This is to ensure its relevance for good corporate governance practices within the Group. The Board Charter is available for reference on the Company's website at *www.canone.com.my*.

### Code of Ethics

The Board continues to adhere to the Code of Ethics 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

As at 31 December 2023, the Board consists of 9 members, comprising 7 Non-Executive Directors, a Group Managing Director and 1 Executive Director. 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.

Tun Arifin Bin Zakaria, 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 Tun Arifin Bin Zakaria provide a broader view, independent and balanced assessment of proposals from the Senior Management of the Company.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## 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 Company will put greater effort into looking for suitable candidates for appointment to the Board to achieve its target and will work towards having the appropriate age and ethnic diversity on the Board.

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.

Tun Arifin Bin Zakaria was appointed as Senior Independent Non-Executive Director of the Company on 28 June 2023.

### 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'/Key Officers' Evaluation Form comprising questionnaires pertaining to the Director's knowledge and skills, participation, contribution and performance, calibre and personality.

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

### 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.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

### 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, Datuk Dr. Syed Hussain Bin Syed Husman, J.P., Yeoh Jin Hoe and Marc Francis Yeoh Min Chang are due to retire by rotation at the conclusion of the forthcoming Twentieth AGM of the Company on 26 June 2024 pursuant to Clause 82 of the Company's Constitution, and have offered themselves for re-election at the aforesaid AGM.

The Board members, with Datuk Dr. Syed Hussain Bin Syed Husman, J.P., Yeoh Jin Hoe and Marc Francis Yeoh Min Chang abstaining from deliberation and voting, had endorsed 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 Director of the Company, Tun Arifin Bin Zakaria is due to retire at the conclusion of the Twentieth AGM of the Company on 26 June 2024 pursuant to Clause 86 of the Company's Constitution.

The Board, with Tun Arifin Bin Zakaria abstaining from deliberation and voting, had endorsed the aforesaid Director for re-election at the said AGM.

### Meetings and Time Commitment

4 Board meetings were held during the FYE 2023 and the attendance of the meetings by the Board members were as follows:

| Members | Number of meetings attended in FYE 2023 | Percentage of Attendance |
|---|---|---|
| Tun Arifin Bin Zakaria [(1)] | 2 out of 2 meetings | 100 |
| Marc Francis Yeoh Min Chang | 4 out of 4 meetings | 100 |
| Goh Teck Hong | 4 out of 4 meetings | 100 |
| Yeoh Jin Hoe | 4 out of 4 meetings | 100 |
| Yeoh Jin Beng | 4 out of 4 meetings | 100 |
| 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 | 4 out of 4 meetings | 100 |
| Kee E-Lene | 3 out of 4 meetings | 75 |
| Dato' Seri Subahan Bin Kamal [(2)] | 2 out of 2 meetings | 100 |
| Chee Khay Leong [(3)] | 3 out of 3 meetings | 100 |

*Notes:*

*(1) Appointed as Director after the conclusion of the 19th AGM on 28 June 2023.*
*(2) Vacated office as Director at the conclusion of the 19th AGM on 28 June 2023.*
*(3) Retired as Executive Director on 6 November 2023.*

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

### Meetings and Time Commitment *(continued)*

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 2023. All the Directors do not hold directorships more than that prescribed under the MMLR of Bursa Securities.

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 |
|---|---|---|
| Tun Arifin Bin Zakaria * | Environmental, Social and Corporate Governance and the law | 7 October 2023 |
| | Mandatory Accreditation Programme Part II: Leading for Impact ("LIP") | 25 and 26 October 2023 |
| | Kian Joo & Box-Pak - BDO Tax Budget 2024 Seminar | 7 December 2023 |
| Marc Francis Yeoh Min Chang | Kian Joo & Box-Pak - BDO Tax Budget 2024 Seminar | 7 December 2023 |
| Goh Teck Hong | Kian Joo & Box-Pak - BDO Tax Budget 2024 Seminar. | 7 December 2023 |
| Yeoh Jin Hoe | Advancing Environmental, Social, and Governance Integration for Alcom Group Berhad: A Comprehensive Guide to Sustainability | 6 November 2023 |
| | Kian Joo & Box-Pak - BDO Tax Budget 2024 Seminar | 7 December 2023 |
| Yeoh Jin Beng | Mandatory Accreditation Programme Part II: LIP | 7 to 10 August 2023 |
| | Kian Joo & Box-Pak - BDO Tax Budget 2024 Seminar | 7 December 2023 |
| Foo Kee Fatt | Audit of Income Statement Items, Liabilities and Related Parties | 2 March 2023 |
| | ESG series - Introduction to carbon footprint and net zero emissions | 16 March 2023 |
| | Audit completion procedures, going concern, subsequent event and audit opinion | 23 March 2023 |
| | Hasil - Chartered Tax Institute of Malaysia Tax Forum 2023 | 30 May 2023 |
| | Minimum Transfer Price ("TP") Documentation for Small Medium-sized Enterprises | 29 September 2023 |
| | Malaysia Financial Reporting Standard ("MFRS") Updates 2023 and understanding MFRS 136: impairment of assets - Principles, concepts and common application issues | 18 October 2023 |
| | International Financial Reporting Standards S1 and S2: Are we ready? | 20 October 2023 |
| | 2024 Budget Seminar (Chartered Tax Institute of Malaysia) | 30 October 2023 |
| | 2024 Budget Seminar (Malaysian Institute of Accountants and Malaysian Associations of Tax Accountants) | 8 November 2023 |
| | Audit Oversight Board's Conversation with Audit Committees | 27 November 2023 |
| | Kian Joo & Box-Pak - BDO Tax Budget 2024 Seminar | 7 December 2023 |

# 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 |
|---|---|---|
| Datuk Dr. Syed Hussein Bin Syed Husman, J.P. | Mandatory Accreditation Programme Part II: LIP | 8 to 10 August 2023 and 4 September 2023 |
| | Enriching Lives through Human Development | 6 and 7 September 2023 |
| | Malaysian Employers Federation Industrial Relations Conference 2023 “The Future of Work” | 22 and 23 November 2023 |
| | Kian Joo & Box-Pak - BDO Tax Budget 2024 Seminar | 7 December 2023 |
| Rajaretnam Soloman Daniel | New TP Horizon<br>Transition or Transformation? | 28 July 2023 |
| | Kian Joo & Box-Pak - BDO Tax Budget 2024 Seminar | 7 December 2023 |
| Kee E-Lene | The Cooler Earth Sustainability Summit 2023<br>Sustainability in Action: Opportunities for a Better Tomorrow | 11 September 2023 |
| | “The Future of Finance” and “Financing the Sustainable Development Goals” | 14 November 2023 |
| | “Untold Story of Chip War” series<br>- Beyond 2024: The Next Battlefields in Global Tech | 21 November 2023 |
| | Managing Cyber Risk - Insights for Boards and Senior Management | 5 December 2023 |
| | Kian Joo & Box-Pak - BDO Tax Budget 2024 Seminar | 7 December 2023 |

*Note:*

* *Appointed as Director after the conclusion of the 19th AGM on 28 June 2023.*

### 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.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### 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 86 to 91 of this Annual Report.

### Internal Audit Function

The internal audit function are set out in the ARMC Report on page 85 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 86 to 88 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 92 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.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## 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 Twentieth 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 Twentieth 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 2023 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 5 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 3 April 2024. 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 2023 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 2023, the amount of audit and non-audit fees paid/payable by the Group and the Company to the External Auditors, KPMG PLT, other member firms of KPMG International Limited 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 | 48 |
| Audit fees - Other member firms of KPMG International Limited | 161 | 0 |
| Non-audit fees - KPMG PLT | 85 | 60 |
| Non-audit fees - Affiliates of KPMG PLT | 161 | 14 |

## 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 2023 or, if not then subsisting, which were entered into since the end of the previous financial year.

### Recurrent Related Party Transactions

At the Nineteenth AGM of the Company held on 28 June 2023, 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 Twentieth 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 2023 pursuant to the aforesaid shareholders' mandate are as follows:

| Provider of products/services | Recipient of products/ services | Nature of Transaction | Actual value transacted from 28 June 2023 up to 31 December 2023 (RM'000) | Interested Related Party |
|---|---|---|---|---|
| Box-Pak (Malaysia) Bhd. ("Box-Pak") group of companies | Can-One Group | Purchase of cartons | 6,099 | Yeoh Jin Hoe (1) (2)<br>Chee Khay Leong (3) |
| Can-One Group | Box-Pak group of companies | Lease of factory building | 1,601 | |
| | | **Total :** | **7,700** | |

# 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) Chee Khay Leong was 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 was also the President cum Chief Executive Officer of KJCFB and Box-Pak. Notwithstanding his retirement in Can-One, KJCFB and Box-Pak on 6 November 2023, he is a key management personnel in the subsidiaries of Can-One 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)*

**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 ("FYE") 2023 and the attendance of the meetings were follows:

| Members | Number of meetings attended in FYE 2023 | 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 | 4 out of 4 meetings | 100 |

## SUMMARY OF ACTIVITIES

The main activities undertaken by the Committee in discharging its responsibility during FYE 2023 were as follows:

(i) Reviewed the quarterly internal audit reports of the Company and its subsidiary companies ("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 the 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 or potential 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 the Group before recommendation to the Board of Directors of the Company ("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 2022;

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

## SUMMARY OF ACTIVITIES *(continued)*

The main activities undertaken by the Committee in discharging its responsibility during FYE 2023 were as follows *(continued)*:

(vi) Reviewed the annual audited financial statements of the Group and of the Company for the FYE 2022 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 and IFRS Accounting Standards issued by the International Accounting Standards Board applicable to the financial statements of the Group and of the Company for the FYE 2023 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 2022;

(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 2023;

(xii) Reviewed and recommended the Non-Assurance Services Pre-approval Policy;

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

(xiii) Reviewed and approved the Internal Audit Plan and Budget for the Group for year 2024 presented by the Internal Auditors; and

(xiv) Reviewed and recommended the Related Party Transactions Policy and Conflict of Interest Policy;

## INTERNAL AUDIT FUNCTION

In discharging its function, the Group utilises the in-house Internal Audit Department as well as the services of external independent consulting firms (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 2023 are presented in the Statement on Risk Management and Internal Control. The total costs incurred by the Group's Internal Audit function for FYE 2023 were RM854,606 (including outsourced internal audit services amounting to RM52,000).

This Statement is made in accordance with a resolution of the Board dated 3 April 2024.

# 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 ("Can-One" or "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 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 meet the Group's objectives. 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 to identify, evaluate and manage the significant risks that could impact its business objectives. This process is follows the Group's Risk Management Framework, which outlines the Risk Management Policy and Risk Management Methodologies.

The Risk Management Executive Committee ("RMEC"), which oversees the Group's risk management and sustainability processes is composed of the Group Managing Director ("MD"), the Executive Directors ("EDs"), 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 includes 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 responsible for identifying major business and compliance risks concerning their respective business units, oversees and ensure 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 that could cause the Group to suffer short-term or long-term financial or non-financial losses. Alternatively, a risk could also be 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.

Typically, the risks can be categorised according to the following Group's objectives:

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

### (B) Quantify risks

Identified risks are quantified based on their potential 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.

As a result, a risk event may have a combined score ranging from (1) to (25), depending on its likelihood and impact scores. A risk with a high rating poses a more serious threat to the organisation than a risk with a low rating. The risks are then 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**

In this heat-map, "L" stands for Low risk, "M" stands for Medium risk, and "H" for High risk.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## RISK MANAGEMENT *(continued)*

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

**(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 risk if it is within the Group's risk appetite.

**(D) Risk control strategies**

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

If an existing control not effective enough, or if there is no existing control for managing a significant risk, then new control strategies must be developed. The goal is 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 evaluate the effectiveness of the control strategies for the identified risks, and corrective actions are taken as necessary. In this context, Key Risk Indicators are established for each risk to assist 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 considered as low risk today may become high risk in the future. Therefore, an effective risk management project is not a one-time exercise but an ongoing process that forms part of the operations of the Group. In this regard, the risk profile and control processes will be continually updated on a regular basis, at least quarterly.

Each entity's RMSWG reports to the RMEC. The RMEC then meets to discuss and evaluate the RMSWGs' reports for adoption. Subsequently, the RMEC reports 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 integrated in 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 levels, and appropriate reporting procedures outlined in the Board Charter. The Board meets at least quarterly and has a Schedule of Matters reserved for its collective decision, ensuring effective control over strategic, management, financial, operational, environmental and compliance issues.

The Group MD, the ED and Senior Management team are responsible for managing the Group. They centrally control key functions such as governance, sustainability, finance, tax, treasury, corporate affairs, legal matters, and contract awarding. 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 reviews. They hold monthly management meetings with the Departmental Heads of the entities to identify, discuss and resolve business, financial, operational, governance, sustainability, compliance, and management issues. These meetings also serve as a platform for communicating the Group's goals and objectives.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTERNAL CONTROL *(continued)*

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.

**c) Human Capital**

There are documented policies and guidelines within the Group that cover the hiring and termination of employees. Each position has a clearly defined job description outlining roles and responsibilities. The Group provides continuous training and development programs to enhance employee competencies and productivity. Employee' performances are assessed via a systematic appraisal process, which includes rating criteria for each area of assessment.

**d) Insurance**

Sufficient insurance coverage and physical safeguards are in place for major assets to ensure the Group's assets are adequately covered against any incident that could result in material loss. Management undertakes an annual insurance policy renewal exercise to review the coverage. This review is based on the costs listed in the Property, Plant and Equipment Register and their 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 from the credential certification bodies to ensure that the SOPs are properly 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 risks are mitigated through periodic technology risk assessment and relevant action plans.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTERNAL AUDIT

The ARMC is responsible for reviewing and monitoring the adequacy and effectiveness of the Group's internal control system. The review and monitoring are carried out through the internal audit function. The Group's internal audit function is performed by the in-house Group Internal Audit Department as well as an appointed external independent consulting firm, Messrs Tan Yen Yeow & Company (collectively, "Internal Auditors").

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 internal audit activity adheres to the Institute of Internal Auditors' International Professional Practices Framework ("IPPF"). Additionally, the Group Internal Audit Department maintains a quality assurance and improvement program that covers all aspects of the internal audit activity. This includes ongoing internal assessments and external assessments every five years to meet the IPPF standard requirements.

A Quality Assurance Review was carried out on the Group's in-house internal audit function by a qualified independent consulting company in 2019. All recommendations made by the independent consultant have been considered by the Group's Internal Audit Department to align with the IPPF and meet the expectations of Management and the ARMC.

The annual Group Internal Audit Plan is reviewed and approved by the ARMC before each financial year. The plan is developed based on the risk profile and analysis of the Group's businesses as well as past experience. The internal audit focuses its resources on high-risk areas, which are audited more frequently than low-risk areas. For FYE 2023, internal audit reviews were carried out according to the Group Internal Audit plan. An external audit firm, Messrs RSM Vietnam Auditing and Consulting Company Limited was engaged to assess and confirm the adequacy and effectiveness of the internal control system in the Payroll, Corporate Governance and Other General Control, and Financial Reporting Control processes of a subsidiary in Vietnam, Box-Pak (Vietnam) Co., Ltd.. The findings of the internal audits, along with proposed recommendations and management responses, are presented at the ARMC meetings for deliberation. The ARMC's expectations on the corrective measures are communicated to the respective heads of departments and business units.

There were no material losses incurred during FYE 2023 due to weaknesses in internal control. The Group has complied with the relevant legislation and regulations. Management continues to be vigilant and take the necessary measures to strengthen the internal control environment periodically.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## 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 2023. The External Auditors reported to the Board that nothing has come to their attention that causes them to believe that this Statement, 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. 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 and 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 that 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 3 April 2024.

# 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 2023 ("FYE 2023") as set on pages 99 to 194 of this Annual Report, the Directors ensured that the Group has used the Malaysian Financial Reporting Standards ("MFRS"), IFRS Accounting Standards issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Companies Act 2016, applied them consistently and made judgments and estimates that are reasonable and prudent. The Directors also ensured that the MFRS and IFRS Accounting Standards 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, MFRS and IFRS Accounting Standards.

This Statement is made in accordance with a resolution of the Board of Directors of the Company dated 3 April 2024.

# DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023.

## 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 | **33,396** | **84,655** |
| Non-controlling interests | **(4,773)** | **–** |
| | **28,623** | **84,655** |

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

## 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 2022 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 28 July 2023.

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 2023, subject to shareholders' approval at the forthcoming Annual General Meeting.

# DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

## DIRECTORS OF THE COMPANY

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

| | |
|---|---|
| Yeoh Jin Hoe | |
| Yeoh Jin Beng | |
| Marc Francis Yeoh Min Chang | |
| Foo Kee Fatt | |
| Datuk Dr. Syed Hussain Bin Syed Husman, J.P. | |
| Goh Teck Hong | |
| Rajaretnam Soloman Daniel | |
| Kee E-Lene | |
| Tun Arifin Bin Zakaria | (Appointed on 28 June 2023) |
| Dato' Seri Subahan Bin Kamal | (Vacated office on 28 June 2023) |
| Chee Khay Leong | (Retired on 6 November 2023) |

## 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 | |
| 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 | |
| Chee Khay Leong | |
| Hoh Wee Sang | |
| Chan Huan Cheong | |
| Gan Joe Yee | |
| Bernadette Chin Cheen Choo | (Appointed on 30 November 2023) |

# DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

## 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 the 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 1.1.2023 | Bought | Sold | At 31.12.2023 |
| Direct interest in the Company: | | | | |
| Yeoh Jin Hoe | 7,505,700 | – | – | 7,505,700 |
| Yeoh Jin Beng | 150,000 | – | – | 150,000 |
| 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 2023 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.

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 2023

## DIRECTORS' REMUNERATION

The Directors' remuneration in respect of the financial year ended 31 December 2023 are as follows:

| | Group RM'000 | Company RM'000 |
|---|---|---|
| Fees | 1,166 | 794 |
| Salaries and bonuses | 13,606 | 1,363 |
| Statutory contributions | 1,464 | 145 |
| Allowances | 96 | 71 |
| Benefits-in-kind | 131 | 31 |
| | 16,463 | 2,404 |

## 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 2023 was RM69,099.

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 2023

## 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 (12) months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, except for the reversal of impairment losses on property, plant and equipment and financial instruments and impairment losses on 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 2023 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 2023.

# DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

## SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 27 March 2024, Box-Pak (Vietnam) Co., Ltd., a subsidiary of the Company, entered into a conditional in-principle land sublease agreement with a third party to sublease a parcel of vacant leasehold industrial land for a period of approximately forty five (45) years up to 6 August 2069, for a sublease consideration of Vietnam Dong ("VND") 179,524,000,000 (exclusive of value added tax), which is equivalent to approximately RM34,286,000.

As of the date of this report, the completion of the transaction is subject to the fulfilment of conditions precedent pursuant to the conditional in-principle land sublease agreement.

## AUDITORS

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

## AUDITORS' REMUNERATION

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 | **85** | **60** |
| | **566** | **108** |

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

**Marc Francis Yeoh Min Chang**
Director

**Foo Kee Fatt**
Director

Kuala Lumpur

Date: 3 April 2024

# STATEMENTS OF FINANCIAL POSITION
## AS AT 31 DECEMBER 2023

| | Note | Group 2023 RM'000 | Group 2022 RM'000 | Company 2023 RM'000 | Company 2022 RM'000 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Property, plant and equipment | 3 | **2,057,531** | 1,692,713 | **–** | – |
| Right-of-use assets | 4 | **537,405** | 525,037 | **–** | – |
| Investment properties | 5 | **81,246** | 82,861 | **–** | – |
| Land held for property development | 6 | **–** | 109,628 | **–** | – |
| Intangible assets | 7 | **3,371** | 1,717 | **–** | – |
| Investments in subsidiaries | 8 | **–** | – | **1,324,357** | 1,326,749 |
| Deferred tax assets | 9 | **3,104** | 2,506 | **–** | – |
| Prepayments | 10 | **25,137** | 3,465 | **–** | – |
| Trade and other receivables | 12 | **–** | – | **162,990** | 52,033 |
| **Total non-current assets** | | **2,707,794** | 2,417,927 | **1,487,347** | 1,378,782 |
| Inventories | 11 | **801,601** | 862,876 | **–** | – |
| Trade and other receivables | 12 | **567,174** | 571,629 | **43,642** | 51,758 |
| Prepayments | 10 | **10,272** | 21,198 | **–** | – |
| Current tax assets | | **7,837** | 2,719 | **–** | 387 |
| Derivative financial assets | 13 | **1,482** | 1,048 | **–** | – |
| Cash and cash equivalents | 14 | **387,066** | 386,176 | **5,557** | 6,379 |
| **Total current assets** | | **1,775,432** | 1,845,646 | **49,199** | 58,524 |
| **Total assets** | | **4,483,226** | 4,263,573 | **1,536,546** | 1,437,306 |

# STATEMENTS OF FINANCIAL POSITION
## AS AT 31 DECEMBER 2023

| | Note | Group 2023 RM'000 | Group 2022 RM'000 | Company 2023 RM'000 | Company 2022 RM'000 |
|---|---|---|---|---|---|
| **Equity** | | | | | |
| Share capital | 15 | **197,660** | 197,660 | **197,660** | 197,660 |
| Reserves | 16 | **1,653,832** | 1,628,915 | **1,017,585** | 940,616 |
| **Equity attributable to owners of the Company** | | **1,851,492** | 1,826,575 | **1,215,245** | 1,138,276 |
| **Non-controlling interests** | 8.2 | **81,676** | 87,642 | **–** | – |
| **Total equity** | | **1,933,168** | 1,914,217 | **1,215,245** | 1,138,276 |
| **Liabilities** | | | | | |
| Loans and borrowings | 17 | **788,367** | 669,667 | **286,107** | 286,107 |
| Lease liabilities | | **181,183** | 151,315 | **–** | – |
| Retirement benefit obligations | 18 | **76,134** | 65,529 | **–** | – |
| Deferred tax liabilities | 9 | **98,443** | 101,202 | **–** | – |
| **Total non-current liabilities** | | **1,144,127** | 987,713 | **286,107** | 286,107 |
| Trade and other payables | 19 | **560,127** | 537,120 | **34,901** | 12,923 |
| Loans and borrowings | 17 | **779,188** | 770,417 | **–** | – |
| Lease liabilities | | **13,367** | 11,673 | **–** | – |
| Retirement benefit obligations | 18 | **17,914** | 6,504 | **–** | – |
| Contract liabilities | | **28,687** | 23,465 | **–** | – |
| Provision | 20 | **–** | 5,000 | **–** | – |
| Derivative financial liabilities | 13 | **136** | 2,087 | **–** | – |
| Current tax liabilities | | **6,512** | 5,377 | **293** | – |
| **Total current liabilities** | | **1,405,931** | 1,361,643 | **35,194** | 12,923 |
| **Total liabilities** | | **2,550,058** | 2,349,356 | **321,301** | 299,030 |
| **Total equity and liabilities** | | **4,483,226** | 4,263,573 | **1,536,546** | 1,437,306 |

The notes on pages 111 to 194 are an integral part of these financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

| | Note | Group 2023 RM'000 | Group 2022 RM'000 | Company 2023 RM'000 | Company 2022 RM'000 |
|---|---|---|---|---|---|
| **Revenue** | 21 | **3,053,791** | 3,167,452 | **99,124** | 52,586 |
| Cost of sales | | **(2,722,882)** | (2,795,788) | **–** | – |
| **Gross profit** | | **330,909** | 371,664 | **99,124** | 52,586 |
| Other income | | **44,900** | 34,600 | **30** | 220 |
| Selling and distribution expenses | | **(29,670)** | (28,698) | **–** | – |
| Administrative expenses | | **(202,485)** | (155,440) | **225** | (5,583) |
| Other expenses | | **(29,106)** | (26,560) | **(5,342)** | (2,002) |
| Operating profit before impairment losses | | **114,548** | 195,566 | **94,037** | 45,221 |
| Net reversal of impairment losses/(impairment losses) on: | | | | | |
| - property, plant and equipment | | **4,398** | 67 | **–** | – |
| - investments in subsidiaries | | **–** | – | **(2,392)** | (16,041) |
| - financial instruments | | **511** | (10,218) | **1,097** | 927 |
| | | **4,909** | (10,151) | **(1,295)** | (15,114) |
| **Results from operating activities** | | **119,457** | 185,415 | **92,742** | 30,107 |
| Interest income | | **2,458** | 1,143 | **7,756** | 3,137 |
| Interest expense | 22 | **(71,630)** | (57,629) | **(14,189)** | (10,894) |
| **Profit before tax** | 24 | **50,285** | 128,929 | **86,309** | 22,350 |
| Tax expense | 25 | **(21,662)** | (41,041) | **(1,654)** | (733) |
| **Profit for the year** | | **28,623** | 87,888 | **84,655** | 21,617 |

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

| | Note | Group 2023 RM'000 | Group 2022 RM'000 | Company 2023 RM'000 | Company 2022 RM'000 |
|---|---|---|---|---|---|
| **Profit for the year** | | **28,623** | 87,888 | **84,655** | 21,617 |
| **Other comprehensive income/(expense), net of tax** | | | | | |
| *Items that are or may be reclassified subsequently to profit or loss* | | | | | |
| Cash flow hedge | 26 | **1,146** | 4,285 | **–** | – |
| Foreign currency translation differences for foreign operations | 26 | **5,497** | 4,947 | **–** | – |
| *Item that is may not be reclassified subsequently to profit or loss* | | | | | |
| Remeasurement of defined retirement benefits | 26 | **(8,629)** | – | **–** | – |
| **Total comprehensive income for the year** | | **26,637** | 97,120 | **84,655** | 21,617 |
| **Profit/(Loss) attributable to:** | | | | | |
| Owners of the Company | | **33,396** | 91,649 | **84,655** | 21,617 |
| Non-controlling interests | | **(4,773)** | (3,761) | **–** | – |
| **Profit for the year** | | **28,623** | 87,888 | **84,655** | 21,617 |
| **Total comprehensive income/(expense) attributable to:** | | | | | |
| Owners of the Company | | **32,604** | 100,464 | **84,655** | 21,617 |
| Non-controlling interests | | **(5,967)** | (3,344) | **–** | – |
| **Total comprehensive income for the year** | | **26,637** | 97,120 | **84,655** | 21,617 |
| **Basic/Diluted earnings per ordinary share (sen)** | 27 | **17.38** | 47.70 | | |

The notes on pages 111 to 194 are an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31 DECEMBER 2023

| | | 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** | | 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 | | | | | | | | |
| - Dividends | 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 | |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

| | | ← 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 2023** | | **197,660** | **236** | **20,449** | **1,608,230** | **1,826,575** | **87,642** | **1,914,217** |
| Other comprehensive income/(expense) for the year | | | | | | | | |
| - Cash flow hedge | | – | 1,146 | – | – | 1,146 | – | 1,146 |
| - Foreign currency translation differences of foreign operations | | – | – | 6,051 | – | 6,051 | (554) | 5,497 |
| - Remeasurement of defined retirement benefits | | – | – | – | (7,990) | (7,990) | (639) | (8,629) |
| Total other comprehensive income/(expense) for the year | | – | 1,146 | 6,051 | (7,990) | (793) | (1,193) | (1,986) |
| Profit/(Loss) for the year | | – | – | – | 33,396 | 33,396 | (4,773) | 28,623 |
| **Total comprehensive income/(expense) for the year** | | – | 1,146 | 6,051 | 25,406 | 32,603 | (5,966) | 26,637 |
| Distribution to owners of the Company | | | | | | | | |
| - Dividends | 28 | – | – | – | (7,686) | (7,686) | – | (7,686) |
| **At 31 December 2023** | | **197,660** | **1,382** | **26,500** | **1,625,950** | **1,851,492** | **81,676** | **1,933,168** |
| | | Note 15 | Note 16.1 | Note 16.2 | | | Note 8.2 | |

The notes on pages 111 to 194 are an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 DECEMBER 2023

| | Note | Non-distributable Share capital RM'000 | Distributable Retained earnings RM'000 | Total equity RM'000 |
|---|---|---|---|---|
| **At 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 |
| Distributions to owners of the Company | | | | |
| - Dividends | 28 | – | (7,686) | (7,686) |
| **At 31 December 2022/1 January 2023** | | **197,660** | **940,616** | **1,138,276** |
| Profit for the year and total comprehensive income for the year | | **–** | **84,655** | **84,655** |
| Distribution to owners of the Company | | | | |
| - Dividends | 28 | **–** | **(7,686)** | **(7,686)** |
| **At 31 December 2023** | | **197,660** | **1,017,585** | **1,215,245** |
| | | Note 15 | | |

The notes on pages 111 to 194 are an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS
## FOR THE YEAR ENDED 31 DECEMBER 2023

| | Note | Group 2023 RM'000 | Group 2022 RM'000 | Company 2023 RM'000 | Company 2022 RM'000 |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Profit before tax | | **50,285** | 128,929 | **86,309** | 22,350 |
| Adjustments for: | | | | | |
| Depreciation of: | | | | | |
| - property, plant and equipment | 3 | **140,055** | 126,122 | **–** | – |
| - right-of-use assets | 4 | **28,848** | 20,639 | **–** | – |
| - investment properties | 5 | **1,615** | 1,802 | **–** | – |
| Amortisation of intangible assets | 7 | **803** | 1,132 | **–** | – |
| Gain on disposal of: | | | | | |
| - property, plant and equipment | 24 | **(4,138)** | (10,608) | **–** | – |
| - right-of-use assets | 24 | **(4,049)** | (4,379) | **–** | – |
| Gain from subsidiaries struck off/deregistered | 24 | **(3,197)** | – | **–** | – |
| Net loss/(gain) on termination, expiration, modification and reassessment of lease contracts | 24 | **111** | (1) | **–** | – |
| Interest expense | 22 | **71,630** | 57,629 | **14,189** | 10,894 |
| Interest income | | **(2,458)** | (1,143) | **(7,756)** | (3,137) |
| Income distribution from money market placements with a non-financial institution | 24 | **(1,242)** | (474) | **(30)** | (220) |
| Net (reversal of impairment losses)/impairment losses on: | | | | | |
| - property, plant and equipment | 24 | **(4,398)** | (67) | **–** | – |
| - investments in subsidiaries | 24 | **–** | – | **2,392** | 16,041 |
| - financial instruments | 24 | **(511)** | 10,218 | **(1,097)** | (927) |
| Provision | | **(5,000)** | – | **–** | – |
| Retirement benefit obligations and gratuity | 18 | **16,367** | 8,056 | **–** | – |
| Unrealised (gain)/loss on: | | | | | |
| - foreign exchange | 24 | **(6,809)** | 8,836 | **–** | – |
| - derivative financial instruments | | **(1,239)** | 1,249 | **–** | – |
| (Reversal of write-down)/ Write-down of inventories | 24 | **(6,306)** | 6,659 | **–** | – |
| Write off in respect of: | | | | | |
| - property, plant and equipment | 24 | **669** | 879 | **–** | 1 |
| - financial instruments | 24 | **–** | – | **5,341** | 2,000 |
| - inventories | 24 | **29,453** | 27,731 | **–** | – |
| Dividend income | | **–** | – | **(99,124)** | (52,586) |
| **Operating profit/(loss) before changes in working capital** | | **300,489** | 383,209 | **224** | (5,584) |

# STATEMENTS OF CASH FLOWS
## FOR THE YEAR ENDED 31 DECEMBER 2023

| | Note | Group 2023 RM'000 | Group 2022 RM'000 | Company 2023 RM'000 | Company 2022 RM'000 |
|---|---|---|---|---|---|
| **Cash flows from operating activities** *(continued)* | | | | | |
| Changes in working capital: | | | | | |
| Inventories | | **147,995** | (23,179) | **–** | – |
| Trade and other receivables | | **17,138** | 40,323 | **(6)** | 2 |
| Prepayments | | **10,926** | (9,224) | **–** | – |
| Trade and other payables | | **23,596** | 77,778 | **(5,222)** | 2,103 |
| Contract liabilities | | **5,222** | 17,159 | **–** | – |
| **Cash generated from/ (used in) operations** | | **505,366** | 486,066 | **(5,004)** | (3,479) |
| Interest paid | | **(6,544)** | (551) | **–** | – |
| Retirement benefit paid | | **(2,981)** | (3,126) | **–** | – |
| Tax paid | | **(32,492)** | (48,948) | **(1,361)** | (860) |
| Tax refund | | **3,455** | 2,201 | **387** | – |
| Dividend received | | **–** | – | **82,124** | 52,586 |
| **Net cash from operating activities** | | **466,804** | 435,642 | **76,146** | 48,247 |
| **Cash flows from investing activities** | | | | | |
| Proceeds from disposal of: | | | | | |
| - property, plant and equipment | | **20,659** | 56,876 | **–** | – |
| - right-of-use assets | | **8,744** | 14,993 | **–** | – |
| Additions of: | | | | | |
| - property, plant and equipment | A | **(385,674)** | (248,433) | **–** | – |
| - land held for property development | | **(239)** | (403) | **–** | – |
| - intangible assets | 7 | **(2,429)** | (1,753) | **–** | – |
| Acquisition of a subsidiary | | **–** | – | **–** | (15,000) |
| Interest received | | **2,458** | 1,143 | **7,756** | 3,137 |
| Income distribution from money market placements with a non-financial institution | | **1,242** | 474 | **30** | 220 |
| Advances to subsidiaries | | **–** | – | **(90,079)** | (38,902) |
| **Net cash used in investing activities** | | **(355,239)** | (177,103) | **(82,293)** | (50,545) |

# STATEMENTS OF CASH FLOWS
## FOR THE YEAR ENDED 31 DECEMBER 2023

| | Note | Group 2023 RM'000 | Group 2022 RM'000 | Company 2023 RM'000 | Company 2022 RM'000 |
|---|---|---|---|---|---|
| **Cash flows from financing activities** | | | | | |
| Drawdown of term loans | | **97,992** | 238,772 | **–** | – |
| Repayment of term loans | | **(128,256)** | (251,956) | **–** | – |
| Trade financing, net | | **(11,705)** | (62,472) | **–** | – |
| Revolving credits, net | | **27,370** | 26,641 | **–** | – |
| Payment of hire purchase liabilities | | **(696)** | (492) | **–** | – |
| Payment of lease liabilities | | **(10,450)** | (7,893) | **–** | – |
| Interest paid | | **(65,086)** | (53,685) | **(14,189)** | (10,894) |
| Dividends paid | | **(7,686)** | (7,686) | **(7,686)** | (7,686) |
| Advance from a subsidiary | | **–** | – | **27,200** | 3,500 |
| **Net cash (used in)/from financing activities** | | **(98,517)** | (118,771) | **5,325** | (15,080) |
| Net increase/(decrease) in cash and cash equivalents | | **13,048** | 139,768 | **(822)** | (17,378) |
| Effect of exchange rate fluctuations on cash and cash equivalents held | | **(12,158)** | (2,422) | **–** | – |
| Cash and cash equivalents at 1 January | | **386,176** | 248,830 | **6,379** | 23,757 |
| **Cash and cash equivalents at 31 December** | 14 | **387,066** | 386,176 | **5,557** | 6,379 |

*Notes to statements of cash flows:*

A. *Reconciliation of additions of property, plant and equipment*

| | Note | Group 2023 RM'000 | Group 2022 RM'000 |
|---|---|---|---|
| Additions of: | | | |
| - property, plant and equipment | 3 | **497,402** | 254,438 |
| - motor vehicle and plant and machinery through hire purchase liabilities | | **(133,400)** | (1,572) |
| Net movement in non-current prepayments | | **21,672** | (4,433) |
| | | **385,674** | 248,433 |

# STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

*Notes to statements of cash flows (continued):*

*B. Cash outflows for leases as a lessee*

| | Note | Group 2023 RM'000 | Group 2022 RM'000 | Company 2023 RM'000 | Company 2022 RM'000 |
|---|---|---|---|---|---|
| **Included in net cash from operating activities:** | | | | | |
| Payment relating to: | | | | | |
| - short-term leases | 24 | **7,024** | 7,664 | **–** | – |
| - leases of low-value assets | 24 | **815** | 539 | **4** | 4 |
| Interest paid in relation to lease liabilities | a | **6,544** | 551 | **–** | – |
| **Included in net cash from financing activities:** | | | | | |
| Payment of lease liabilities | | **10,450** | 7,893 | **–** | – |
| **Total cash outflows for leases** | | **24,833** | 16,647 | **4** | 4 |

a. Reconciliation of lease liabilities interest:

| | Note | Group 2023 RM'000 | Group 2022 RM'000 |
|---|---|---|---|
| Interest paid | | **6,544** | 551 |
| Interest unpaid during lease repayment grace period | | **–** | 3,393 |
| | 22 | **6,544** | 3,944 |

# STATEMENTS OF CASH FLOWS
## FOR THE YEAR ENDED 31 DECEMBER 2023

*Notes to statements of cash flows (continued):*

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

**Group**

| | 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 |

| | At 1.1.2023 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 31.12.2023 RM'000 |
|---|---|---|---|---|---|---|
| Term loans | **744,941** | **(30,264)** | **–** | **–** | **8,279** | **722,956** |
| Trade financing | **478,997** | **(11,705)** | **–** | **–** | **1,087** | **468,379** |
| Revolving credits | **214,630** | **27,370** | **–** | **–** | **–** | **242,000** |
| Hire purchase liabilities | **1,516** | **(696)** | **133,400** | **–** | **–** | **134,220** |
| Lease liabilities | **162,988** | **(10,450)** | **36,858** | **(1,492)** | **6,646** | **194,550** |
| | **1,603,072** | **(25,745)** | **170,258** | **(1,492)** | **16,012** | **1,762,105** |

**Company**

| | At 1.1.2022 RM'000 | Net changes from financing cash flows RM'000 | At 31.12.2022/ 1.1.2023 RM'000 | Net changes from financing cash flows RM'000 | At 31.12.2023 RM'000 |
|---|---|---|---|---|---|
| Term loan | 286,107 | – | **286,107** | **–** | **286,107** |
| Amount due to a subsidiary | – | 3,500 | **3,500** | **27,200** | **30,700** |
| | 286,107 | 3,500 | **289,607** | **27,200** | **316,807** |

# 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 2023 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 3 April 2024.

## 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"), IFRS Accounting Standards issued by the International Accounting Standards Board ("IFRS Accounting 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 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*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements* *

# 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 2025***

- Amendments to MFRS 121, *The Effect of Changes in Foreign Exchange Rates – Lack of Exchangeability* #

***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 2024 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2024, except amendments marked with "*" which are not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2025 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2025, except amendment marked with "#" which is not applicable to the Group and the Company.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 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. MATERIAL ACCOUNTING POLICIES

The Group and the Company adopted amendments to MFRS 101 *Presentation of Financial Statements* and MFRS Practice Statement 2 - *Disclosures of Accounting Policies* from 1 January 2023. The amendments require the disclosure of "material", rather than "significant", accounting policies. The amendments did not result in any changes to the accounting policy information disclosed in the financial statements.

The accounting policies set out below have been applied consistently to all 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. MATERIAL 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. MATERIAL 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. MATERIAL 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. MATERIAL 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. MATERIAL 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. MATERIAL 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. MATERIAL 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. MATERIAL 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. MATERIAL 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. MATERIAL 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. MATERIAL 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. MATERIAL 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. MATERIAL 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. MATERIAL 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 inventories (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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. MATERIAL 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. MATERIAL 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.

Property development costs are stated at the lower of cost and net realisable value. The cost includes cost of land less cumulative amounts recognised as cost of sales in the profit or loss. Property development cost of unsold unit is transferred to completed development unit once the property is completed.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. MATERIAL 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. MATERIAL 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. MATERIAL 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. MATERIAL 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. MATERIAL 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 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/ 1 January 2023** | **299,498** | **627,106** | **1,823,370** | **134,658** | **17,645** | **70,565** | **221,368** | **3,194,210** |
| Additions | **–** | **791** | **272,250** | **8,000** | **956** | **29,320** | **186,085** | **497,402** |
| Disposals | **–** | **(6,947)** | **(43,478)** | **(22)** | **(1,699)** | **–** | **–** | **(52,146)** |
| Written off | **–** | **(41)** | **(1,226)** | **(789)** | **(291)** | **–** | **(83)** | **(2,430)** |
| Reclassification | **793** | **7,055** | **128,234** | **1,475** | **–** | **–** | **(137,557)** | **–** |
| Foreign exchange difference | **–** | **12,732** | **12,614** | **1,430** | **26** | **437** | **4,360** | **31,599** |
| **At 31 December 2023** | **300,291** | **640,696** | **2,191,764** | **144,752** | **16,637** | **100,322** | **274,173** | **3,668,635** |

# 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 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) |
| Net reversal of impairment losses | – | – | – | – | – | (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/ 1 January 2023** | | | | | | | | |
| 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** |
| Charge for the financial year | **–** | **16,638** | **93,203** | **9,427** | **1,004** | **19,783** | **–** | **140,055** |
| Disposals | **–** | **(951)** | **(33,053)** | **(17)** | **(1,604)** | **–** | **–** | **(35,625)** |
| Written off | **–** | **(5)** | **(684)** | **(781)** | **(291)** | **–** | **–** | **(1,761)** |
| Reversal of impairment losses (Note 3.4) | **(4,398)** | **–** | **–** | **–** | **–** | **–** | **–** | **(4,398)** |
| Reclassification | **–** | **–** | **2** | **(2)** | **–** | **–** | **–** | **–** |
| Foreign exchange difference | **–** | **3,832** | **6,093** | **1,200** | **21** | **190** | **–** | **11,336** |
| **At 31 December 2023** | | | | | | | | |
| Accumulated depreciation | **–** | **93,353** | **1,143,484** | **125,973** | **14,021** | **38,479** | **–** | **1,415,310** |
| Accumulated impairment losses | **–** | **66,610** | **99,399** | **949** | **–** | **26,225** | **2,611** | **195,794** |
| | **–** | **159,963** | **1,242,883** | **126,922** | **14,021** | **64,704** | **2,611** | **1,611,104** |

# 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 2022** | 295,873 | 485,691 | 679,101 | 16,079 | 1,790 | 19,451 | 70,088 | 1,568,073 |
| **At 31 December 2022/ 1 January 2023** | **295,100** | **486,657** | **646,048** | **17,563** | **2,754** | **25,834** | **218,757** | **1,692,713** |
| **At 31 December 2023** | **300,291** | **480,733** | **948,881** | **17,830** | **2,616** | **35,618** | **271,562** | **2,057,531** |

3.1 Leased motor vehicles and plant and machinery

At 31 December 2023, the carrying amounts of leased motor vehicles and plant and machinery of the Group are as follows:

| | Group 2023 RM'000 | 2022 RM'000 |
|---|---|---|
| Motor vehicles | **1,345** | 1,823 |
| Plant and machinery | **163,852** | – |
| | **165,197** | 1,823 |

3.2 Security

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

| | Group 2023 RM'000 | 2022 RM'000 Restated |
|---|---|---|
| Buildings | **22,862** | 23,548 |
| Assets under construction | **18** | 18 |
| | **22,880** | 23,566 |

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

### 3.3 Land and buildings subject to operating lease

The Group had leased a part of a freehold land to a related party and 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 (2022: 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 | |
|---|---|---|
| | **2023 RM'000** | **2022 RM'000** |
| Lease income | **300** | 340 |

The operating lease payments to be received are as follows:

| | Group | |
|---|---|---|
| | **2023 RM'000** | **2022 RM'000** |
| Less than one year | **75** | 120 |
| One to two years | **–** | 15 |
| Total undiscounted lease payment | **75** | 135 |

### 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 RM627,478,000 (2022: RM164,206,000) in carrying amount of property, plant and equipment as at 31 December 2023.

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 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 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.

# NOTES TO THE FINANCIAL STATEMENTS

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

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

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 | 2023 | 2022 |
|---|---|---|
| Malaysia | **0% to 17%** | -3% to 38% |
| Myanmar | **0% to 15%** | 0% to 15% |
| Vietnam | **0% to 50%** | – |
| United States of America | **1% - 6,457%** | – |

(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 | 2023 | 2022 |
|---|---|---|
| Malaysia | **11.04%** | 8.60% - 10.40% |
| Myanmar | **12.00%** | 12.00% |
| Vietnam | **8.65%** | – |
| United States of America | **8.20%** | – |

(iv) Cash flows were projected based on 1 year (2022: 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.

Premised on the above, the management had determined that the recoverable amounts in the CGUs were higher than the carrying amounts of their property, plant and equipment. The Group had not recognised an impairment loss of property, plant and equipment during the financial year.

The Group has reversed a previously impaired freehold land during the financial year by RM4,398,000 (2022: Nil) in the income statement of the current financial year as the recoverable amount of the freehold land which is based on fair value less costs of disposal of the CGU is higher than the carrying amount.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 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 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) |
| Reclassification | – | 3 | – | – | 3 |
| Foreign exchange difference | 2,167 | (51) | 41 | 6 | 2,163 |
| **At 31 December 2022/ 1 January 2023** | **442,182** | **155,552** | **10,905** | **496** | **609,135** |
| Additions | **–** | **33,057** | **3,652** | **149** | **36,858** |
| Disposal | **(5,381)** | **–** | **–** | **–** | **(5,381)** |
| Termination of lease contracts | **–** | **(11,650)** | **(228)** | **–** | **(11,878)** |
| Modification/Reassessment | **–** | **10,839** | **(210)** | **(367)** | **10,262** |
| Expiration of lease contracts | **–** | **(570)** | **(946)** | **(129)** | **(1,645)** |
| Foreign exchange difference | **5,639** | **6,600** | **19** | **(2)** | **12,256** |
| **At 31 December 2023** | **442,440** | **193,828** | **13,192** | **147** | **649,607** |

# 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 |
|---|---|---|---|---|---|
| **Depreciation and impairment losses** | | | | | |
| **At 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) |
| Reclassification | – | 3 | – | – | 3 |
| Foreign exchange difference | 1,422 | (7) | 17 | 3 | 1,435 |
| **At 31 December 2022/ 1 January 2023** | | | | | |
| 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** |
| Charge for the financial year | **13,409** | **12,251** | **3,113** | **75** | **28,848** |
| Disposal | **(686)** | **–** | **–** | **–** | **(686)** |
| Termination of lease contracts | **–** | **(5,017)** | **(140)** | **–** | **(5,157)** |
| Modification/ Reassessment | **–** | **6,391** | **(1,046)** | **(209)** | **5,136** |
| Expiration of lease contracts | **–** | **(562)** | **(946)** | **(129)** | **(1,637)** |
| Foreign exchange difference | **1,290** | **309** | **2** | **(1)** | **1,600** |
| **At 31 December 2023** | | | | | |
| Accumulated depreciation | **50,469** | **20,325** | **5,194** | **74** | **76,062** |
| Accumulated impairment losses | **35,884** | **–** | **256** | **–** | **36,140** |
| | **86,353** | **20,325** | **5,450** | **74** | **112,202** |

# 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 2022** | 388,374 | 5,211 | 4,904 | 453 | 398,942 |
| **At 31 December 2022/ 1 January 2023** | **369,842** | **148,599** | **6,438** | **158** | **525,037** |
| **At 31 December 2023** | **356,087** | **173,503** | **7,742** | **73** | **537,405** |

Included in land use rights are RM356,087,000 (2022: RM369,842,000) in relation to leasehold land with remaining tenures of 5 to 57 years (2022: 6 to 58 years). The Group also leases a number of factory buildings, hostels, factory facilities and motor vehicles that run between 1 year to 19 years (2022: 1 year to 20 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 RM8,699,000 (2022: RM8,953,000) (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 2023, there are no potential future lease payments not included in lease liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

## 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 RM185,240,000 (2022: RM101,662,000) in carrying amount of right-of-use assets as at 31 December 2023.

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 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.

# 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 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/ 1 January 2023/ 31 December 2023** | **–** | **–** | **69,300** | **19,600** | **88,900** |
| **Depreciation and impairment losses** | | | | | |
| **At 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/ 1 January 2023** | | | | | |
| Accumulated depreciation | **–** | **–** | **3,817** | **2,222** | **6,039** |
| Charge for the financial year | **–** | **–** | **1,021** | **594** | **1,615** |
| **At 31 December 2023** | | | | | |
| Accumulated depreciation | **–** | **–** | **4,838** | **2,816** | **7,654** |
| **Carrying amounts** | | | | | |
| **At 1 January 2022** | 13,782 | 11,218 | 66,504 | 17,972 | 109,476 |
| **At 31 December 2022/ 1 January 2023** | **–** | **–** | **65,483** | **17,378** | **82,861** |
| **At 31 December 2023** | **–** | **–** | **64,462** | **16,784** | **81,246** |

# 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:

| | 2023 RM'000 | 2022 RM'000 |
|---|---|---|
| Lease income | **2,286** | 2,418 |
| Direct operating expenses | | |
| - income generating investment properties | **405** | 351 |
| - non-income generating investment property | **–** | 176 |

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

| | 2023 RM'000 | 2022 RM'000 |
|---|---|---|
| Less than one year | **1,368** | 1,203 |
| One to two years | **1,315** | – |
| Two to three years | **767** | – |
| Total undiscounted lease payments | **3,450** | 1,203 |

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 (2022: RM88,900,000).

**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 (2022: 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.

## 6. LAND HELD FOR PROPERTY DEVELOPMENT - GROUP

| | Freehold land | |
|---|---|---|
| | **2023** | **2022** |
| | **RM'000** | **RM'000** |
| **At 1 January** | **109,628** | 109,225 |
| Additions | **239** | 403 |
| Transfer to Inventory (Note 11.1) | **(109,867)** | – |
| **At 31 December** | **–** | 109,628 |

6.1 In prior 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 the Group (see Note 17).

6.3 Included in the freehold land are interest expenses capitalised of RM239,000 (2022: RM898,000).

# NOTES TO THE FINANCIAL STATEMENTS

## 7. INTANGIBLE ASSETS - GROUP

| | Software | |
|---|---|---|
| | 2023 RM'000 | 2022 RM'000 |
| **Cost** | | |
| **At 1 January** | **12,673** | 11,182 |
| Additions | **2,429** | 1,753 |
| Disposal | **–** | (83) |
| Written off | **(28)** | (325) |
| Foreign exchange difference | **154** | 146 |
| **At 31 December** | **15,228** | 12,673 |
| **Amortisation** | | |
| **At 1 January** | **10,956** | 10,088 |
| Charge for the financial year | **803** | 1,132 |
| Disposal | **–** | (83) |
| Written off | **(28)** | (325) |
| Foreign exchange difference | **126** | 144 |
| **At 31 December** | **11,857** | 10,956 |
| **Carrying amounts** | **3,371** | 1,717 |

## 8. INVESTMENTS IN SUBSIDIARIES - COMPANY

| | Note | 2023 RM'000 | 2022 RM'000 |
|---|---|---|---|
| Cost of investments | | **1,446,186** | 1,446,186 |
| Less: Impairment loss | 8.1 | **(121,829)** | (119,437) |
| | | **1,324,357** | 1,326,749 |

# 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 2023 % | 2022 % | 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)(8) | 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) | United States of America | **100** | 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 2023 % | 2022 % | Principal activities |
|---|---|---|---|---|
| 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)(8)] | Malaysia | **100** | 100 | Provision of contract packing services |
| Hinoki Beverages Sdn. Bhd. | Malaysia | **100** | 100 | Property investment |
| 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)(8)] | Malaysia | **100** | 100 | Letting of factory building |
| Grensing Pte. Ltd. [(1)(6)] | Singapore | **–** | 100 | Dormant |

## 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 2023 % | 2022 % | Principal activities |
|---|---|---|---|---|
| KJ TOGO Pte. Ltd. [(1)(3)(6)] | Singapore | – | 100 | Dormant |
| Kian Joo Cans Distribution Sdn. Bhd. [(5)] | Malaysia | **100** | 100 | Investment holding and trading |
| KJ TOGO (Malaysia) Sdn. Bhd. [(3)(7)] | Malaysia | – | 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 2023.

(5) In previous 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.

(6) These subsidiaries were struck off/deregistered from the register of The Accounting and Corporate Regulatory Authority, Singapore and dissolved on 7 August 2023 and 10 October 2023 respectively.

(7) This subsidiary was struck off/deregistered from the register of Companies Commission of Malaysia and dissolved on 3 April 2023.

(8) These subsidiaries were dormant during the financial year.

# 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 RM34,766,000 (2022: RM50,807,000) as at 31 December 2023.

The recoverable amounts of the investments in subsidiaries were RM32,374,000 (2022: RM34,766,000) 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, the Company recognised an impairment loss of RM2,392,000 (2022: RM16,041,000) 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.** | |
|---|---|---|
| | **2023** | **2022** |
| NCI percentage of ownership interest and voting interest | **45%** | 45% |
| Carrying amount of NCI (RM'000) | **81,676** | 87,642 |
| Loss allocated to NCI (RM'000) | **(4,773)** | (3,761) |

# NOTES TO THE FINANCIAL STATEMENTS

## 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. | |
|---|---|---|
| | **2023** | **2022** |
| | **RM'000** | **RM'000** |
| **As at 31 December** | | |
| Non-current assets | **223,764** | 239,886 |
| Current assets | **288,918** | 299,750 |
| Non-current liabilities | **(49,848)** | (99,137) |
| Current liabilities | **(353,454)** | (320,347) |
| **Net assets** | **109,380** | 120,152 |
| **Year ended 31 December** | | |
| Revenue | **644,420** | 765,806 |
| Loss for the year | **(8,118)** | (6,042) |
| Total comprehensive expense | **(10,772)** | (5,115) |
| Cash flows from/(used in): | | |
| - operating activities | **61,859** | 89,403 |
| - investing activities | **(8,864)** | (18,572) |
| - financing activities | **(16,185)** | (52,795) |
| Net increase in cash and cash equivalents | **36,810** | 18,036 |

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).

# NOTES TO THE FINANCIAL STATEMENTS

## 9. DEFERRED TAX ASSETS/(LIABILITIES) - GROUP

### Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

| | Assets | | Liabilities | | Net | |
|---|---|---|---|---|---|---|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Capital allowances and depreciation differences | **–** | – | **(48,749)** | (52,532) | **(48,749)** | (52,532) |
| Right-of-use assets | **–** | – | **(95,556)** | (97,725) | **(95,556)** | (97,725) |
| Unabsorbed reinvestment allowances | **8,071** | 16,662 | **–** | – | **8,071** | 16,662 |
| Unabsorbed tax losses | **7,147** | 3,751 | **–** | – | **7,147** | 3,751 |
| Unabsorbed capital allowances | **7,810** | 9,494 | **–** | – | **7,810** | 9,494 |
| Provisions and other temporary differences | **25,938** | 21,654 | **–** | – | **25,938** | 21,654 |
| **Deferred tax assets/ (liabilities)** | **48,966** | 51,561 | **(144,305)** | (150,257) | **(95,339)** | (98,696) |
| Set-off of tax | **(45,862)** | (49,055) | **45,862** | 49,055 | **–** | – |
| **Net deferred tax assets/(liabilities)** | **3,104** | 2,506 | **(98,443)** | (101,202) | **(95,339)** | (98,696) |

# NOTES TO THE FINANCIAL STATEMENTS

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

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

| | At 1 January 2022 RM'000 | Recognised in profit or loss (Note 25) RM'000 | Foreign exchange difference RM'000 | At 31 December 2022/ 1 January 2023 RM'000 | Recognised in profit or loss (Note 25) RM'000 | Foreign exchange difference RM'000 | At 31 December 2023 RM'000 |
|---|---|---|---|---|---|---|---|
| Capital allowances and depreciation differences | (50,843) | (1,686) | (3) | **(52,532)** | **3,779** | **4** | **(48,749)** |
| Right-of-use assets | (107,968) | 10,243 | – | **(97,725)** | **2,169** | **–** | **(95,556)** |
| Unabsorbed reinvestment allowances | 17,229 | (567) | – | **16,662** | **(8,591)** | **–** | **8,071** |
| Unabsorbed tax losses | 4,216 | (465) | – | **3,751** | **3,396** | **–** | **7,147** |
| Unabsorbed capital allowances | 16,290 | (6,796) | – | **9,494** | **(1,684)** | **–** | **7,810** |
| Provisions and other temporary differences | 21,110 | 538 | 6 | **21,654** | **4,275** | **9** | **25,938** |
| | (99,966) | 1,267 | 3 | **(98,696)** | **3,344** | **13** | **(95,339)** |

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

| | 2023 RM'000 | 2022 RM'000 Restated |
|---|---|---|
| Unabsorbed reinvestment allowances | **381,190** | 307,478 |
| Unabsorbed tax losses | **164,104** | 180,574 |
| Unabsorbed capital allowances | **175,387** | 152,513 |
| Exemption of income for value of increase in exports | **16,130** | 16,130 |
| Provisions and other temporary differences | **(165,244)** | (73,525) |
| | **571,567** | 583,170 |

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.

The Myanmar entities' business activities are conducted in a Special Economic Zone and the entities have been granted tax allowance to retrieve the losses for the five (5) years after the year of losses incurred under the provision of the Myanmar Special Economic Law, 2014.

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.

# NOTES TO THE FINANCIAL STATEMENTS

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

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 | |
|---|---|---|---|---|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Expires by: | | | | |
| - 31 December 2024 | **–** | – | **5,794** | 5,794 |
| - 31 December 2025 | **216,442** | 219,489 | **10,260** | 12,293 |
| - 31 December 2026 | **–** | – | **9,184** | 9,184 |
| - 31 December 2027 | **29,968** | 29,968 | **3,867** | 3,867 |
| - 31 December 2028 | **–** | – | **49,167** | 49,663 |
| - 31 December 2029 | **–** | – | **21,350** | 21,277 |
| - 31 December 2030 | **42,155** | 42,155 | **30,972** | 39,162 |
| - 31 December 2031 | **104,815** | 50,582 | **27,028** | 27,028 |
| - 31 December 2032 | **–** | – | **27,027** | 27,935 |
| - 31 December 2033 | **3,458** | – | **6,463** | – |
| - 31 December 2036 | **17,981** | 17,981 | **–** | – |
| - 31 December 2040 | **–** | 16,728 | **–** | – |
| | **414,819** | 376,903 | **191,112** | 196,203 |

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.

## 10. PREPAYMENTS - GROUP

| | Note | 2023 RM'000 | 2022 RM'000 |
|---|---|---|---|
| **Non-current** | 10.1 | **25,137** | 3,465 |
| **Current** | 10.2 | **10,272** | 21,198 |

10.1 These are prepayments for acquisition of property, plant and machinery. Included in the prepayments is a sum of RM10,663,000 (2022: Nil) which is in relation to deposit for the acquisition of land use rights.

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

# NOTES TO THE FINANCIAL STATEMENTS

## 11. INVENTORIES - GROUP

| | Note | 2023 RM'000 | 2022 RM'000 |
|---|---|---|---|
| Raw materials | | **452,346** | 541,859 |
| Work-in-progress | | **124,812** | 160,462 |
| Finished goods | | **134,784** | 160,555 |
| | | **711,942** | 862,876 |
| Property development cost | 11.1 | **89,659** | – |
| | | **801,601** | 862,876 |
| Recognised in profit or loss: | | | |
| Inventories recognised as "cost of sales" | | **2,699,716** | 2,760,869 |
| (Reversal of write-down)/Write down of inventories to net realisable value | 11.2 | **(6,306)** | 6,659 |
| Write off of inventories | | **29,453** | 27,731 |

11.1 Property development cost

| | 2023 RM'000 |
|---|---|
| **At 1 January** | **–** |
| Transfer from land held for property development (Note 6) | **109,867** |
| Development cost incurred | **10** |
| Recognised as cost of sales | **(20,218)** |
| **At 31 December** | **89,659** |

The carrying amount of the property development cost on a freehold land is collateralised for banking facilities granted to the Group (see Note 17).

11.2 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 2023 RM'000 | Group 2022 RM'000 | Company 2023 RM'000 | Company 2022 RM'000 |
|---|---|---|---|---|---|
| **Non-current** | | | | | |
| **Non-trade** | | | | | |
| Amount due from a subsidiary | 12.1 | **–** | – | **162,990** | 52,033 |
| **Current** | | | | | |
| **Trade** | | | | | |
| Trade receivables | 12.2 | **525,454** | 526,026 | **–** | – |
| **Non-trade** | | | | | |
| Amounts due from subsidiaries | 12.1 | **–** | – | **26,635** | 51,757 |
| Other receivables | 12.3 | **37,997** | 42,386 | **6** | – |
| Dividend receivable | | **–** | – | **17,000** | – |
| Deposits | | **3,723** | 3,217 | **1** | 1 |
| | | **41,720** | 45,603 | **43,642** | 51,758 |
| | | **567,174** | 571,629 | **43,642** | 51,758 |

12.1 Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured and bear interest rates ranging from 4.56% to 4.96% (2022: 4.05% to 4.50%) 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 RM90,540,000 (2022: RM75,637,000) 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 RM21,720,000 (2022: RM24,437,000) 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 |
|---|---|---|---|---|
| **2023** | | | | |
| Derivatives at fair value through profit or loss: | | | | |
| - Forward exchange contracts | 13.1 | **3,219** | **–** | **(36)** |
| Derivatives at fair value through other comprehensive income: | | | | |
| - Commodity contracts | 13.2 | **35,469** | **1,482** | **(100)** |
| Current assets/(liabilities) | | | **1,482** | **(136)** |
| **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) |

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.

## 14. CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Cash and bank balances | **324,839** | 224,268 | **5,557** | 3,830 |
| Short-term deposits placed with licensed banks | **37,743** | 15,913 | **–** | – |
| Money market placements with a non-financial institution | **24,484** | 145,995 | **–** | 2,549 |
| | **387,066** | 386,176 | **5,557** | 6,379 |

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 15. SHARE CAPITAL - GROUP AND COMPANY

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | 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.

## 17. LOANS AND BORROWINGS

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| **Non-current** | | | | |
| Term loans | **665,838** | 668,668 | **286,107** | 286,107 |
| Hire purchase liabilities | **122,529** | 999 | **–** | – |
| | **788,367** | 669,667 | **286,107** | 286,107 |
| **Current** | | | | |
| Term loans | **57,118** | 76,273 | **–** | – |
| Trade financing | **468,379** | 478,997 | **–** | – |
| Revolving credits | **242,000** | 214,630 | **–** | – |
| Hire purchase liabilities | **11,691** | 517 | **–** | – |
| | **779,188** | 770,417 | **–** | – |
| | **1,567,555** | 1,440,084 | **286,107** | 286,107 |

# NOTES TO THE FINANCIAL STATEMENTS

## 17. LOANS AND BORROWINGS *(continued)*

17.1 Securities

Certain loans and borrowings are secured against legal charges over land, buildings, assets under construction and property development cost of certain subsidiaries (see Note 3.2, Note 4.1, Note 6.2 and Note 11.1), 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.

## 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 22 December 2023 (2022: 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 (2022: 18 days and 52 days) per year of final salary upon attainment of the retirement age of 60 (2022: 60).

The amounts recognised in the statements of financial position are determined as follows:

| | 2023<br>RM'000 | 2022<br>RM'000 |
|---|---|---|
| Analysed as: | | |
| Current liabilities | **17,914** | 6,504 |
| Non-current liabilities | **76,134** | 65,529 |
| Retirement benefit obligations representing net liability | **94,048** | 72,033 |
| Analysed as: | | |
| Not later than one year | **17,914** | 6,504 |
| Later than one year but not later than two years | **9,483** | 7,479 |
| Later than two years but not later than five years | **25,798** | 22,513 |
| Later than five years | **40,853** | 35,537 |
| | **94,048** | 72,033 |

# NOTES TO THE FINANCIAL STATEMENTS

## 18. RETIREMENT BENEFIT OBLIGATIONS - GROUP *(continued)*

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:

| | 2023<br>RM'000 | 2022<br>RM'000 |
|---|---|---|
| **At 1 January** | **72,033** | 67,103 |
| Current service cost | **13,838** | 5,573 |
| Interest cost | **2,529** | 2,483 |
| Items recognised in profit or loss | **16,367** | 8,056 |
| Remeasurement effects recognised in other comprehensive expenses | **8,629** | – |
| Benefits paid by the Scheme | **(2,981)** | (3,126) |
| **At 31 December** | **94,048** | 72,033 |

Certain assumptions are used in the actuarial valuation and due to the long term nature of this Scheme, such estimates are subject to uncertainty.

The principal actuarial assumptions used are as follows:

| | 2023<br>% | 2022<br>% |
|---|---|---|
| Discount rate | **4.6** | 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 (2022: Malaysian government securities and AA rated private debt securities) with 3 to 7 years (2022: 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.

| | 2023<br>RM'000 | 2022<br>RM'000 |
|---|---|---|
| A 1% increase in discount rate will decrease the retirement benefit obligation by | **5,008** | 2,721 |

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 19. TRADE AND OTHER PAYABLES

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| **Trade** | | | | | |
| Trade payables | | **362,335** | 326,429 | **–** | – |
| **Non-trade** | | | | | |
| Other payables | 19.1 | **57,128** | 111,072 | **2** | 38 |
| Accrued expenses | | **140,664** | 99,604 | **4,199** | 9,385 |
| Amount due to a subsidiary | 19.2 | **–** | – | **30,700** | 3,500 |
| Provisions | | **–** | 15 | **–** | – |
| | | **197,792** | 210,691 | **34,901** | 12,923 |
| | | **560,127** | 537,120 | **34,901** | 12,923 |

19.1 Other payables

Included in other payables of the Group are the following:

i) a sum of RM50,000 (2022: RM24,000) in relation to value added tax to be paid to the relevant taxation authorities; and

ii) a sum of Nil (2022: RM8,512,000) relates to amounts owing to suppliers for the construction of a factory.

19.2 Amount due to a subsidiary

The amount due to a subsidiary is unsecured, bears interest rate at 4.56% (2022: 4.05%) per annum and repayable on demand.

## 20. PROVISION - GROUP

The provision was in relation to internal reorganisation costs planned for the Group.

# NOTES TO THE FINANCIAL STATEMENTS

## 21. REVENUE

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| **Revenue from contracts with customers** | **3,053,653** | 3,167,314 | **–** | – |
| **Other revenue** | | | | |
| - Dividend income | **–** | – | **99,124** | 52,586 |
| - Rental income | **138** | 138 | **–** | – |
| | **3,053,791** | 3,167,452 | **99,124** | 52,586 |

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**

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 (2022: 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.

**Revenue from property development**

Revenue arising from property development in Malaysia is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group recognises revenue over time using the output method, which is based on the level of completion of the physical proportion of contract work to date, certified by an architect.

The Group recognises sales at a point in time for the sale of completed properties when the control of the properties has been transferred to the purchasers and it is probable that the Group will collect the consideration to which it will be entitled to in exchange for the assets sold.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 21. REVENUE *(continued)*

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.

21.4 The following shows the revenue expected to be recognised in the future related to the performance obligations that are yet to be satisfied by the Group at the reporting date. The amount presented below are after accounting for all the variable considerations from contracts with customers.

| | Within 1 to 2 years 2023 RM'000 |
|---|---|
| **Remaining performance obligation for the financial year end** | |
| Property development revenue | **58,646** |

## 22. INTEREST EXPENSE

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Interest expense of financial liabilities that are not at fair value through profit or loss: | | | | |
| - Term loans | **37,678** | 28,663 | **13,515** | 10,859 |
| - Trade financing | **24,420** | 17,341 | **–** | – |
| - Revolving credits | **2,933** | 7,629 | **–** | – |
| - Hire purchase liabilities | **55** | 52 | **–** | – |
| - Advances from subsidiaries | **–** | – | **674** | 35 |
| Interest expense on lease liabilities | **6,544** | 3,944 | **–** | – |
| | **71,630** | 57,629 | **14,189** | 10,894 |

## 23. EMPLOYEE INFORMATION (INCLUDING KEY MANAGEMENT PERSONNEL COMPENSATIONS)

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Staff costs | **407,334** | 350,775 | **3,789** | 4,663 |

Staff costs of the Group and of the Company include contributions to the Employees' Provident Fund of RM25,455,000 (2022: RM22,855,000) and RM231,000 (2022: RM235,000) respectively.

# NOTES TO THE FINANCIAL STATEMENTS

## 24. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):

| | Note | Group 2023 RM'000 | Group 2022 RM'000 | Company 2023 RM'000 | Company 2022 RM'000 |
|---|---|---|---|---|---|
| Auditors' remuneration | | | | | |
| Audit fees | | | | | |
| KPMG PLT | | **481** | 481 | **48** | 48 |
| Other member firms of KPMG International Limited | | **161** | 160 | **–** | – |
| Other auditors | | **641** | 384 | **–** | – |
| Non-audit fees | | | | | |
| KPMG PLT | | **85** | 46 | **60** | 28 |
| Affiliates of KPMG PLT | | **161** | 145 | **14** | 5 |
| Other auditors and affiliates | | **174** | 158 | **–** | 15 |
| **Material expenses/ (income)** | | | | | |
| Depreciation of: | | | | | |
| - property, plant and equipment | 3 | **140,055** | 126,122 | **–** | – |
| - right-of-use assets | 4 | **28,848** | 20,639 | **–** | – |
| - investment properties | 5 | **1,615** | 1,802 | **–** | – |
| Amortisation of intangible assets | 7 | **803** | 1,132 | **–** | – |
| Net (reversal of impairment losses)/impairment losses on: | | | | | |
| - property, plant and equipment | 3 | **(4,398)** | (67) | **–** | – |
| - investments in subsidiaries | 8 | **–** | – | **2,392** | 16,041 |
| Income distribution from money market placements with a non-financial institution | | **(1,242)** | (474) | **(30)** | (220) |
| Loss/(Gain) on foreign exchange: | | | | | |
| - realised | | **14,655** | 2,484 | **–** | – |
| - unrealised | | **(6,809)** | 8,836 | **–** | – |
| Unrealised loss on derivative financial instruments | | **36** | 1,275 | **–** | – |
| Gain on disposal of: | | | | | |
| - property, plant and equipment | | **(4,138)** | (10,608) | **–** | – |
| - right-of-use assets | | **(4,049)** | (4,379) | **–** | – |
| Gain from subsidiaries struck off/deregistered | | **(3,197)** | – | **–** | – |
| (Reversal of write-down)/ Write-down of inventories | | **(6,306)** | 6,659 | **–** | – |
| Write off in respect of: | | | | | |
| - inventories | | **29,453** | 27,731 | **–** | – |
| - property, plant and equipment | | **669** | 879 | **–** | 1 |

# NOTES TO THE FINANCIAL STATEMENTS

## 24. PROFIT BEFORE TAX *(continued)*

Profit before tax is arrived at after charging/(crediting) *(continued)*:

| | Note | Group 2023 RM'000 | Group 2022 RM'000 | Company 2023 RM'000 | Company 2022 RM'000 |
|---|---|---|---|---|---|
| **Expenses/(income) arising from leases** | | | | | |
| Expenses relating to: | | | | | |
| - short-term leases | a | **7,024** | 7,664 | **–** | – |
| - leases of low-value assets | a | **815** | 539 | **4** | 4 |
| Net loss/(gain) on termination, expiration, modification and reassessment of lease contracts | | **111** | (1) | **–** | – |
| Lease income | | **(2,513)** | (2,671) | **–** | – |
| Net (reversal of impairment losses)/ impairment losses of financial instruments | | **(511)** | 10,218 | **(1,097)** | (927) |
| Financial instruments written off | | **–** | – | **5,341** | 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 | |
|---|---|---|---|---|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| **Current tax expense/(credit)** | | | | |
| - Current year | **26,849** | 40,653 | **1,654** | 711 |
| - Prior years | **(1,899)** | (437) | **–** | 22 |
| | **24,950** | 40,216 | **1,654** | 733 |
| **Deferred tax (credit)/expense** | | | | |
| - Current year | **(9,452)** | (1,253) | **–** | – |
| - Prior years | **6,108** | (14) | **–** | – |
| | **(3,344)** | (1,267) | **–** | – |
| Real property gain tax ("RPGT") | **56** | 2,092 | **–** | – |
| Total tax expense | **21,662** | 41,041 | **1,654** | 733 |

# NOTES TO THE FINANCIAL STATEMENTS

## 25. TAX EXPENSE *(continued)*

25.2 Reconciliation of tax expense

| | Group | | Company | |
|---|---|---|---|---|
| | **2023 RM'000** | **2022 RM'000** | **2023 RM'000** | **2022 RM'000** |
| Profit for the year | **28,623** | 87,888 | **84,655** | 21,617 |
| Total tax expense | **21,662** | 41,041 | **1,654** | 733 |
| Profit before tax | **50,285** | 128,929 | **86,309** | 22,350 |
| Income tax calculated using Malaysian tax rate of 24% (2022: 24%) | **12,068** | 30,943 | **20,714** | 5,364 |
| Non-deductible expenses | **16,975** | 19,645 | **4,730** | 7,968 |
| Tax exempt income | **(18,935)** | (6,905) | **(23,790)** | (12,621) |
| Effect of: | | | | |
| - different tax rates in foreign jurisdictions | **9,076** | 2,178 | **–** | – |
| - unrecognised deferred tax assets | **(2,979)** | (1,656) | **–** | – |
| - reinvestment allowance | **–** | (228) | **–** | – |
| - RPGT | **56** | (2,450) | **–** | – |
| Reversal of deferred tax on revaluation of property | **(35)** | (35) | **–** | – |
| | **16,226** | 41,492 | **1,654** | 711 |
| Withholding tax in foreign jurisdiction | **1,227** | – | **–** | – |
| Under/(Over) provision in prior years | **4,209** | (451) | **–** | 22 |
| Total tax expense | **21,662** | 41,041 | **1,654** | 733 |

# NOTES TO THE FINANCIAL STATEMENTS

## 26. OTHER COMPREHENSIVE (EXPENSE)/INCOME - GROUP

| | 2023 Before tax RM'000 | 2023 Tax expense RM'000 | 2023 Net of tax RM'000 | 2022 Before tax RM'000 | 2022 Tax expense RM'000 | 2022 Net of tax RM'000 |
|---|---|---|---|---|---|---|
| **Items that are or may be reclassified subsequently to profit or loss** | | | | | | |
| Cash flow hedge | **1,146** | **–** | **1,146** | 4,285 | – | 4,285 |
| Foreign currency translation differences for foreign operations | **5,497** | **–** | **5,497** | 4,947 | – | 4,947 |
| **Item that is may not be reclassified subsequently to profit or loss** | | | | | | |
| Remeasurement of defined retirement benefits | **(8,629)** | **–** | **(8,629)** | – | – | – |
| | **(1,986)** | **–** | **(1,986)** | 9,232 | – | 9,232 |

## 27. EARNINGS PER ORDINARY SHARE - GROUP

The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

| | 2023 RM'000 | 2022 RM'000 |
|---|---|---|
| Profit for the year attributable to the owners of the Company | **33,396** | 91,649 |
| Weighted average number of ordinary shares ('000) | **192,153** | 192,153 |
| Basic earnings per ordinary share (sen) | **17.38** | 47.70 |

The diluted earnings per ordinary share is the same as basic earnings per ordinary share as there are no dilutive instruments as at end of the current and last financial years.

# NOTES TO THE FINANCIAL STATEMENTS

## 28. DIVIDENDS

Dividends recognised by the Company:

| | sen per share | Total amount RM'000 | Date of payment |
|---|---|---|---|
| **2023** | | | |
| First and final 2022 single-tier dividend | **4** | **7,686** | **28 July 2023** |
| **2022** | | | |
| First and final 2021 single-tier dividend | 4 | 7,686 | 29 July 2022 |

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 2023. 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 2024 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 |
|---|---|---|---|---|---|---|---|---|
| **2023** | | | | | | | | |
| **Segment profit/(loss)** | 99,994 | 9,055 | (2,371) | 10,344 | 117,022 | 2,435 | 29.1.1 | 119,457 |
| *Included in the measure of segment profit/(loss) are:* | | | | | | | | |
| Revenue from external customers | 2,711,637 | 166,497 | 140,895 | 34,762 | 3,053,791 | – | | 3,053,791 |
| Reversal of written down of inventories | 6,078 | 228 | – | – | 6,306 | – | | 6,306 |
| Waiver of debts | – | 9,541 | – | 167 | 9,708 | (9,708) | | – |
| Written off in respect of: | | | | | | | | |
| - financial instruments | – | – | (167) | (9,541) | (9,708) | 9,708 | | – |
| - inventories | (27,973) | (1,480) | – | – | (29,453) | – | | (29,453) |
| - property, plant and equipment | (458) | (211) | – | – | (669) | – | | (669) |
| Net reversal of impairment losses/ (impairment losses) of: | | | | | | | | |
| - property, plant and equipment | – | 4,398 | – | – | 4,398 | – | | 4,398 |
| - investments in subsidiaries | – | – | – | (2,392) | (2,392) | 2,392 | | – |
| - financial instruments | (756) | (252) | (186) | – | (1,194) | 1,705 | | 511 |
| Depreciation and amortisation | (159,552) | (6,126) | (204) | (6,546) | (172,428) | 1,107 | | (171,321) |
| *Not included in the measure of segment profit/(loss) but provided to Group Managing Director:* | | | | | | | | |
| Interest income | 14,156 | 40 | 10,866 | 6,845 | 31,907 | (29,449) | | 2,458 |
| Interest expense | (63,852) | (5,502) | (16,105) | (15,674) | (101,133) | 29,503 | | (71,630) |
| Tax expense | (21,676) | (28) | (719) | 761 | (21,662) | – | | (21,662) |
| **Segment assets** | 4,604,989 | 142,271 | 401,099 | 362,660 | 5,511,019 | (1,038,734) | 29.1.2 | 4,472,285 |
| *Included in the measure of segment assets are:* | | | | | | | | |
| Segment capital expenditure | 556,609 | 4,745 | 331 | 243 | 561,928 | (25,000) | | 536,928 |

# 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) | (28,231) | 191,108 | (5,693) | 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 |

# 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 before tax" presented in the statements of profit or loss and other comprehensive income:

| | 2023 RM'000 | 2022 RM'000 |
|---|---|---|
| Segment profit | **119,457** | 185,415 |
| Interest income | **2,458** | 1,143 |
| Interest expense | **(71,630)** | (57,629) |
| Consolidated profit before tax | **50,285** | 128,929 |

29.1.2 The following items are added to segment assets to arrive at total assets reported in the statements of financial position:

| | 2023 RM'000 | 2022 RM'000 |
|---|---|---|
| Segment assets | **4,472,285** | 4,258,348 |
| Deferred tax assets | **3,104** | 2,506 |
| Current tax assets | **7,837** | 2,719 |
| Consolidated total assets | **4,483,226** | 4,263,573 |

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 | |
|---|---|---|---|---|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Malaysia | **2,023,047** | 2,018,094 | **1,428,054** | 1,583,322 |
| Vietnam | **540,082** | 672,518 | **244,128** | 244,220 |
| Singapore | **140,896** | 210,678 | **5,836** | 5,498 |
| Myanmar | **289,263** | 226,355 | **319,334** | 318,952 |
| Indonesia | **54,517** | 39,489 | **30,430** | 32,101 |
| United States of America | **5,986** | 318 | **676,908** | 231,328 |
| | **3,053,791** | 3,167,452 | **2,704,690** | 2,415,421 |

# 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 |
|---|---|---|---|---|
| **2023** | | | | |
| **Financial assets** | | | | |
| Trade and other receivables | **567,174** | **567,174** | **–** | **–** |
| Cash and cash equivalents | **387,066** | **362,582** | **24,484** | **–** |
| Derivative financial assets | **1,482** | **–** | **–** | **1,482** |
| | **955,722** | **929,756** | **24,484** | **1,482** |
| **Financial liabilities** | | | | |
| Loans and borrowings | **(1,567,555)** | **(1,567,555)** | **–** | **–** |
| Trade and other payables (excluding provisions) | **(560,127)** | **(560,127)** | **–** | **–** |
| Derivative financial liabilities | **(136)** | **–** | **(36)** | **(100)** |
| | **(2,127,818)** | **(2,127,682)** | **(36)** | **(100)** |
| **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) |

# 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 |
|---|---|---|---|
| **2023** | | | |
| **Financial assets** | | | |
| Trade and other receivables | **206,632** | **206,632** | **–** |
| Cash and cash equivalents | **5,557** | **5,557** | **–** |
| | **212,189** | **212,189** | **–** |
| **Financial liabilities** | | | |
| Loans and borrowings | **(286,107)** | **(286,107)** | **–** |
| Trade and other payables | **(34,901)** | **(34,901)** | **–** |
| | **(321,008)** | **(321,008)** | **–** |
| **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) | – |

## 30. FINANCIAL INSTRUMENTS *(continued)*

30.2 Net gains and losses arising from financial instruments

| | Group | | Company | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Net losses on: | | | | |
| Fair value through: | | | | |
| - profit or loss | **4,009** | 98 | **30** | 220 |
| - other comprehensive income | **1,146** | 4,285 | **–** | – |
| Financial assets at amortised cost | **12,345** | (7,098) | **3,512** | 2,064 |
| Financial liabilities at amortised cost | **(82,308)** | (66,982) | **(14,189)** | (10,894) |
| | **(64,808)** | (69,697) | **(10,647)** | (8,610) |

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 the 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:

| | 2023<br>RM'000 | 2022<br>RM'000 |
|---|---|---|
| Maximum exposure | **525,454** | 526,026 |
| Collaterals obtained | **(322,073)** | (295,273) |
| Net exposure to credit risk | **203,381** | 230,753 |

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 | |
|---|---|---|
| | 2023<br>RM'000 | 2022<br>RM'000 |
| Malaysia | **238,962** | 249,078 |
| Vietnam | **103,112** | 114,963 |
| Singapore | **16,453** | 13,748 |
| Myanmar | **63,634** | 50,360 |
| Thailand | **40,555** | 37,947 |
| United States of America | **6,061** | 5,159 |
| Others | **56,677** | 54,771 |
| | **525,454** | 526,026 |

*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.

## 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 |
|---|---|---|---|
| **2023** | | | |
| Not past due | **419,403** | **(587)** | **418,816** |
| Past due 1-30 days | **69,110** | **(126)** | **68,984** |
| Past due 31-120 days | **35,876** | **(62)** | **35,814** |
| Past due more than 120 days | **16,012** | **(14,172)** | **1,840** |
| | **540,401** | **(14,947)** | **525,454** |
| **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 |

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 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 2023 RM'000 | 2022 RM'000 |
|---|---|---|
| **Balance at 1 January** | **17,420** | 8,096 |
| Amounts written off | **(2,573)** | (1,038) |
| Net remeasurement of loss allowance | **(436)** | 10,218 |
| Foreign exchange difference | **536** | 144 |
| **Balance at 31 December** | **14,947** | 17,420 |

**Financial guarantees**

*Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured financial guarantees to banks and a credit institution in respect of credit 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 RM1,086 million (2022: RM612 million) representing the outstanding credit 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 credit facilities.

*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 credit facilities individually using internal information available.

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.

## 30. FINANCIAL INSTRUMENTS *(continued)*

### 30.4 Credit risk *(continued)*

**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.

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 |
|---|---|---|---|
| **2023** | | | |
| Low credit risk | **189,625** | **–** | **189,625** |
| **2022** | | | |
| Low credit risk | 103,790 | – | 103,790 |
| Credit impaired | 1,097 | (1,097) | – |
| | 104,887 | (1,097) | 103,790 |

# NOTES TO THE FINANCIAL STATEMENTS

## 30. FINANCIAL INSTRUMENTS *(continued)*

### 30.4 Credit risk *(continued)*

**Inter-company loans and advances** *(continued)*

*Recognition and measurement of impairment loss (continued)*

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 | |
|---|---|---|
| | **2023** | **2022** |
| | **RM'000** | **RM'000** |
| **Balance at 1 January** | **1,097** | 14,024 |
| Amount written off | – | (12,000) |
| Net remeasurement of reversal of loss allowance | **(1,097)** | (927) |
| **Balance at 31 December** | **–** | 1,097 |

**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.

# NOTES TO THE FINANCIAL STATEMENTS

## 30. FINANCIAL INSTRUMENTS *(continued)*

### 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.

*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 |
|---|---|---|---|---|---|---|---|
| **2023** | | | | | | | |
| *Non-derivative financial liabilities* | | | | | | | |
| Trade and other payables | 560,127 | – | 560,127 | 560,127 | – | – | – |
| Loans and borrowings | 1,567,555 | 1.48 - 7.60 | 1,785,703 | 830,930 | 132,695 | 638,906 | 183,172 |
| Lease liabilities | 194,550 | 1.16 - 7.36 | 281,796 | 19,524 | 18,610 | 37,512 | 206,150 |
| | 2,322,232 | | 2,627,626 | 1,410,581 | 151,305 | 676,418 | 389,322 |
| *Derivative financial liabilities* | | | | | | | |
| Commodity contracts | (1,382) | – | (1,382) | (1,382) | – | – | – |
| Forward exchange contracts (gross settled): | | | | | | | |
| - Outflow | 36 | – | 3,219 | 3,219 | – | – | – |
| - Inflow | – | – | (3,183) | (3,183) | – | – | – |
| | 2,320,886 | | 2,626,280 | 1,409,235 | 151,305 | 676,418 | 389,322 |

# 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 |
|---|---|---|---|---|---|---|---|
| **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 |
| | 2,140,177 | | 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)*

**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 |
|---|---|---|---|---|---|---|---|
| **2023** | | | | | | | |
| *Non-derivative financial liabilities* | | | | | | | |
| Trade and other payables | **4,201** | **–** | **4,201** | **4,201** | **–** | **–** | **–** |
| Amount due to a subsidiary | **30,700** | **4.56** | **32,100** | **32,100** | **–** | **–** | **–** |
| Loans and borrowings | **286,107** | **4.96** | **339,832** | **14,218** | **14,179** | **311,435** | **–** |
| Financial guarantees | **–** | **–** | **1,085,933** | **1,085,933** | **–** | **–** | **–** |
| | **321,008** | | **1,462,066** | **1,136,452** | **14,179** | **311,435** | **–** |
| **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 |

# NOTES TO THE FINANCIAL STATEMENTS

## 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**

| | 2023 Denominated in | | 2022 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 | **13,010** | **333,481** | 11,489 | 420,743 |
| Cash and cash equivalents | **9,302** | **111,377** | 5,225 | 55,086 |
| Trade and other payables | **(2,736)** | **(134,563)** | (1,299) | (86,411) |
| Loans and borrowings | **(510)** | **(247,867)** | – | (282,614) |
| **Net exposure** | **19,066** | **62,428** | 15,415 | 106,804 |

# NOTES TO THE FINANCIAL STATEMENTS

## 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 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 | |
|---|---|---|
| | **2023** | **2022** |
| | **RM'000** | **RM'000** |
| SGD | **(1,449)** | (1,172) |
| USD | **(4,745)** | (8,117) |

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 | |
|---|---|---|---|---|
| | **2023 RM'000** | **2022 RM'000** | **2023 RM'000** | **2022 RM'000** |
| **Fixed rate instruments** | | | | |
| Financial assets | **37,743** | 15,913 | **189,625** | 103,790 |
| Financial liabilities | **(328,770)** | (164,504) | **–** | – |
| | **(291,027)** | (148,591) | **189,625** | 103,790 |
| **Floating rate instruments** | | | | |
| Financial assets | **24,484** | 145,995 | **–** | 2,549 |
| Financial liabilities | **(1,433,335)** | (1,438,568) | **(316,807)** | (289,607) |
| | **(1,408,851)** | (1,292,573) | **(316,807)** | (287,058) |

## 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 Profit or loss/Equity | | Company Profit or loss/Equity | |
|---|---|---|---|---|
| | **100 bp Increase RM'000** | **100 bp Decrease RM'000** | **100 bp Increase RM'000** | **100 bp Decrease RM'000** |
| **2023** | | | | |
| Floating rate instruments | **(10,707)** | **10,707** | **(2,408)** | **2,408** |
| **2022** | | | | |
| Floating rate instruments | (9,824) | 9,824 | (2,182) | 2,182 |

## 30. FINANCIAL INSTRUMENTS *(continued)*

### 30.7 Hedging activities

Cash flow hedge

The Group held the following instrument to hedge exposures to change in aluminium price.

**Group**

| | Maturity Under 1 year RM'000 |
|---|---|
| **2023** | |
| *Commodity risk* | |
| Commodity contracts | **(1,382)** |
| **2022** | |
| *Commodity risk* | |
| Commodity contracts | (236) |

The Group entered into arrangement with a financial institution in order to operationally hedge the pricing risk of aluminium.

The amount relating to item designated as hedged item 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 |
|---|---|---|---|---|---|
| **2023** | | | | | |
| *Commodity risk* | | | | | |
| Commodity contracts | **–** | **1,382** | **35,469** | **(1,382)** | *Derivative financial assets and derivative financial liabilities* |
| **2022** | | | | | |
| *Commodity risk* | | | | | |
| Commodity contracts | – | 236 | 23,119 | (236) | *Derivative financial assets and 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 |
|---|---|---|---|
| **2023** | | | |
| *Commodity risk* | | | |
| Commodity contracts | **1,146** | **–** | *Cash flow hedge* |
| **2022** | | | |
| *Commodity risk* | | | |
| Commodity contracts | (607) | – | *Cash flow hedge* |
| *Interest rate risk* | | | |
| Interest rate swap contracts | 4,282 | – | *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 2023 RM'000 | 2022 RM'000 |
|---|---|---|
| **At 1 January** | **236** | (3,439) |
| Changes in fair value | | |
| *Commodity contracts* | **1,146** | (607) |
| *Interest rate swap contracts* | **–** | 4,282 |
| **At 31 December** | **1,382** | 236 |

# NOTES TO THE FINANCIAL STATEMENTS

## 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 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.

**Group**

| | 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 | Total fair value RM'000 | Carrying amount RM'000 |
| **2023** | | | | | | |
| **Financial liabilities** | | | | | | |
| Term loans | **–** | **–** | **(778,812)** | **(778,812)** | **(778,812)** | **(722,956)** |
| Hire purchase liabilities | **–** | **–** | **(123,584)** | **(123,584)** | **(123,584)** | **(134,220)** |
| | **–** | **–** | **(902,396)** | **(902,396)** | **(902,396)** | **(857,176)** |
| **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) |

**Company**

| | 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 | Carrying amount RM'000 |
| **2023** | | | | | |
| **Financial liabilities** | | | | | |
| Term loan | **–** | **–** | **(298,753)** | **(298,753)** | **(286,107)** |
| **2022** | | | | | |
| **Financial liabilities** | | | | | |
| Term loan | – | – | (294,385) | (294,385) | (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 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.

## 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 2023, the Group's strategy which was unchanged from 2022, was to maintain the net debt-to-equity ratio at below 1.5:1. The net debt-to-equity ratios at 31 December 2023 and 31 December 2022 were as follows:

| | 2023 RM'000 | 2022 RM'000 |
|---|---|---|
| Loans and borrowings (Note 17) | **1,567,555** | 1,440,084 |
| Lease liabilities | **194,550** | 162,988 |
| Less: Cash and cash equivalents (Note 14) | **(387,066)** | (386,176) |
| Net debt | **1,375,039** | 1,216,896 |
| Total equity | **1,851,492** | 1,826,575 |
| Net debt-to-equity ratio | **0.74** | 0.67 |

## 32. CAPITAL COMMITMENTS - GROUP

| | 2023 RM'000 | 2022 RM'000 |
|---|---|---|
| **Capital expenditure commitments** | | |
| Property, plant and equipment | | |
| - Contracted but not provided for | **163,124** | 399,392 |

# NOTES TO THE FINANCIAL STATEMENTS

## 33. CONTINGENT LIABILITIES - COMPANY

***Corporate guarantees***

The Company has provided corporate guarantees amounting to RM1,943 million (2022: RM1,368 million) to banks and a credit institution to secure credit facilities granted to certain subsidiaries. As at 31 December 2023, the amount of facilities utilised amounted to RM1,086 million (2022: RM612 million).

## 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:

| | **2023 RM'000** | **2022 RM'000** |
|---|---|---|
| **Group** | | |
| Purchases from a related party | **–** | 353 |
| Dividend paid to ultimate holding company | **4,354** | 4,354 |
| Rental income from a related party | **–** | (45) |
| **Company** | | |
| Interest paid to subsidiaries | **674** | 35 |
| Dividend paid to ultimate holding company | **4,354** | 4,354 |
| Interest income from subsidiaries | **(7,743)** | (3,121) |
| Dividend income from subsidiaries | **(99,124)** | (52,586) |

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 | |
|---|---|---|---|---|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Directors of the Company | | | | |
| - Fees | **1,166** | 1,169 | **794** | 771 |
| - Remuneration | **15,166** | 14,811 | **1,579** | 1,494 |
| - Benefits-in-kind | **131** | 107 | **31** | 27 |
| | **16,463** | 16,087 | **2,404** | 2,292 |
| Other directors in the Group entities | | | | |
| - Fees | **522** | 567 | **–** | – |
| - Remuneration | **3,621** | 200 | **–** | – |
| - Benefits-in-kind | **17** | – | **–** | – |
| | **4,160** | 767 | **–** | – |
| | **20,623** | 16,854 | **2,404** | 2,292 |

## 35. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 27 March 2024, Box-Pak (Vietnam) Co., Ltd., a subsidiary of the Company, entered into a conditional in-principle land sublease agreement with a third party to sublease a parcel of vacant leasehold industrial land for a period of approximately forty five (45) years up to 6 August 2069, for a sublease consideration of VND179,524,000,000 (exclusive of value added tax), which is equivalent to approximately RM34,286,000.

As of the date of this report, the completion of the transaction is subject to the fulfilment of conditions precedent pursuant to the conditional in-principle land sublease agreement.

# 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 99 to 194 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting 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 2023 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

**Foo Kee Fatt**
Director

Kuala Lumpur

Date: 3 April 2024

# 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 99 to 194 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 3 April 2024.

**Chan Kam Chiew**

Before me:

**Thirunavukarasu A/L Munusamy**
(No. W983)
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 2023 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 material accounting policy information, as set out on pages 99 to 194.

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 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting 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 basis for our opinion.

*Independence and Other Ethical Responsibilities*

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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) – Material 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 RM2,058 million and RM537 million respectively as at 31 December 2023. Certain subsidiaries in the Group made losses during the current financial year ended 31 December 2023 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) – Material 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 2023, the carrying amount of the Group's trade receivables amounted to RM525 million, representing 30% 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, IFRS Accounting 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.

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

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

**Auditors' Responsibilities for the Audit of the Financial Statements** *(continued)*

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that 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: 02666/09/2025 J
Chartered Accountant

Petaling Jaya

Date: 3 April 2024

# LIST OF MATERIAL PROPERTIES
## AS AT 31 DECEMBER 2023

| No. | Location | Description and Existing Use | Year of Last Revaluation/ Acquisition | Area (Square metres) | Tenure | Expiry Date of Lease | 2023 Age of Buildings (Years) | 2023 Net Book Value (RM'000) |
|---|---|---|---|---|---|---|---|---|
| 1. | Lot No. C1<br>Thilawa Special Economic Zone<br>Zone A, Thanlyin Township<br>Yangon Region<br>The Republic of the<br>Union of Myanmar | Land & Office and Factory Building/ Industrial | 2016 | 99,567 | Leasehold | 04.06.2064 | 5 | **187,920** |
| 2. | PT 15637 (Lot C)<br>Taman Perindustrian Puchong<br>Section 3, Puchong, Selangor<br>Malaysia | Land & Building/ Vacant | 2019 | 40,468 | Leasehold | 02.09.2090 | 22 | **79,859** |
| 3. | Lot PT31619<br>Arab-Malaysian Industrial Park<br>Nilai, Negeri Sembilan<br>Malaysia | Land & Office and Factory Building/ Industrial | 2019 | 52,586 | Freehold | – | 26 | **78,099** |
| 4. | Lot No. 28829 to 28832<br>Batu Caves, Selangor<br>Malaysia | Land & Office and Factory Building/ Industrial | 2019 | 16,923 | Freehold | – | 28 | **58,417** |
| 5. | HS (D) 80122 PT No. 5141<br>Mukim Damansara<br>Petaling, Selangor<br>Malaysia | Land & Office and Factory Building/ Industrial | 2019 | 31,142 | Freehold | – | 31 | **58,165** |
| 6. | Lot 125, Dai Lo Huu Nghi<br>Vietnam Singapore<br>Industrial Park<br>Thuan An District<br>Binh Duong Province<br>Vietnam | Land & Office and Factory Building/ Industrial | 2019 | 15,000 | Leasehold | 12.07.2048 | 8 | **49,983** |
| 7. | Lot 4, Jalan Perusahaan 2<br>Batu Caves, Selangor<br>Malaysia | Land & Office and Factory Building/ Industrial | 2019 | 18,848 | Leasehold | 05.09.2074 | 31 | **49,024** |

# LIST OF MATERIAL PROPERTIES
## AS AT 31 DECEMBER 2023

| No. | Location | Description and Existing Use | Year of Last Revaluation/ Acquisition | Area (Square metres) | Tenure | Expiry Date of Lease | 2023 Age of Buildings (Years) | 2023 Net Book Value (RM'000) |
|---|---|---|---|---|---|---|---|---|
| 8. | Lot 19, Jalan SU 4<br>Section 22<br>Shah Alam, Selangor<br>Malaysia | Land & Office and Factory Building/ Industrial | 2019 | 19,776 | Freehold | – | 25 | **45,258** |
| 9. | Lot 2245, Jalan Rajawali<br>Batu 9, Kampung Kebun Baru<br>42500 Teluk Panglima Garang<br>Selangor<br>Malaysia | Land & Office and Factory Building/ Industrial | 2019 | 28,520 | Freehold | – | 13 | **41,450** |
| 10. | 22 Dai Lo Huu Nghi<br>Vietnam Singapore<br>Industrial Park<br>Thuan An District<br>Binh Duong Province<br>Vietnam | Land & Office and Factory Building/ Industrial | 2019 | 44,230 | Leasehold | 11.02.2046 | 20 | **31,469** |

# ANALYSIS OF SHAREHOLDINGS
AS AT 29 MARCH 2024

| | | |
|---|---|---|
| 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 | 505 | 20.86 | 382,412 | 0.20 |
| 1,001 to 10,000 shares | 1,282 | 52.95 | 6,071,396 | 3.16 |
| 10,001 to 100,000 shares | 505 | 20.86 | 16,684,400 | 8.68 |
| 100,001 to 9,607,649 shares* | 97 | 4.01 | 60,155,760 | 31.31 |
| 9,607,650 shares and above** | 1 | 0.04 | 108,858,800 | 56.65 |
| **Total** | **2,421** | **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 | % | Indirect No. of shares held | % | Total No. of shares held | % |
|---|---|---|---|---|---|---|
| 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 29 MARCH 2024

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

| Name | Direct No. of shares held | Direct % | Indirect No. of shares held | Indirect % | Total No. of shares held | Total % |
|---|---|---|---|---|---|---|
| Tun Arifin Bin Zakaria | – | – | – | – | – | – |
| Marc Francis Yeoh Min Chang | – | – | – | – | – | – |
| 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.*

*The rest of this page is intentionally left blank*

# ANALYSIS OF SHAREHOLDINGS
AS AT 29 MARCH 2024

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

| No. | Name | No. of shares held | % |
|---|---|---|---|
| 1. | Amsec Nominees (Tempatan) Sdn. Bhd.<br>*- Pledged Securities Account - AmBank (M) Berhad for Eller Axis Sdn. Bhd.* | 108,858,800 | 56.65 |
| 2. | Amsec Nominees (Tempatan) Sdn. Bhd.<br>*- 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. | Alliancegroup Nominees (Tempatan) Sdn. Bhd.<br>*- Pledged Securities Account for Teh Win Kee (8016787)* | 2,671,800 | 1.40 |
| 7. | Affin Hwang Nominees (Tempatan) Sdn. Bhd.<br>*- Pledged Securities Account for TXM Services Sdn. Bhd.* | 2,337,300 | 1.22 |
| 8. | Inter-Pacific Equity Nominees (Tempatan) Sdn. Bhd.<br>*- Pledged Securities Account for Tan Heng Loon* | 2,302,900 | 1.20 |
| 9. | See Ewe Lin | 2,200,000 | 1.14 |
| 10. | Alliancegroup Nominees (Tempatan) Sdn. Bhd.<br>*- Pledged Securities Account for Teh Win Kee (8106483)* | 1,863,500 | 0.97 |
| 11. | Amsec Nominees (Tempatan) Sdn. Bhd.<br>*- AmBank (M) Berhad for Tan Boon Seng (7928-1102)* | 1,800,000 | 0.94 |
| 12. | Low Kam Fatt | 1,730,000 | 0.90 |
| 13. | See Teow Guan | 1,407,100 | 0.73 |
| 14. | Chee Khay Leong | 1,404,000 | 0.73 |
| 15. | Khoo Loon See | 1,119,000 | 0.58 |
| 16. | Teo Kwee Hock | 903,400 | 0.47 |
| 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. | Chee Khay Leong | 650,000 | 0.34 |
| 22. | Maybank Nominees (Tempatan) Sdn. Bhd.<br>*- Soh Chin Leong* | 600,000 | 0.31 |
| 23. | Kenanga Nominees (Tempatan) Sdn. Bhd.<br>*- Rakuten Trade Sdn. Bhd. for Pui Cheng Wui* | 594,300 | 0.31 |
| 24. | Ong Poh Lan | 582,300 | 0.30 |
| 25. | Maybank Nominees (Tempatan) Sdn. Bhd.<br>*- Pledged Securities Account for Chan Chiau Chung* | 541,800 | 0.28 |
| 26. | Yeoh Jin Aik | 500,000 | 0.26 |
| 27. | HLIB Nominees (Tempatan) Sdn. Bhd.<br>*- Pledged Securities Account for Khor Boon Hong* | 497,800 | 0.26 |
| 28. | Yayasan Guru Tun Hussein Onn | 430,500 | 0.22 |
| 29. | Tan Eng Liang | 420,600 | 0.22 |
| 30. | Affin Hwang Nominees (Tempatan) Sdn. Bhd.<br>*- Pledged Securities Account for Tan Teng Khuan* | 379,000 | 0.20 |
| | **Total** | **157,090,300** | **81.75** |

# NOTICE OF TWENTIETH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Twentieth 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, 26 June 2024 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 2023 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 in respect of the financial year ended 31 December 2023. ***Resolution 1***

3. To re-elect the following Directors of the Company who retire pursuant to Clause 82 of the Company's Constitution:

   (i) Datuk Dr. Syed Hussain Bin Syed Husman, J.P. ***Resolution 2***

   (ii) Yeoh Jin Hoe ***Resolution 3***

   (iii) Marc Francis Yeoh Min Chang ***Resolution 4***

4. To re-elect Director of the Company, Tun Arifin Bin Zakaria who retires pursuant to Clause 86 of the Company's Constitution. ***Resolution 5***

5. To approve the payment of Directors' Fees amounting to RM1,056,000 to Directors of the Company and its subsidiaries (excluding Box-Pak (Malaysia) Bhd. and its subsidiaries) for the financial year ended 31 December 2023. ***Resolution 6***

6. To approve the following payment of allowance and benefits for the financial year ending 31 December 2024: ***Resolution 7***

   (i) annual overseas travelling claims of RM50,000 for each Director of the Company (inclusive spouse and children);

   (ii) meeting allowance of RM1,500 per person per day to the Directors of the Company; and

   (iii) other benefits of up to an amount of RM400,000 to the Non-Executive Directors of the Company and its subsidiaries.

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 TWENTIETH 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 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 TWENTIETH 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 TWENTIETH 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 of Part B of the Company's Circular to Shareholders dated 30 April 2024 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 TWENTIETH ANNUAL GENERAL MEETING

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

    **Proposed retirement gratuity payment to Chee Khay Leong** ***Resolution 12***

    "THAT the proposed retirement gratuity payment of RM9,519,200 be paid to Chee Khay Leong, the former President cum Chief Executive Officer and Executive Director of Kian Joo Can Factory Berhad ("KJCFB"), in recognition of his role and responsibilities to KJCFB, Can-One Berhad and its group of companies, be and is hereby approved AND THAT the Directors of the Company be and are hereby authorised to take all such actions as they may consider necessary and/or desirable to give full effect to 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 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 2023 ("Dividend"), if approved by shareholders at the Twentieth Annual General Meeting of the Company, will be paid to shareholders on 26 July 2024. The entitlement date for the Dividends shall be 16 July 2024.

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

(a) shares transferred into their Securities Account before 4.30 p.m. on 16 July 2024, 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
30 April 2024

# NOTICE OF TWENTIETH 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 14 June 2024 shall be entitled to participate at the Twentieth 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 Twentieth AGM of the Company is strictly a Broadcast Venue as the conduct of the Twentieth 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 Twentieth 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 Twentieth 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/canoneagm2024. Please follow the Procedures for RPEV facilities in the Administrative Details for the Twentieth AGM.*

*(ii) A member of the Company entitled to participate at the Twentieth 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 Twentieth 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 Twentieth 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/canoneagm2024 or via email to support_conveneagm@ kpmg.com.my. Please refer to the Administrative Details for the Twentieth AGM on the procedures for electronic lodgement of Proxy Form via ConveneAGM Meeting Platform.*

# NOTICE OF TWENTIETH 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 Twentieth 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 Twentieth AGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Twentieth 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 5, 6, 7 and 9 of the Company's Annual Report 2023. For the purpose of determining the eligibility of Directors, Datuk Dr. Syed Hussain Bin Syed Husman, J.P., Yeoh Jin Hoe and Marc Francis Yeoh Min Chang, who are standing for re-election at the Twentieth AGM, the Board through its Nominating Committee ("NC") had assessed them using the Directors'/Key Officers' Evaluation Form, Board & Board Committee Evaluation Form, Performance Evaluation Sheet-Board Committees and Conflict of Interest Assessment Form, as well as the Independent Director's Self-Assessment Checklist, where applicable, in order to assess each of their calibre 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 2023 and, where relevant, his independence ("Assessment by the NC"). Based on the evaluation results, the abovementioned retiring Directors, Datuk Dr. Syed Hussain Bin Syed Husman, J.P., Yeoh Jin Hoe and Marc Francis Yeoh Min Chang, met the performance criteria required of an effective member of the Board. Datuk Dr. Syed Hussain Bin Syed Husman, J.P., who is an Independent Director continue to demonstrate objectivity and independence in his judgement.*

*The recommendation for the re-election of Tun Arifin Bin Zakaria was based on the prior evaluation of the NC and the Board before his appointment as Directors and the Assessment by the NC. During the Directors' selection and Assessment by the NC processes, the aforesaid Director's qualifications, skills, experience, knowledge, character, integrity, other attributes, time commitment and potential contribution was 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 TWENTIETH ANNUAL GENERAL MEETING

***(G) EXPLANATORY NOTES FOR ITEMS 5 AND 6 OF THE AGENDA***

*Pursuant to Section 230(1) of the Companies Act, 2016, the fees of the directors, and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at the general meeting.*

***Resolution 6***
*If approved, will authorise the payment of Directors' fees for the financial year ended 31 December 2023 to Directors of the Company and its subsidiaries, as set out below:*

| | Amount (RM) |
|---|---|
| Can-One Berhad | 794,000 |
| Subsidiaries | 262,000 |

***Resolution 7***
*If approved, will authorise the payment of annual oversea travelling claims and meeting allowance to all Directors of the Company, and other benefits of up to RM400,000 to the Non-Executive Directors of the Company and its subsidiaries, for the financial year ending 31 December 2024.*

***(H) 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 Twentieth 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 28 June 2023. Hence, no proceeds were raised.*

# NOTICE OF TWENTIETH ANNUAL GENERAL MEETING

***(H) EXPLANATORY NOTES ON SPECIAL BUSINESS** (continued)*

***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 30 April 2024 which is made available together with the Company's Annual Report 2023 at https://www.canone.com.my/agm2024.*

***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 of Part B of the Circular to Shareholders dated 30 April 2024.*

*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 30 April 2024 which is made available together with the Company's Annual Report 2023 at https://www.canone.com.my/agm2024.*

***Ordinary Resolutions 12 - Proposed retirement gratuity payment to Chee Khay Leong***

*The proposed Ordinary Resolution 12, if passed, will authorise the payment of retirement gratuity amounting to RM9,519,200 to Chee Khay Leong, the former President cum Chief Executive Officer and Executive Director of Kian Joo Can Factory Berhad ("KJCFB"), a wholly-owned subsidiary of Can-One.*

*Chee Khay Leong had retired as President cum Chief Executive Officer and Executive Director of KJCFB on 6 November 2023 and the proposed retirement gratuity payment (excluding the proposed gratuity payment by Box-Pak (Malaysia) Bhd.), is a retirement gratuity in line with his letter of employment and in recognition of his role and responsibilities to KJCFB, Can-One and its group of companies.*

*The proposed retirement gratuity payment is tabled for the approval of the shareholders in compliance with Section 230(1) of the Companies Act, 2016, which require that benefits payable to the directors of a listed company and its subsidiaries be approved at a general meeting.*

# ADMINISTRATIVE DETAILS FOR THE TWENTIETH ANNUAL GENERAL MEETING ("AGM")

| | | |
|---|---|---|
| Date of AGM | : | **Wednesday, 26 June 2024** |
| Time of AGM | : | **10.00 a.m.** |
| Broadcast Venue | : | **Conference Room**<br>**Lot 6, Jalan Perusahaan Satu**<br>**68100 Batu Caves**<br>**Selangor Darul Ehsan**<br>**Malaysia** |
| Meeting Platform | : | **Convene AGM at https://conveneagm.my/canoneagm2024** |

## MODE OF COMMUNICATION

Pose questions to the Board via real time submission of typed texts at ConveneAGM Meeting Platform at https://conveneagm.my/canoneagm2024 during live streaming of the Twentieth 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 Twentieth 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 **14 June 2024** shall be eligible to attend, ask question (in the form of real time submission of typed texts) and vote remotely (collectively, "participate") at the Twentieth AGM or appoint a proxy(ies) and/or the Chairman of the meeting to attend and vote on his/her behalf.

## REMOTE PARTICIPATION AND 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/canoneagm2024. Shareholders (individual/corporate/authorised nominees/exempt authorised nominees) are to participate remotely at the Twentieth 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 TWENTIETH ANNUAL GENERAL MEETING ("AGM")

## PROCEDURES FOR RPEV FACILITIES

Shareholders who wish to participate at the Twentieth AGM are required to register at ConveneAGM Meeting Platform at https://conveneagm.my/canoneagm2024 from **Tuesday, 30 April 2024** until the day of the Twentieth AGM on **Wednesday, 26 June 2024**. Shareholders are encouraged to register at least 48 hours before the commencement of the Twentieth 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:

<table>
<tr><th colspan="3">BEFORE THE DAY OF THE TWENTIETH AGM</th></tr>
<tr><th colspan="2">Procedures</th><th>Action</th></tr>
<tr><td>(a)</td><td>Registration for Shareholders and/or Corporate Representatives</td><td>• Go to https://conveneagm.my/canoneagm2024.<br>• Select "Register as Shareholder".<br>• Fill out the form with the required information and click to "Submit Registration".<br>• A confirmation will be displayed after a successful registration.<br>• Check your registered email .<br>• Open the email from AGM@Convene (agmaccounts@conveneagm.com).<br>• Select "Verify Your Email".<br>• After the email verification, you will be redirected to create your own personalised password.<br>• Upon system verification against the Record of Depositors as at 14 June 2024, you will receive email from AGM@Convene indicating that your registration is approved or rejected.<br><br>Please note that the corporate shareholders who require their corporate representative to participate and vote at the Twentieth AGM must deposit their certificate of appointment of corporate representative to KPMG MRC not later than Monday, 24 June 2024 at 10.00 a.m.</td></tr>
<tr><td>(b)</td><td>Registration for Proxyholders</td><td>• As Proxy, you will receive email from AGM@Convene (agmaccounts@conveneagm.com) with your proxy code once you are appointed by your shareholder.<br>• Open the email from AGM@Convene (agmaccounts@conveneagm.com).<br>• Select "Verify Your Email".<br>• After the email verification, you will be redirected to create your own personalised password.<br><br>Please note that in the event the shareholder who appointed you cannot be authenticated against the Record of Depositors as at 14 June 2024, your registration will not be valid.</td></tr>
<tr><th colspan="3">ON THE DAY OF THE TWENTIETH AGM</th></tr>
<tr><td colspan="2">Participation by Shareholders, Proxies and/or Corporate Representatives during AGM</td><td>• Login to https://conveneagm.my/canoneagm2024<br>• Click to start live webcast.<br>• Proceed to ask question and/or vote when permissible.</td></tr>
</table>

# ADMINISTRATIVE DETAILS FOR THE TWENTIETH ANNUAL GENERAL MEETING ("AGM")

## APPOINTMENT OF PROXY

If you are unable to participate at the Twentieth 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 Twentieth AGM yourself, please do not submit any Proxy Form for the Twentieth AGM. You will not be allowed to participate in the Twentieth 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 Twentieth AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than **Monday, 24 June 2024 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/canoneagm2024 or email to support_conveneagm@kpmg.com.my. The steps to submit via ConveneAGM Meeting Platform are summarised below:

- Go to https://conveneagm.my/canoneagm2024.
- Select "**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/canoneagm2024.
- Select "**Fill Out Proxy Form**".

If you have submitted your Proxy Form prior to the meeting, and subsequently decide to participate at the Twentieth 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 Twentieth 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 Twentieth 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 TWENTIETH ANNUAL GENERAL MEETING ("AGM")

## 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 Twentieth 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 Twentieth 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/canoneagm2024 prior to the AGM no later than **10.00 a.m. on Monday, 24 June 2024**. 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 Twentieth 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 Twentieth 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 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/canoneagm2024 |

CAN-ONE BERHAD
[Registration No. 200401000396 (638899-K)]
(Incorporated in Malaysia)

# PROXY FORM

*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 Twentieth 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, 26 June 2024 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 2023. | | |
| 2 | To re-elect Datuk Dr. Syed Hussain Bin Syed Husman, J.P. as Director. | | |
| 3 | To re-elect Yeoh Jin Hoe as Director. | | |
| 4 | To re-elect Marc Francis Yeoh Min Chang as Director. | | |
| 5 | To re-elect Tun Arifin Bin Zakaria as Director. | | |
| 6 | To approve the payment of Directors' Fees amounting to RM1,056,000 to Directors of the Company and its subsidiaries (excluding Box-Pak (Malaysia) Bhd. and its subsidiaries) for the financial year ended 31 December 2023. | | |
| 7 | To approve payment of allowance and benefits for the financial year ending 31 December 2024. | | |
| 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 retirement gratuity payment to Chee Khay Leong. | | |

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:<br><br>..........................................................<br>Signed by *individual member/*officer or attorney of member/*authorised nominee of<br><br>............................................................................ (beneficial owner) | No. of shares held:<br><br>..........................................................<br>Securities Account No.:<br><br>..........................................................<br>*(CDS Account No.) (Compulsory)*<br>Date: .................................................. |
| If appointment of proxy is under seal:<br>The Common Seal of ............................................................<br>was hereto affixed in accordance with its Constitution in the presence of:<br><br>.................................. ..................................<br>Director Director/Secretary<br>In its capacity as *member/*attorney of member/*authorised nominee of<br><br>............................................................................ (beneficial owner) | No. of shares held:<br><br>..........................................................<br>Securities Account No.:<br><br>..........................................................<br>*(CDS Account No.) (Compulsory)*<br>Date: .................................................. |

Signed this .............................. day of .............................. , 2024.

**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 14 June 2024 shall be entitled to participate at the Twentieth AGM of the Company or appoint proxy(ies) to participate and vote in his/her stead.*
*(ii) The venue of the Twentieth AGM of the Company is strictly a Broadcast Venue as the conduct of the Twentieth 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 Twentieth 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 Twentieth 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/canoneagm2024. Please follow the Procedures for RPEV facilities in the Administrative Details for the Twentieth AGM.*

*(v) A member of the Company entitled to participate at the Twentieth 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 Twentieth 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 Twentieth 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/canoneagm2024 or via email to support_conveneagm@kpmg.com.my. Please refer to the Administrative Details for the Twentieth 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 Twentieth 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 Twentieth AGM of the Company dated 30 April 2024.*

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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

*2nd Fold Here*

*Fold This Flap For Sealing*

**CAN-ONE BERHAD**
200401000396 (638899-K)

2B-4, Level 4
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47301 Petaling Jaya
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