alcom

ALCOM GROUP BERHAD

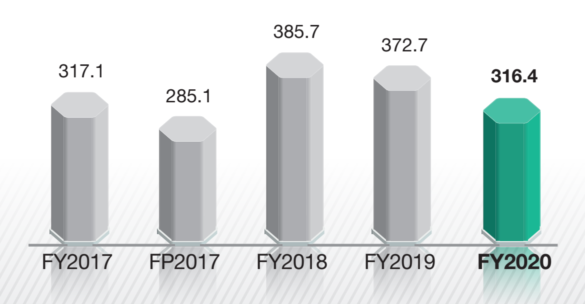
201701047083 (1261259-V)

ANNUAL REPORT 2020

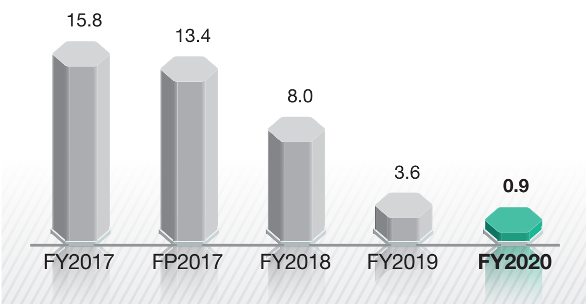
FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

	Aluminium Company of Malaysia Berhad		Alcom Group Berhad		
	Financial Year Ended ("FY") 31 March 2017	9-month Financial Period Ended ("FP") 31 December 2017	FY 31 December 2018	FY 31 December 2019	FY 31 December 2020
Revenue (RM'Million)	317.1	285.1	385.7	372.7	**316.4**
Profit from Ordinary Activities Before Tax (RM'Million)	15.8	13.4	8.0	3.6	**0.9**
Net Profit Attributable to Shareholders (RM'Million)	11.6	9.7	3.4	0.3	**1.3**
Earnings Before Interest, Taxes, Depreciation and Amortisation (RM'Million)	24.9	20.5	19.5	19.4	**16.8**
Shareholders' Equity (RM'Million)	176.3	118.3	122.4	122.1	**123.5**
Total Assets (RM'Million)	223.5	242.3	332.7	374.0	**408.2**
Earnings Per Share (Sen)	8.78	7.24	2.56	0.24	**0.98**
Net Assets Per Share (RM)	1.33	0.89	0.91	0.91	**0.92**

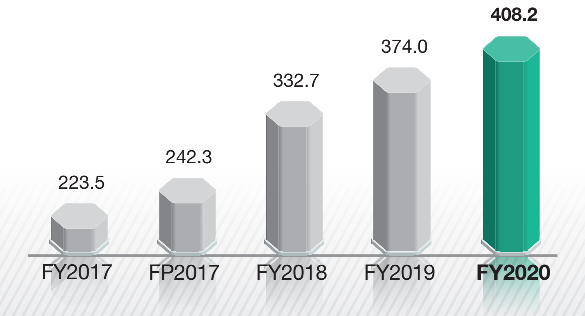
REVENUE
(RM'Million)



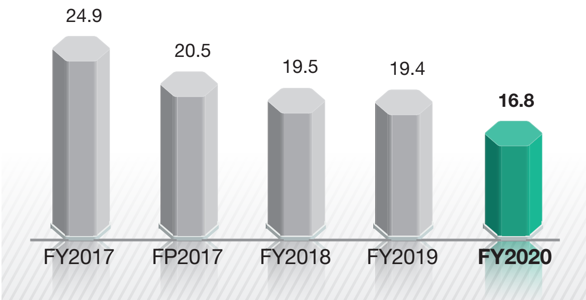
PROFIT FROM ORDINARY ACTIVITIES BEFORE TAX
(RM'Million)



TOTAL ASSETS
(RM'Million)



EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION
(RM'Million)



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CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Heon Chee Shyong
President cum Chief Executive Officer

Yeoh Jin Hoe
Executive Director

Dato' Eng Kim Liong
Executive Director

Ang Loo Leong
Executive Director

Wong Choon Shein
Independent Non-Executive Director

Lam Voon Kean
Independent Non-Executive Director

Marc Francis Yeoh Min Chang
Alternate Director to Yeoh Jin Hoe

AUDIT & RISK MANAGEMENT COMMITTEE

Lam Voon Kean (Chairperson)
Dato' Seri Subahan Bin Kamal
Wong Choon Shein

NOMINATION COMMITTEE

Wong Choon Shein (Chairperson)
Dato' Seri Subahan Bin Kamal
Lam Voon Kean

REMUNERATION COMMITTEE

Lam Voon Kean (Chairperson)
Dato' Seri Subahan Bin Kamal
Wong Choon Shein

COMPANY SECRETARIES

Tan Bee Keng
SSM PC No. 201908002597 (MAICSA 0856474)

Teh Yi Ting
SSM PC No. 201908001859 (MAICSA 7068250)

AUDITORS

KPMG PLT
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia

T : +603-7721 3388
F : +603-7721 3399
E : 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

T : +603-2783 9299
F : +603-2783 9222
E : is.enquiry@my.tricorglobal.com
W : www.tricorglobal.com

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

REGISTERED OFFICE

No. 3, Persiaran Waja
Bukit Raja Industrial Estate
41050 Klang
Selangor Darul Ehsan, Malaysia

T : +603-3346 6262
F : +603-3341 2793

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
HSBC Amanah Malaysia Berhad
OCBC Bank (Malaysia) Berhad
AmBank (M) Berhad
Affin Bank Berhad
Malayan Banking Berhad
Citibank Berhad
Alliance Islamic Bank Berhad
Alliance Bank Malaysia Berhad

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad

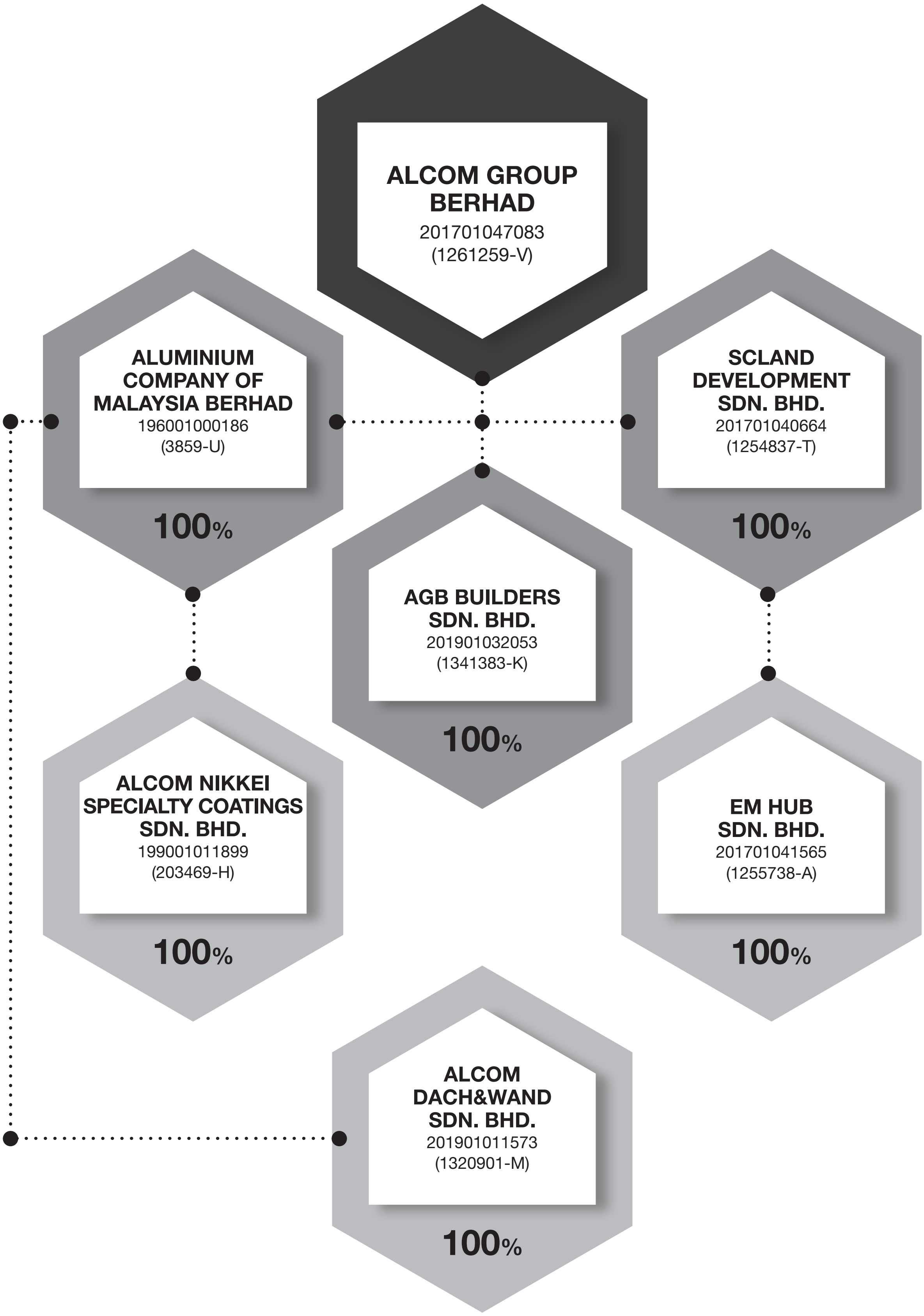
Stock Name	:	ALCOM
Stock Code	:	2674
Sector	:	Industrial Products & Services
Sub-Sector	:	Metals

WEBSITE

www.alcom.com.my

GROUP STRUCTURE

AS AT 31 MARCH 2021



GROUP INFORMATION

MANUFACTURING SEGMENT

MANUFACTURING PLANTS & CORPORATE OFFICES

Aluminium Company of Malaysia Berhad
No. 3, Persiaran Waja
Bukit Raja Industrial Estate
41050 Klang
Selangor Darul Ehsan, Malaysia
T : +603-3346 6262
F : +603-3341 2793

Alcom Nikkei Specialty Coatings Sdn. Bhd.
No. 3, Persiaran Waja
Bukit Raja Industrial Estate
41050 Klang
Selangor Darul Ehsan, Malaysia
T : +603-3342 2234
F : +603-3342 2203

PRODUCTS MANUFACTURED

Aluminium Specialty Products
Tread Plate, Flat Sheet, Coils,
Stucco Embossed Sheets/Coils,
Painted Sheet/Coils,
Cladding Sheet & Capacitor Coil

Aluminium Roofing Products
Corrugated Sheet 'PAYUNG' – 7C/11C,
Roofing Coils &
Roofing Profile – '7P'/'Alrib'/'Comspan'
in Plain/Painted/Stucco-Embossed Finished

Aluminium Foil Products
Bare Finstock, Coated Finstock, Cable Foil,
Plain Foil & Diaphragm (Lacquered) Foil

SALES ENQUIRIES/ CONTACT

marketing@alcom.com.my
Eric.Chong@alcom.com.my

PROPERTY DEVELOPMENT SEGMENT

SALES GALLERY & CORPORATE OFFICE

SCLand Development Sdn. Bhd.
EM Hub Sdn. Bhd.
R18, Wisma SCland, Emporis Kota Damansara
Persiaran Surian, 47810 Petaling Jaya
Selangor Darul Ehsan, Malaysia
T : +603-6419 9888
+603-6419 9333
F : +603-6419 9666

PROJECT

EMHub
(6-Storey Ramp-Up Commerce Hub)

SALES ENQUIRIES/ CONTACT

sales@scland.com.my

CONSTRUCTION SEGMENT

CORPORATE OFFICES

Alcom Dach&Wand Sdn. Bhd.
No. 2, Pusat Perniagaan Bestari
Jalan Permata 1B/KS09
Taman Perindustrian Air Hitam
42000 Klang
Selangor Darul Ehsan, Malaysia
T : +603-3123 1353
F : +603-3123 1311

PRINCIPAL ACTIVITIES

Supply, fabrication and installation of architectural roof, facade cladding systems and steel structure

SALES ENQUIRIES/ CONTACT

dachwand@alcom-dw.com

AGB Builders Sdn. Bhd.
Office Suite No. T1-17-01, 8trium Tower
Bandar Sri Damansara, 52200 Kuala Lumpur
Wilayah Persekutuan, Malaysia
T : +603-6280 6666
F : +603-6280 6336

PRINCIPAL ACTIVITY

Construction of buildings

SALES ENQUIRIES/ CONTACT

enquiry@agb.builders

PROFILE OF DIRECTORS

DATO' SERI SUBAHAN BIN KAMAL

Chairman/ Independent Non-Executive Director
Malaysian | Male | Aged 55

Dato' Seri Subahan bin Kamal was appointed to the Board of Directors ("Board") of Alcom Group Berhad ("AGB") as Independent Non-Executive Chairman on 9 August 2018. He was re-designated as Senior Independent Non-Executive Director of AGB on 28 August 2019. He is a member of the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee of AGB.

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

He started his employment career with Bank Rakyat Corporate Planning Department in 1989 and left to join the civil service sector in 1994. He served as Private Secretary to the Parliamentary Secretary, Ministry of Finance (1994 to 1995), Senior Private Secretary to the Deputy Minister of Finance (1995 to 1998) and Senior Private Secretary to the Deputy Minister of Human Resource (1999). In 1999, he left the civil sector to start his business in construction. He has several businesses involved in constructions, training and education, property development, project management and logistics. He also has very strong relationships with the Government agencies and authorities.

He is the President of the Malaysian Hockey Confederation; Deputy President of Football Association of Malaysia; a Member of Curriculum Advisory Board, Universiti Teknologi MARA, Malaysia; and Chairman of Wawasan Qi Group; and Member of Advisory Board, Quest International University Perak. He was the President of Football Association of Selangor from 2016 to 2018 and the Manager of Malaysian National Football Team from 2009 to 2013. Currently, he is the President of Petaling Jaya City Football Club.

He is the Independent Non-Executive Chairman of Can-One Berhad which is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). He is also an Executive Director of Gagasan Nadi Cergas Berhad, which is listed on the ACE Market of Bursa Securities.

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

HEON CHEE SHYONG

President cum Chief Executive Officer
Malaysian | Male | Aged 53

Heon Chee Shyong was appointed to the Board of AGB as President cum Chief Executive Officer ("CEO") on 9 August 2018. He joined Aluminium Company of Malaysia Berhad ("ALCOM") as Managing Director on November 2014 and remained as its President cum CEO after an internal reorganisation in 2018 when the listing status of ALCOM was transferred to AGB.

He graduated with Bachelor of Civil Engineering (Hons) and Bachelor of Commerce – Management. He also completed the General Manager Program from Australian Graduate School of Management (AGSM).

He started his career with NS BlueScope Lysaght (Malaysia) Sdn. Bhd. (formerly known as BHP Steel Building Products Sdn. Bhd.) in 1991. Since then, he had accumulated 22 years of working experience within the NS BlueScope Steel group holding numerous key leadership roles.

He is the Immediate Past Chairman of Aluminium Manufacturers Group of Malaysia (FMM – AMGM) after serving for 4 years. He is currently serving as the Deputy Chairman of AMGM.

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

PROFILE OF DIRECTORS

YEOH JIN HOE

Executive Director
Malaysian | Male | Aged 74

Yeoh Jin Hoe was appointed to the Board of AGB on 9 August 2018. He joined ALCOM as Executive Director on September 2016 and remained as its Executive Director after an internal reorganisation in 2018 when the listing status of ALCOM was transferred to AGB.

He has extensive experience in the manufacturing and trading industries. He founded several companies involved in the manufacturing sector. These companies are principally involved in the manufacture and sale of branded mattresses and other sleep related products; food products such as instant noodles and food seasonings; and distribution of sanitary wares, ironmongery and builders' hardware.

He was the former Managing Director of Can-One Berhad ("Can-One"), a company listed on the Main Market of Bursa Securities, and a major shareholder of Can-One. He relinquished his aforesaid position in Can-One in 2012 when he became a major shareholder of Kian Joo Can Factory Berhad ("Kian Joo") and was appointed Group Managing Director of Kian Joo. He remained on the Board of Can-One as a Non-Independent Non-Executive Director. He is also the Group Managing Director of Kian Joo's subsidiary company, Box-Pak (Malaysia) Bhd. ("Box-Pak"), which is listed on the Main Market of Bursa Securities.

He is a major shareholder of AGB. He is the father of Alternate Director, Marc Francis Yeoh Min Chang.

DATO' ENG KIM LIONG

Executive Director
Malaysian | Male | Aged 56

Dato' Eng Kim Liong was appointed to the Board of AGB as Executive Director on 9 August 2018.

He has over 30 years experience in property investment and mechanical and electrical trades. He is the cofounder of SCland Sdn. Bhd., a property investment and development company with projects in Klang Valley, Selangor, Pahang and Sabah.

Prior to SCland Sdn. Bhd., he specialised in the provision of mechanical and electrical works to property developers with customers in East and West Malaysia.

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

ANG LOO LEONG

Executive Director
Malaysian | Male | Aged 56

Ang Loo Leong was appointed to the Board of AGB as Executive Director on 9 August 2018. He holds a Diploma in Building.

He has over 31 years experience in the construction industry, having served in several reputable construction companies involved in large scale construction projects in Klang Valley and Kota Kinabalu, Sabah.

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

PROFILE OF DIRECTORS

WONG CHOON SHEIN

Independent Non-Executive Director
Malaysian | Male | Aged 70

Wong Choon Shein was appointed to the Board of AGB on 9 August 2018. He is the Chairperson of the Nomination Committee and a member of the Audit and Risk Management Committee and Remuneration Committee of AGB.

He has over 42 years of experience and knowledge in international trade and wide networking with major global players in the building and construction industry. He was the founder and Managing Director of Buildtrend Group, a major building materials and architectural products distributor of global brands (like ROCA, TOTO, Villeroy and Boch) and contractor. In July 1994, after divesting Buildtrend Group to Hong Leong Malaysia, he assumed the position of Group Managing Director, Building Materials Division of Hong Leong Industries Berhad until 1996. Home Expo, the first one-stop home renovation and decoration centre in Malaysia, was launched by him in 1999.

He has several business ventures in the building and construction industry in Malaysia, Singapore and Australia. He is also the ASEAN Business Development Director for BSC Group Hong Kong, a building materials and interior contracting group with business activities in Hong Kong, China and Macau.

He is a Non-Independent Non-Executive Director of OCB 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 AGB.

LAM VOON KEAN

Independent Non-Executive Director
Malaysian | Female | Aged 68

Lam Voon Kean was appointed to the Board of AGB on 9 August 2018. She is the Chairperson of the Audit and Risk Management Committee, and Remuneration Committee, and a member of the Nomination Committee of AGB. She is a member of the Malaysian Institute of Accountants ("MIA") and Malaysian Institute of Certified Public Accountants ("MICPA").

She joined KPMG Penang in 1974 as an articled student and qualified as a Certified Public Accountant in 1981. She was one of the senior audit managers of KPMG Penang and acted as the engagement manager for various audit engagements and also for assignments relating to the listing of shares on the Malaysian Stock Exchange and was involved in the review and preparation of profit and cash flow forecasts and projections.

In 1994, she left KPMG Penang and joined M&C Services Sdn. Bhd. (now known as Boardroom Corporate Services Sdn. Bhd.) and was promoted to Executive Director managing a suite of business solutions and services for public listed companies, private companies, and branches of multi-national companies.

She was the Managing Director of Boardroom Corporate Services (Penang) Sdn. Bhd. ("Boardroom") until her retirement in 2011 and acted as consultant to Boardroom for a year in 2012.

She is an Independent Non-Executive Director of Asia File Corporation Bhd., Globetronics Technology Berhad, RGB International Bhd. and Tambun Indah Land Berhad, which are all listed on the Main Market of Bursa Securities.

She does not have any family relationship with any Director and/or major shareholder of AGB.

PROFILE OF DIRECTORS

MARC FRANCIS YEOH MIN CHANG

Alternate Director to Yeoh Jin Hoe
Malaysian | Male | Aged 36

Marc Francis Yeoh Min Chang was appointed as Alternate Director to Yeoh Jin Hoe on 9 August 2018. He holds a Bachelor of Science degree in Electrical and Electronic Engineering (Magna cum Laude) from Marquette University, United States of America and a Master of Business Administration in Finance from University of Southern Queensland, Australia.

He is the Group Managing Director of Can-One Berhad, a company listed on the Main Market of Bursa Securities. Prior to this, he was Can-One Berhad's Chief Operating Officer cum Executive Director. From 2007 to 2010, he was with Axiata Group Berhad group of companies serving in various senior positions abroad.

He is also a Director of Kian Joo Can Factory Berhad, a wholly-owned subsidiary of Can-One Berhad.

He is the son of Yeoh Jin Hoe, the Executive Director and major shareholder of AGB.

Additional Information:

1. *None of the Directors has conflict of interest with AGB.*
2. *None of the Directors:*
   - *(i) has been convicted of any offence within the past 5 years; or*
   - *(ii) was publicly sanctioned or imposed with penalty by the relevant regulatory bodies during the financial year ended 31 December 2020.*
3. *Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Overview Statement on page 52 of this Annual Report.*

PROFILE OF KEY SENIOR MANAGEMENT

BERNARD WILLIAM A/L WILLIAM G. GOMEZ

Director, Finance of wholly-owned subsidiary, Aluminium Company of Malaysia Berhad ("ALCOM")
Malaysian | Male | Aged 58

Bernard William A/L William G. Gomez joined ALCOM in December 2010 as Chief Financial Officer and was later re-designated to Director, Finance in October 2012. He completed his professional qualification in England as a Chartered Management Accountant in 1991 and is a member of the Malaysian Institute of Accountants ("MIA"). Prior to ALCOM, he had accumulated over 25 years of finance-related experience in various entities including multi-national companies and a public listed entity, holding senior finance positions.

CHONG KHAI MAN

Director, Sales & Marketing of wholly-owned subsidiary, ALCOM
Malaysian | Male | Aged 54

Eric Chong Khai Man joined ALCOM in July 1995 as a Sales Executive and was appointed as the Director, Sales & Marketing in April 2014. He completed the Chartered Institute of Marketing Program and holds a Masters of Business Administration (Marketing) from St. George University International in 2002. He was elected as Member of the Chartered Institute of Marketing (UK) in 2002 and achieved the status of Chartered Marketer in 2003.

He has accumulated over 25 years of sales and marketing experience with ALCOM, mainly in respect of the export markets. His experience also includes 7 years of exposure to building materials with a large listed group of companies in Malaysia, prior to joining ALCOM. He had previously undergone a 1-month fulltime training experience in Japan under the scholarship from the Association for Overseas Technical Scholarship ("AOTS") of Japan. Following the experience, he has a good grasp of the Japanese business culture.

TAE IL SEO

Director, Plant of wholly-owned subsidiary, ALCOM
Korean | Male | Aged 70

Tae-Il Seo joined ALCOM as Director, Plant in May 2017. He graduated from the University of Ulsan, Korea with a Bachelor in Materials Engineering, majoring in Metallurgical Engineering. He began his career as a Metallurgical Engineer in 1976 with Aluminium Company of Korea Ltd (within the Hyundai Group, Korea) during which time, he was selected for technical training at Nippon Light Metal, Japan and Kaiser Chemical Corporation in the United States of America. He has over 40 years of aluminium related experience and has held key senior positions as Plant Manager of Novelis, Korea as well as Works Manager of ALCOM from 2004 to 2008.

He has also attended senior level courses at Ulsan CEO Academy, organised by Chambers of Commerce of Ulsan, the Samsung CEO Academy organised by Samsung and has also participated in CEO Forum organised by the University of Ulsan and Business Culture School organised by Kyungsang (Media) Newspaper. In addition, Tae-Il Seo has held teaching positions as a Professor in the School of Materials Science and Engineering at the University of Ulsan as well as a Specialist in the Korea Institute of Industrial Technology.

Additional Information:

1. *None of the Key Senior Management personnel has family relationship with any Director and/or major shareholder of AGB.*
2. *None of the Key Senior Management personnel has conflict of interest with AGB.*
3. *None of the Key Senior Management personnel holds directorship in public companies and listed issuers.*
4. *None of the Key Senior Management personnel:*
    - *(i) has been convicted of any offence within the past 5 years; or*
    - *(ii) was publicly sanctioned or imposed with penalty by the relevant regulatory bodies during the financial year ended 31 December 2020.*

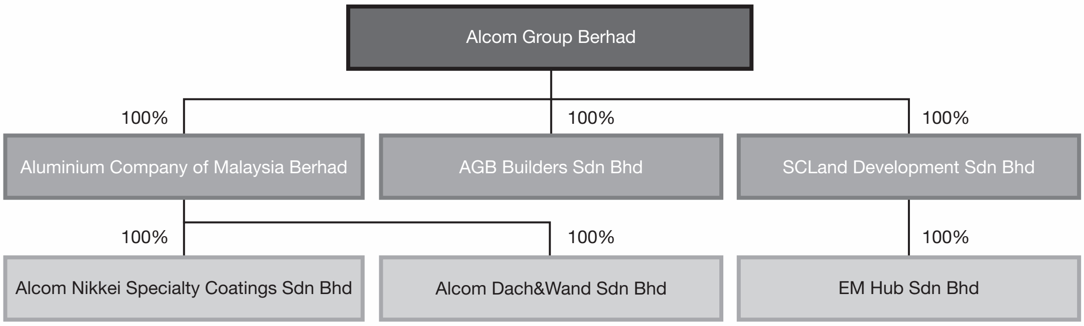
MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

The following Management Discussion and Analysis ("MD&A") provides an analysis of the financial performance of Alcom Group Berhad ("AGB" or "the Company") and its group of companies ("the Group") for the financial year ended 31 December 2020 ("FY2020") which should be read in conjunction with the audited financial statements of the Group and of the Company as set out in pages 71 to 135. This MD&A is the responsibility of the Management. The Board of Directors has reviewed and approved this MD&A for inclusion in this Annual Report.

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

The Group's structure is as follows :-



The Group organises its principal activities into 4 business segments as follows:-

1) Manufacturing Segment
2) Property Development Segment
3) Construction Segment
4) Investment Holding Segment

Manufacturing Segment

This segment comprises 2 entities i.e. Aluminium Company of Malaysia Berhad ("ALCOM") and its wholly-owned subsidiary, Alcom Nikkei Specialty Coatings Sdn. Bhd. ("ANSC"), which are collectively known as ALCOM/ANSC. ALCOM is a well-established aluminium manufacturer having been in operation for 61 years in the manufacturing of aluminium sheets and coils. It supplies rolled aluminium products within Malaysia as well as to Asia, Europe, Middle East and the United States ("US"). The key product categories manufactured by ALCOM are fin stock, roofing products, heavy gauge foil and specialties whilst ANSC produces the coated fin product. Approximately a quarter of the total shipment volumes of ALCOM/ANSC are supplied to the domestic market while the remaining of approximately 75% is exported.

Property Development Segment

The property development segment of the Group, SCLand Development Sdn. Bhd. ("SCLD") focuses on property development. SCLD's wholly-owned subsidiary, EM Hub Sdn. Bhd. ("EMH") was established in November 2017 to develop its maiden property project, a Ramp-up Commerce Hub with a hybrid 3-in-1 space for showrooms, offices and storage, located at Kota Damansara, Selangor.

Construction Segment

This segment comprises AGB Builders Sdn. Bhd. ("AGB Builders") and Alcom Dach&Wand Sdn. Bhd. ("AD&W"). AGB Builders was incorporated in September 2019 as a wholly-owned subsidiary of AGB. The principal activity of AGB Builders is construction of buildings. AD&W is engaged in the business of supply, fabrication and installation of architectural roof, facade cladding and steel structure. It was acquired by ALCOM in October 2019 to complement its business growth in the roofing product category.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS (CONT'D)

Investment Holding Segment

AGB is the sole company within this segment. It is the holding company of 3 direct wholly-owned subsidiaries i.e. ALCOM, AGB Builders and SCLD. AGB is the only company in the Group that is listed on the Main Market of Bursa Malaysia Securities Berhad.

FINANCIAL PERFORMANCE

Summary of the consolidated results by segments for FY2020 and Financial Year 2019 ("FY2019") were as follows:-

Consolidated Summary Results by Segments	Manufacturing	Property Development	Construction	Investment Holding	Elimination	Group	Manufacturing	Property Development	Construction	Investment Holding	Elimination	Group
- Statements of Profit or Loss	Financial Year 2020						Financial Year 2019					
	RM Mil	RM Mil	RM Mil	RM Mil	RM Mil	RM Mil	RM Mil	RM Mil	RM Mil	RM Mil	RM Mil	RM Mil
Revenue	**257.72**	**54.21**	**47.98**	**1.34**	**(44.85)**	**316.40**	344.12	24.89	5.20	2.69	(4.25)	372.65
Profit/(Loss) Before Tax	**(9.33)**	**10.94**	**2.48**	**0.43**	**(3.64)**	**0.88**	8.24	(3.19)	0.27	1.62	(3.30)	3.64
Tax Income/(Expense)	**1.71**	**(1.17)**	**(0.65)**	**–**	**0.54**	**0.43**	(2.66)	(0.59)	(0.07)	–	–	(3.32)
Profit/(Loss) After Tax	**(7.62)**	**9.77**	**1.83**	**0.43**	**(3.10)**	**1.31**	5.58	(3.78)	0.20	1.62	(3.30)	0.32

- Statements of Financial Position	As At 31 December 2020						As At 31 December 2019					
	RM Mil	RM Mil	RM Mil	RM Mil	RM Mil	RM Mil	RM Mil	RM Mil	RM Mil	RM Mil	RM Mil	RM Mil
Total Assets	**263.37**	**178.28**	**18.17**	**104.27**	**(155.93)**	**408.16**	259.63	149.83	9.97	105.61	(151.03)	374.01
Total Liabilities	**140.95**	**178.22**	**14.64**	**0.81**	**(49.91)**	**284.71**	128.24	159.54	8.27	2.58	(46.76)	251.87
Equity	**122.42**	**0.06**	**3.53**	**103.46**	**(106.02)**	**123.45**	131.39	(9.71)	1.70	103.03	(104.27)	122.14

Revenue

The Group's FY2020 result was severely impacted by the global business downturn due to the Covid-19 pandemic compounded with operating restrictions and disruptions. Consequentially, the revenue registered for the Group declined by approximately 15% compared to FY2019's achievement of RM372.65 million. Of the RM316.40 million recorded revenue for the Group for FY2020, RM257.72 million was attributable to the manufacturing segment while the remaining RM58.68 million external revenue was generated from the property development and construction segments.

The manufacturing segment recorded a decrease of RM86.40 million in revenue for FY2020 compared to its FY2019's achievement of RM344.12 million. This 25% decline was a result of a drop in shipment volumes across majority of the product categories impacting both domestic and export destinations. In addition, a lower average base metal cost compounded the revenue decline; base metal costs which is denominated in USD comprising aluminium prices quoted on the London Metal Exchange and transport premium was approximately 9% lower for FY2020 versus FY2019.

The property development segment registered a RM29.32 million increase in revenue for FY2020 when compared to FY2019's revenue of RM24.89 million. This significant increase was attained mainly because of the substantial construction progress achieved at its EMHub project ("EMHub") which enabled more revenue to be recognised. The construction segment posted an increase in external revenue, registering RM4.48 million for FY2020 as opposed to RM3.64 million achieved in FY2019, mainly due to the implementation of new roofing and cladding projects by AD&W in FY2020. This was after elimination at the Group level of the intra-segment sales from the construction segment to the property development segment i.e. sales from AGB Builders as contractors to EMH of the property development segment of approximately RM43.50 million (2019: RM1.56 million).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE (continued)

Profit Before Tax

The Group recorded a profit before tax of RM0.88million, a reduction of RM2.76 million compared to its profit before tax in FY2019 of RM3.64 million. This result was achieved despite the Group's RM56.25 million decline in revenue for FY2020 compared to FY2019.

The manufacturing segment reported a loss before tax for FY2020 of RM9.33 million as compared to a profit before tax in FY2019 of RM8.24 million. This declined result was due to the lower revenue attainment consequential from the Covid-19 business disruptions. There was a 19% reduction in shipment volume which significantly impacted contribution including a higher metal price lag loss as well as increased costs incurred for external rerolls to supplement in-house production capacity. Partially offsetting the reduced contribution attained, were lower overall fixed costs incurred in FY2020 versus FY2019. Note that metal price lag refers to timing differences experienced on the pass through of changing aluminium prices.

The property development segment registered an improved result; registering a profit before tax of RM10.94 million compared to a loss before tax of RM3.19 million in FY2019. This significant improved result in FY2020 was attained from the substantial construction progress achieved, coupled with lower marketing expenses and prudent cost controls at its EMHub project, which have enabled higher progressive profits to be recognised. Meanwhile, the construction segment recorded a profit before tax of RM2.48 million arising mainly from AD&W's projects and the profit recognised by AGB Builders on the Group's inter-segment sales to EMHub.

The investment holding segment comprising solely, AGB, registered a profit before tax of RM0.43 million. This result included inter-segment dividend income of RM1.34 million from ALCOM, one of its wholly-owned subsidiaries within the manufacturing segment. All inter-segment transactions were eliminated for consolidation purposes.

Tax Expense

The Group recorded an overall tax income for FY2020 due mainly to the recognition of deferred tax assets on tax losses carried forward, unabsorbed capital allowances and other deductible temporary differences. Besides that, there was a reversal of over provision of prior year's tax expense.

Total Assets

Total assets of the Group increased by RM34.15 million in FY2020 as compared to FY2019. Of this increase, approximately RM28 million was attributable from the property development segment resulting mainly from the increase in development costs of the EMHub project under progress with additional work done in FY2020. There was also a marginal increase in accounts receivables and the segment ended with a slightly higher cash balance. The Group's total assets' increase was also contributed by the construction segment which had higher cash balance and for the manufacturing segment there was a higher inventory holding.

Total Liabilities

The increase in total liabilities in FY2020 compared to FY2019 of RM32.84 million was largely attributable to the property development segment due to higher contract liabilities and increased borrowings net of lower payables. The manufacturing segment also had additional borrowings net of lower deferred tax liabilities. Besides that, the increase in total liabilities was also partially contributed by the construction segment due to higher accounts payables.

Capital Expenditure

The Group incurred RM3.69 million mainly for the new acquisition and replacement of property, plant and equipment in FY2020 as compared to RM17.72 million incurred in FY2019. A new coating line addition in the ANSC plant was largely the reason for the higher capital expenditure in FY2019. These capital expenditures in both financial years were mainly incurred by the manufacturing segment.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE (continued)

Dividend Policy

The Group is committed to protecting shareholders' interests and creating sustainable value. Any dividend payout will be dependent on the Group's level of cash and retained earnings, its prospects of financial performance as well as projected obligations. This chosen dividend policy has thus far aided in the Group's business growth without affecting its planned strategic direction.

REVIEW OF OPERATING ACTIVITIES

MANUFACTURING SEGMENT

Overview

The unprecedented Covid-19 pandemic outbreak set the tone for FY2020. Every region and country which the manufacturing segment (entities of ALCOM and ANSC) served was badly affected. Delivery performance experienced a severe downturn when Malaysia was locked down unexpectedly ahead of other countries and when operations resumed, some other countries were locked down. The pandemic disrupted the entire supply chain with supply and demand being completely distorted. At its lowest point, the demand levels were between 20%-30% for certain customers while others struggled to get back to 50% of their normal level. The market began to recover towards the 4th quarter of FY2020. Shipment volume was lower by 19% and revenue was down 25% compared to FY 2019.

The price of aluminium plunged to one of the lowest levels seen in recent years after the lockdown across many countries around the world. It bounced back quite strongly toward the 4th quarter of FY2020. The increase both in demand and prices was led by China. It created a price disparity where the Chinese metal prices were quoted higher than London Metal Exchange. The lower metal price also contributed to a lower revenue for the year under review. Despite the very challenging year, shipments to US increased significantly. This aided in cushioning the lower demand from other regions.

Commercial

FY2020 was truly a year filled with disruptions. As stated in the FY2019 Annual Report, the manufacturing segment's outlook for the year of 2020 was bullish. There were surging orders in hand for March and April 2020 onwards. The Management was hopeful in breaking the monthly shipment record between the 1st and 2nd quarters of FY2020. Unfortunately, Malaysia was locked down from mid-March 2020 and all the orders received for that month and the subsequent months were adversely impacted. When operations resumed, the manufacturing segment struggled to deliver what had been produced as most of its export customers around the world were subsequently under lock down as well. This had resulted in limited opportunity for delivery and higher inventory holding across all product categories.

Covid-19 had disrupted the entire supply chain from retailers, distributors and manufacturers. Most of the manufacturing segment's customers were operating only between 20% to 50% beginning from July 2020 onwards. Fin stock customers held exceptionally high inventory when they resumed their operations after their lockdown was lifted. It was not until the beginning of the 4th quarter of FY2020 before customers began revising their demand forecast. Things were changing quite rapidly throughout this quarter that customers ramping up their orders higher than their earlier forecasted levels.

There were numerous constructions and building activities domestically that had been postponed or cancelled since the Movement Control Order ("MCO") was announced. Certain infrastructure projects had to be re-tendered with much lower budgets which impacted the use of aluminium roofing in some of these projects.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATING ACTIVITIES (continued)

MANUFACTURING SEGMENT (continued)

Commercial (continued)

The China-US trade tension however, brought the manufacturing segment opportunities from the US market for which there has been an increase in supply since FY2019. This has been attained through the creation of strong networks with distributors both in the East and West coasts of US.

Given approximately 75% of the manufacturing segment's shipment volume is exported, the ability to supply during the 4th quarter of FY2020 was hampered by the ocean freight fiasco. There was a severe lack of vessels that resulted in the liner shipping industry experiencing unforeseen vessel delays worldwide. Additionally, heavy port congestion and extended waiting times at anchorage exacerbated the situation. These severely impacted the cost of freight which spiked to unprecedented levels as the ocean liners took advantage of the situation resulting in significantly higher freight costs being incurred during this quarter. Going forward, the majority of the manufacturing segment's customers have agreed to absorb the additional freight cost incurred.

Customers

The major customer base remains within the fin stock segment which comprise of major and leading manufacturers of the air-conditioner markets across Asia and Europe. Some of the other market segments include building and construction, packaging, cables and various other industries.

For the financial year under review, the manufacturing segment has substantially increased its supply into the US market, penetrating mainly the building and construction markets.

Costs

Direct Costs – Overall direct costs in FY2020 was lower by 16% as compared to FY2019. The direct cost per tonne, however, was marginally higher given that there was an increase in 3rd party cost for toll painting, toll lacquering and toll slitting. These are value added services for certain products. Generally, the direct costs were within controllable levels as cost saving initiatives has been on-going, although it is more challenging each year.

Period Costs – This was lower by 9% in FY2020 compared to FY2019, even though most of these costs are fixed in nature. One of the main components within this cost category is the repairs and maintenance expenses; it was lower by RM2.28 million in FY2020 compared to FY2019. This was achieved through much due diligence and careful consideration on preventative maintenance.

Manufacturing Operations

The manufacturing segment's Behavioural Based Safety performance has been encouraging for the financial year under review, which was achieved through careful monitoring of safety audits, safety observations and also identification of serious injuries and fatalities. While the underlying safety process remained strong, the leading indicators exposed areas of further improvement opportunities particularly on discipline and focus in the diligence of performing the duty for safety audits during the Recovery Movement Control Order ("RMCO") period. The Management has since refocused the team from all the pandemic distractions.

With the MCO and the subsequent RMCO and Conditional Movement Control Order ("CMCO"), the ability to deliver was greatly impacted because most export customers were subsequently also locked down. This impacted productivity adversely in the earlier months as certain machines were operating sub-optimally. Delivery Performance as well as Operational Excellence key performance indices were trending below satisfactory levels.

Despite all the challenges, the Cold Mill in ALCOM's plant was overhauled with a new drive motor. This overhaul is expected to greatly enhance productivity and reliability of the Cold Mill going forward.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATING ACTIVITIES (continued)

MANUFACTURING SEGMENT (continued)

Manufacturing Operations (continued)

The initiative of Total Productive Maintenance ("TPM") was postponed since the initial MCO directive. The TPM program depended highly on team work and close physical interaction to achieve the quantified benefits. All the team and group engagements were also deferred to adhere to the strict social distancing guidelines within the authorities' Standard Operating Procedures ("SOP") for manufacturing entities.

Human Capital

With the Covid-19 pandemic, the focus was on protecting the employees who operate in the manufacturing plants and offices of ALCOM and ANSC situated in Bukit Raja, Klang. This location however was identified as a Red Zone area i.e. high severity of the spread by the authorities. Management actively managed the risk with very strict SOPs implemented throughout the year with continuous communications and engagements with all employees and relevant stakeholders. All planned trainings and Corporate Social Responsibility initiatives in compliance with the directive from the Ministry of Health were cancelled. With the above preventative measures, despite operating within a declared Red Zone, the Management was able to keep everyone safe with zero Covid-19 cases for FY2020.

Talent acquisition and retention remained the key focus in FY2020. As stated earlier, most of our planned training programs were halted. One of the programs i.e. The Leadership Skills Development, will resume when the situation improves.

Anticipated Risks

FY2020 signified a year of heightened risk with some of the most unprecedented events unfolding from the Covid-19 pandemic. The year began with a rather bullish outlook but as it unfolded from the end of the first quarter, it was full of challenges with new norms emerging at the same time; donning face masks, working from home and video conferencing became part of life. As employees worked remotely, the security and reliability of the manufacturing segment's technology connection became more and more important.

As stated in the FY2019 MD&A of AGB's Annual Report, Covid-19 might curtail the manufacturing segment's bullish outlook even though consequences of the epidemic (at the point of the report) were unclear but it matured to a severe pandemic worldwide. It was not unexpected, but the severity was grossly underestimated and the consequences were far reaching than anyone has ever anticipated. Unfortunately, Covid-19 remains one of the key risks being addressed in financial year 2021 ("FY2021").

However, the worst is believed to be over with most economies around the world projecting to grow at a reasonable rate against a disrupted year of 2020. Most countries have learned to cope and live with Covid-19 while the efficacy of various vaccines is being validated with aggressive immunisation programs being planned globally. Hence, the risk of Covid-19 is expected to be at a manageable level going forward even as new variants of the virus are being identified.

There are increasing number of safeguards and anti-dumping actions taken by various countries against Malaysian manufacturers. Some countries are actively protecting their own local manufacturers against cheaper imports. Malaysian manufacturers with its lower cost base are now becoming a threat to both the developed as well as the emerging economies. Joint initiatives with the Ministry of International Trade and Industry ("MITI") is being explored to mitigate this risk and also how MITI can assist to protect Malaysia against cheaper imports too.

As part of the risk management process, there is continuous identification and monitoring of the business risks and where applicable, adoption of appropriate risk mitigation strategies is undertaken to minimise any potential and adverse risk impact to business outcomes.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATING ACTIVITIES (continued)

MANUFACTURING SEGMENT (continued)

Impairment Review

We have reviewed all our fixed assets and believe they are well utilised without any need of impairment at the moment.

Forward-looking Statement

Quoting from the latest report released by World Bank early January 2021, "The near-term outlook remains highly uncertain, and different growth outcomes are still possible". Accordingly, the World Bank is expecting the global economy to expand at 4.0% in 2021 after a contraction of 4.3% in 2020.

Despite the uncertainty going forward, we have all learned to live and work with the pandemic in our midst. It is no doubt that it will be difficult for us to predict what is going to happen. We believe challenges will be abound and the road to recovery might be a bumpy one. Nevertheless, we are confident that the worst is over and we shall focus on the tasks ahead of us.

The China-US trade tension and the pandemic have presented the manufacturing segment with different possibilities at an accelerated pace. All these events have disrupted the entire supply chain and for some customers this is a defining moment. Every opportunity is being taken to strengthen the value proposition to all major customers and acquire new customers which the segment has never been able to penetrate in the past.

Looking beyond the Covid-19 pandemic, it is a new dawn as the customer base is expanded geographically and with more diverse applications for the products on offer.

The manufacturing segment's core values remain an integral part that drives the segment viz. Passion, Speed and Seamlessness. Furthermore, in the pursuit of making positive changes within the segment, the journey of "Empowering Leadership" continues, as it actively engages its entire workforce to multiply its strengths and capabilities.

PROPERTY DEVELOPMENT SEGMENT

Overview

The property development segment embarked on its maiden industrial project, EMHub in the year 2017. Built on a 9.4-acre of leasehold industrial land in Kota Damansara, EMHub comprises 2 blocks of stratified 6 storey ramp-up buildings. EMHub is the first-of-its-kind in Malaysia comprising of 468 units with unit sizes ranging from 2,200 sq ft to 5,000 sq ft, accessible by a drive-up ramp of 6 storeys. This allows vehicles to park at the doorstep of each unit to cater for loading and unloading. EMHub is a guarded strata development with basement parking and 24-hour security services.

Located within the thriving community of Kota Damansara along Persiaran Surian, the development is well connected by a network of highways such as the New Klang Valley Expressway (NKVE), Damansara-Puchong Expressway (LDP) and SPRINT Expressway thus connecting EMHub to the greater Kuala Lumpur and beyond. The soon-to-be-completed Damansara-Shah Alam Elevated Expressway (DASH) Highway will further enhance this connectivity. The MRT 1 line which connects Sungai Buloh to Kajang has numerous station stops within this vicinity with the nearest stop being the Kota Damansara MRT Station which is 1km away.

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY DEVELOPMENT SEGMENT (continued)

Overview (continued)

Kota Damansara also has a very matured community with many educational and healthcare facilities nearby such as SEGi College, Sri KDU, UniKL and Thomson Medical Center along with Dataran Sunway which is the current main commercial district. Also located close to EMHub, is the recently opened Emporis, a mixed development consisting of 2 blocks of service apartments, an office tower and retail shops.

The EMHub project, which was launched in the fourth quarter of FY2018, is divided into 2 phases. Phase 1 consists of 251 units. In FY2020, its revenue increased by approximately 2.2 times to RM54.21 million, from RM24.89 million in FY2019. It attained a take-up rate of approximately 60% by the end of FY2020. Phase 2 of 217 units will be launched in the 2nd quarter of FY2021. Physical work on site for Phase 1 is progressing on schedule with almost 40% of work completed as at 31 December 2020, with full completion expected by the end of 2022. Phase 2 is scheduled for completion by the middle of 2023.

Forward-looking Statement

Confidence for the property market in general is expected to return by the end of 2021 as buyers and financiers are on a cautionary mode as they await stability to return before transacting. However, the outlook for Malaysia's industrial property market remains the best performing of all the property sectors and is looking more favourable given the ongoing changes in the global supply chain caused by the Covid-19 pandemic. This has created an increased need for warehousing space and fulfilment centres as the pandemic has accelerated the rapid growth of e-commerce with supply chain disruptions. EMHub is perfectly positioned in this space as its industrial property is targeted to this category of buyers. EMhub's vibrant product offering has been designed to be versatile and utilised in a variety of ways; with each unit designed with a height of 6 meters, it can be used as a warehouse, a fulfilment centre, a showroom, an office or as a combination of any of these. In addition to logistics facilities and business facilities, the building is further enhanced by its drive-up ramp design that allows not only cars, but lorries to enter the building, drive up to the designated floor and load or unload goods before exiting.

In this respect, apart from international e-commerce operators who consider Malaysia as an important regional distribution hub within their network, the property development segment also foresees that local e-commerce operators and SME companies will be acquiring more space for storage and fulfilment services. This increased demand for warehouses and storage facilities in the Klang Valley such as Port Klang, Shah Alam and Kota Damansara augurs well for the EMHub project.

To navigate through this challenging economic environment, EMHub has leveraged on technology to develop more interactive marketing collateral such as 360 Degree Google Street View and Matterport Virtual Tour of its completed mock-up unit. With this, prospects can get a feel of the property without having to physically visit the mock-up unit or sales gallery. By leveraging on this technology, EMHub's sales consultants are able to have a more personal interaction with prospects resulting from targeted digital marketing campaigns that have the potential to turn into sales. Conventional marketing activities such as participating in road shows and holding private previews will continue to be organised to create market and brand awareness. All these efforts are expected to steadily increase the sales growth of EMHub.

MANAGEMENT DISCUSSION AND ANALYSIS

CONSTRUCTION SEGMENT

Overview

This segment comprises AGB Builders and AD&W. AGB Builders is engaged solely as the main contractor in the construction of EMHub. In FY2020, 91% of this segment's total revenue was internally generated from the EMHub project, whilst the remaining 9% was from AD&W's external customers.

FY2020 was a challenging year due to the Covid-19 pandemic which adversely affected most businesses across the country with the construction segment being no exception. The unprecedented MCO implemented by the government in March 2020 had virtually halted all construction activities leading to the revenue stream being interrupted. In particular for AD&W, the LRT3 Line project was scaled down and on-going construction works for the LRT3 depot was delayed. Further, the 2020 SUKMA Games (Sukan Malaysia 2020) which were scheduled to be held in July 2020 were postponed. As a result, the 2 sports complexes to be constructed for this sporting event were also affected.

As only a few public and commercial projects were launched and awarded in FY2020, bidding for new contracts became extremely competitive with margins squeezed. The economic uncertainty has resulted in many development projects being held-back. Economic activity contracted throughout the restriction period. It was only towards the 4th quarter of FY2020 that saw the planning of development projects being revived and the tendering process gaining momentum.

Forward-looking Statement

We are beginning to see a turnaround of economic activity, albeit a gradual one. The Covid-19 pandemic, coupled with political tensions and subdued market sentiment, will continue to affect the construction sector. The segment is therefore cautiously optimistic about its outlook for FY2021 as the rollout of projects to the market has been gaining traction since the last quarter of 2020. Several strategic growth staircases have been identified, such as product and geographic expansion (once cross-border travel is re-opened). Besides that, thoughtful measures to prevent existing projects' margins from being squeezed too thin have been implemented to counter the rising metal prices and the volatility of other raw material prices. Once the Covid-19 vaccine is available to everyone and with the Malaysian government obtaining a strong mandate, the economy is set to rebound and projects that have been planned before the outbreak is expected to resume. Through resilience and continuous improvement efforts, businesses that are able to ride out the storm of the pandemic will emerge stronger.

SUSTAINABILITY REPORT

ABOUT THIS REPORT

The Alcom Group Berhad's group of companies ("the Group") is pleased to present the Sustainability Report for the Financial Year 2020 ("FY2020"). This report describes the Group's commitment to integrate sustainable practices into its business strategies and policies whilst adopting best practices to establish a holistic approach that addresses the needs of internal and external stakeholders.

REFERENCES AND GUIDELINES

This report has been prepared in accordance to the Sustainability Reporting Guide (2018) Second Edition issued by Bursa Malaysia Securities Berhad ("Bursa Securities"). Cross references have also been made with Global Reporting Initiative Standards 2020.

REPORTING PERIOD

This report covers the Group's sustainability performance from 1 January 2020 to 31 December 2020.

ASSURANCE

The Group with its robust structure has sought and relied upon internal assurance for this financial year.

GOVERNANCE AND SUSTAINABILITY

Sustainability has always been an integral part of the Group's operations and is therefore, strongly embedded within the culture of the Group. The Audit and Risk Management Committee ("ARMC") provides oversight and supervision of the sustainability initiatives and makes appropriate recommendations to the Board of Directors ("Board") of Alcom Group Berhad.

The table below illustrates the Group's Sustainability Governance Structure:

STRUCTURE	ROLES AND RESPONSIBILITIES
Board of Directors	• Oversees the Group's sustainability initiatives • Reviews and approves sustainability strategies and policies • Endorses the proposed sustainability initiatives • Addresses material sustainability matters
ARMC	• Monitors sustainability performance to ensure the Group meets both its compliance and sustainable development responsibilities • Reviews the draft Sustainability Report for inclusion in the Annual Report and recommends to the Board for approval
Risk Management Working Group ("RMWG") (comprising Senior Management)	• Develops sustainability policies and implements sustainability related strategies, policies and initiatives • Reports sustainability plans and progress to the Board on a quarterly basis • Reviews and approves sustainability internal guidelines
Sustainability Officer	• Reports to the RMWG on the progress of the sustainability initiatives • Develops sustainability related guidance documents for internal use • Collects and monitors data to evaluate sustainability progress

MANUFACTURING SEGMENT

The Group's manufacturing segment's business units comprise Aluminium Company of Malaysia Berhad ("ALCOM") and Alcom Nikkei Specialty Coatings Sdn. Bhd. ("ANSC"), collectively known as ALCOM/ANSC. These 2 business units that manufacture fin stock, roofing products, heavy gauge foil, specialties and coated finstocks operate from a 29.97-acre site in Bukit Raja Industrial Estate, Klang, Selangor.

Certifications

The manufacturing segment's management systems are certified with:

- Quality Management System, ISO 9001 : 2015
- Environmental Management System, ISO 14001 : 2015
- Occupational Health and Safety Accreditation System OHSAS 18001 : 2007

ALCOM/ANSC is in the process of upgrading its OHSAS 18001 : 2007 to ISO 45001 : 2018. Efforts and improvements are being undertaken during this transition period for full compliance which is expected by the third quarter of 2021. There were delays of this upgrade due to the numerous Movement Control Orders imposed by the authorities in 2020 to combat Covid-19.

The products' certification are:

- Aluminium and Aluminium Alloys – Sheets and Coiled Sheets – Specification, MS 2040 : 2007 ALCOM/ANSC's commitment towards Environment, Occupational Health, Safety and Quality ("EHSQ") is comprehensively spelt out within its EHSQ Policy.

EHSQ Policy

ALCOM/ANSC is dedicated to adding value to its stakeholders, especially customers, employees, shareholders and neighbouring communities through excellence in environmental, occupational health, safety and quality management.

In particular, it strives for the continual improvement in its operations and business practices to:

- achieve zero occupational injury and illness through prevention and risk reduction;
- minimise impact on the environment by reducing the use of natural resources, protecting the environment, preventing pollution and contributing to the well-being of neighbouring communities; and
- enhance the quality and benefits of products and services throughout their life cycle, including increased recycling initiatives.

ALCOM/ANSC is passionate in adhering to its guiding principles as all employees are cognisant of their expectations which include the following:

- comply with all EHSQ regulatory requirements, ALCOM/ANSC's own internal standards and other applicable requirements;
- create an atmosphere where all employees, contractors and visitors are made to be consciously aware of their own health and safety including looking out for those around them;
- measure performance, review procedures and maintain equipment;
- establish challenging objectives and targets to continually improve the effectiveness of its management systems;
- commit to customers' satisfaction; driven by understanding customers' needs and exceeding their expectations;
- build collaborative relationships with key suppliers, customers and neighbouring communities;
- challenge each other to rise above the status quo, fostering continual improvements and innovations;
- pro-actively seek to increase aluminium recycling content; and
- celebrate successes and accomplishments.

This policy which is based on ALCOM/ANSC's values and concerted efforts will continue to bring sustainable growth and reinforce its high performance culture.

SUSTAINABILITY REPORT

MANUFACTURING SEGMENT (continued)

Stakeholder Engagement

ALCOM/ANSC acknowledges that stakeholders play a vital role in the success of its business. Stakeholders are assessed based on ALCOM/ANSC's business dependency and influence in order to determine their significance to its business operations.

It is imperative for ALCOM/ANSC to anticipate potential risks or issues that may arise from stakeholders. An assessment review of the stakeholders' engagement was conducted in 2020 to determine the relevance and appropriateness of the issues.

The table below depicts the interests and expectations of each of the stakeholder group, the type of engagement by which ALCOM/ANSC addresses its interests and the frequency of each of those engagement types.

No.	Stakeholder	Engagement Issues	Type of engagement	Frequency
1	Employees	Career development and ongoing communication Occupational safety and health ("OSH")	- Performance Appraisals - Town Hall Meetings - OSH Committee Meeting - Internal Training	- Annually - Quarterly - Monthly - Periodically
2	Government/ Regulatory Authorities	Legal compliance	- License - Certifications	- Periodically
3	Media	Business updates	- Communications	- Ad hoc
4	Community	Community engagements*	- Donations - Blood Donations - Gotong Royong	- Ad Hoc - Annually - Annually
6	Customers	Products/services transparency	- Visits - Meetings	- Ad Hoc - Ad Hoc

SUSTAINABILITY REPORT

MANUFACTURING SEGMENT (continued)

Stakeholder Engagement (continued)

No.	Stakeholder	Engagement Issues	Type of engagement	Frequency
7	Investors	Business outlook, return on investment	- Web site - Bursa Securities Announcements - AGM	- Quarterly - Ongoing - Annually
8	Board and ARMC	Business outlook, compliance, return on investment	- Meetings	- Quarterly
9	Trade Union	Welfare, collective agreement, safety	- Meetings	- Periodically
10	Suppliers	Green procurement, value for money	- Supplier Assessment	- Annually
11	Academic & Scientific Community	New technology	- Ongoing	- Ongoing

* *For FY2020, due to the Covid-19 pandemic, all community engagements initiatives were cancelled in compliance with the directive from the Ministry of Health*

Materiality Assessment

Materiality assessment has been conducted to prioritise materially significant matters that have a high impact on the business of ALCOM/ANSC from an economic, environmental and social perspective.

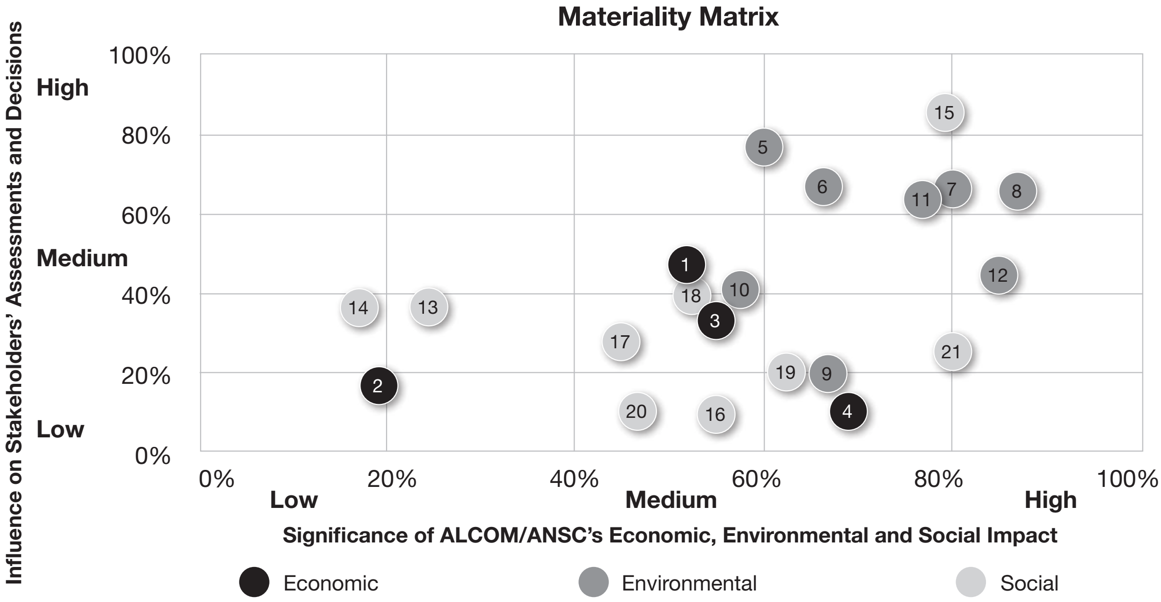
Materiality assessment reviews involving senior management representing all functional groups were held in FY2020. A total of 68 themes were identified as being relevant and applicable to ALCOM/ANSC's business and its stakeholders.

SUSTAINABILITY REPORT

MANUFACTURING SEGMENT (continued)

Materiality Assessment (continued)

A summary of the final assessment is depicted in the chart and the table below:



Materiality Matters	Sustainability Themes	
High Materiality	5	Emissions
	6	Waste and effluent
	7	Water
	8	Energy
	11	Materials
	15	Occupational Safety and Health
Medium/Low Materiality	1	Procurement practices
	3	Indirect economic impact
	4	Climate-related financial risks and opportunities
	9	Supply Chain (Environmental)
	10	Product and Services Responsibility (Environmental)
	12	Compliance (Environmental)
	16	Anti-competitive behaviour
	18	Labour practices
	19	Product and Services Responsibility (Social)
	21	Compliance (Social)
Not Material	2	Community investment
	13	Diversity
	14	Human Rights
	17	Anti-corruption
	20	Supply Chain (Social)

SUSTAINABILITY PROGRESS

1.0 Economic

The manufacturing segment aspires to continuously strengthen its economic resilience and infuse sustainability into its entire value chain. It is committed to improving its manufacturing technology and processes, capitalising on its industrial strength and expertise in pursuit of growth and excellence. It is the segment's ability and passion to provide innovative solutions and resource efficient products to customers while maintaining cost effectiveness that has placed it in the global market. This has led to an indirect economic impact which included the creation of jobs and more business opportunities for local suppliers, which ultimately contributed to local economic growth.

The segment manages its supply chain in a sustainable, responsible and ethical way to minimise risks and maximise future opportunities, whilst strictly adhering to the Group's Integrity & Anti-Corruption Policy. The selection of suppliers involves stringent screening to ensure compliance with relevant laws, regulations, requirements and sustainable practices, subject to regular assessments and product quality inspections. Sustainable procurement practices are increasingly becoming important as such practices can generate long-term financial benefits, sustainable growth and competitiveness in the market.

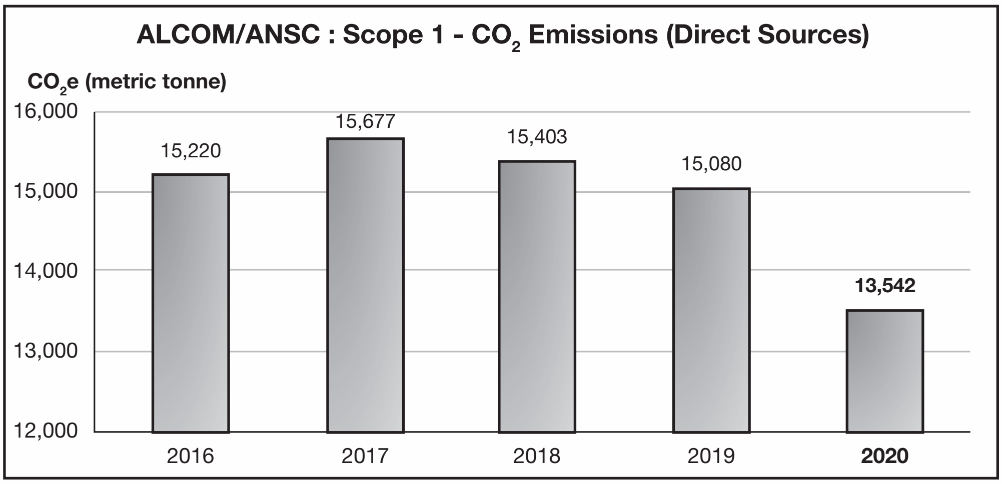
2.0 Environmental

2.1 Emissions

Greenhouse Gas (GHG) emissions monitoring is based on *Intergovernmental Panel On Climate Change (IPCC) guidelines.*

2.1.1 Scope 1 – Carbon Dioxide ("CO_2") Emissions from Direct Sources

In 2020, Scope 1 – CO_2 emissions from direct sources reported a 10.2% reduction as compared to 2019. This reduction was contributed by lower consumption of both Diesel and Natural Gas by 12.7% and 10.2% respectively resulting from a lower production volume registered in 2020 compared to 2019.



SUSTAINABILITY REPORT

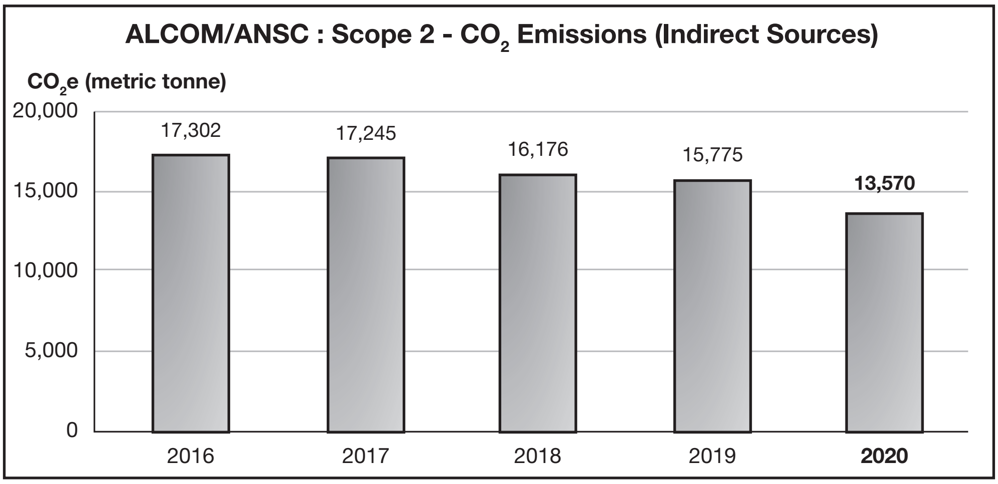
SUSTAINABILITY PROGRESS (continued)

2.0 Environmental (continued)

2.1 Emissions (continued)

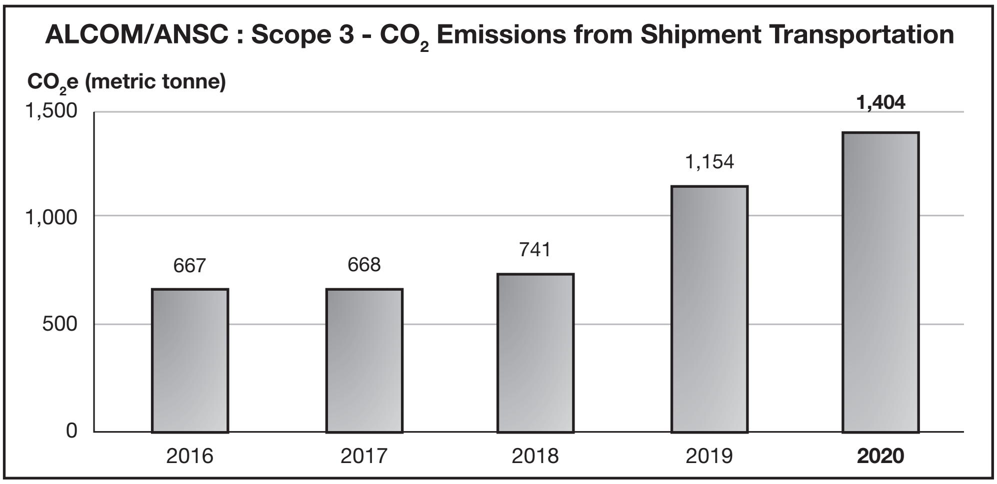
2.1.2 Scope 2 - CO_2 Emissions from Indirect Sources

In 2020, Scope 2 – CO_2 emissions from indirect sources reported a 14.0% reduction as compared to 2019. This was historically the highest reduction record based on a year-on-year comparison. It was aided by the low electricity consumption in 2020; reported as being at the lowest level in the past 6 years. Lower emissions was due to less electricity consumption. The emission rate per process production was lower by 25.0% compared to 2019.



2.1.3 Scope 3 - CO_2 Emissions from Shipment Transportation

In 2020, ALCOM/ANSC recorded the highest CO_2 emission in the Scope 3 transportation category with the expansion of recently acquired export customers based namely in the United States, requiring therefore increased geographical coverage for delivery of shipments. Additionally, the increase of CO_2 emissions in 2020 compared to 2019 was the result of a 123.0% increase in air shipments, offset partially by a reduction in truck and sea vessel shipments of 45.0% and 6.0% respectively.



SUSTAINABILITY PROGRESS (continued)

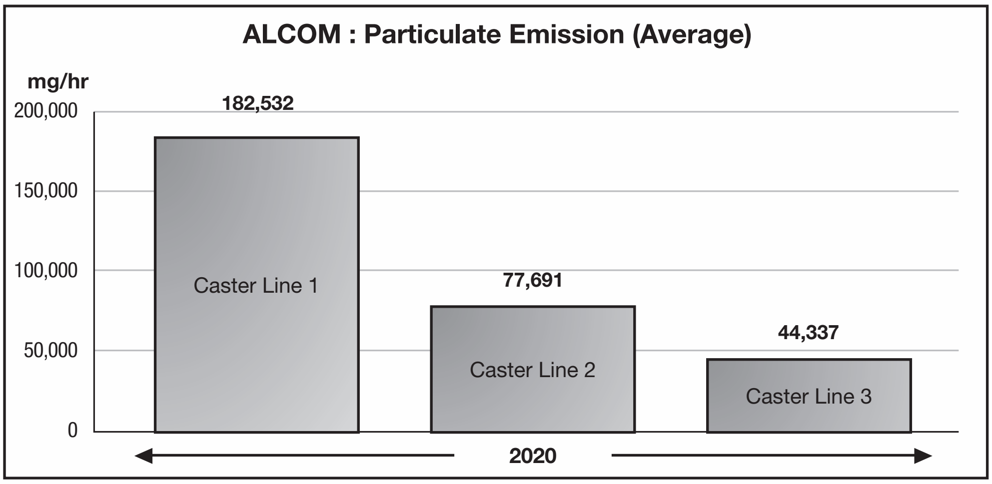
2.0 Environmental (continued)

2.1 Emissions (continued)

2.1.4 Particulate Matters Emissions

As reported in 2019, there were 3 units of continuous emission monitoring equipment that were installed for each of the 3 Caster Lines in ALCOM's factory during 2019.

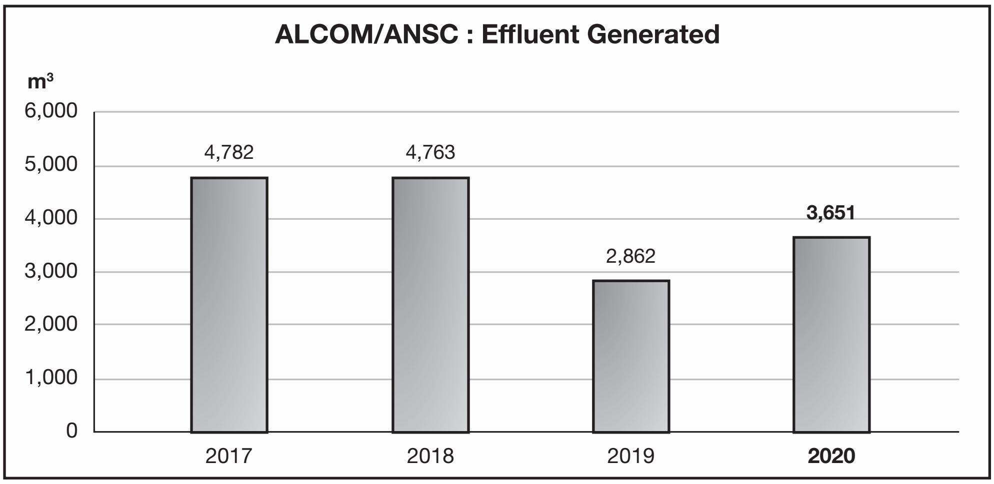
Particulate matters emission statistics derived from these 3 units in 2020 were as follows:



2.2 Waste and Effluent

2.2.1 Total Volume of Effluent Generated

Effluent is mainly generated during the degreasing process of metal finstock when preparing for the processes of coating and wet grinding. For 2020, 3,651 cubic meters (m^3) was generated and treated by the in-house Industrial Effluent Treatment System ("IETS"). IETS has been approved by the Department of Environment.



SUSTAINABILITY REPORT

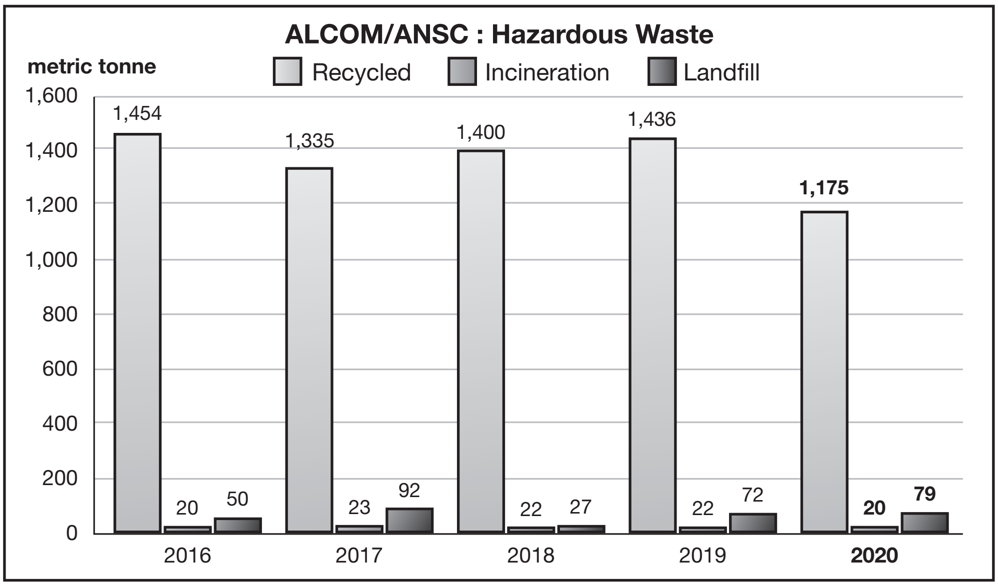
SUSTAINABILITY PROGRESS (continued)

2.0 Environmental (continued)

2.2 Waste and Effluent (continued)

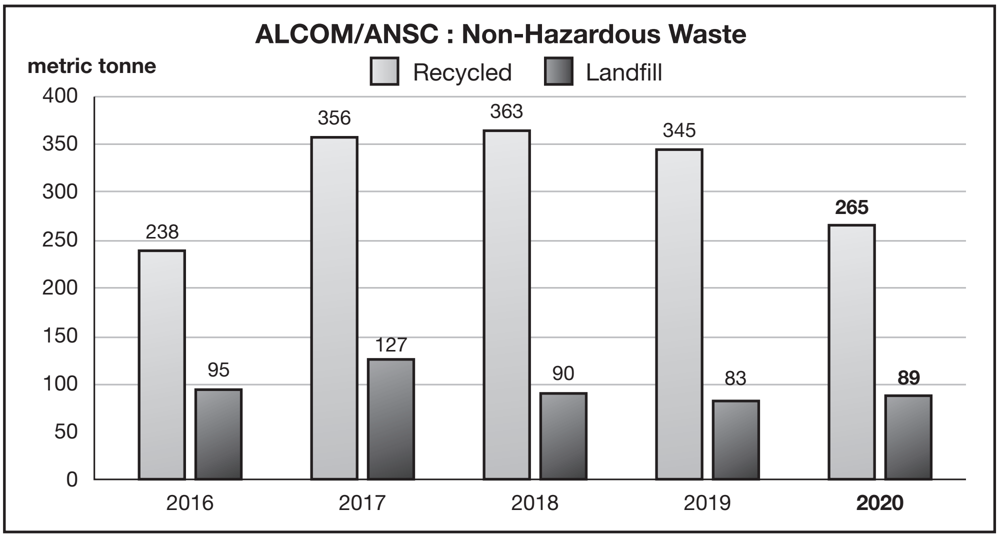
2.2.2 Hazardous Waste

The recycled waste category in 2020 remained consistently above 90.0% of the total hazardous waste despite registering a lower tonnage compared to 2019. This together with the incineration category recorded reductions of 18.2% and 9.1% respectively. However, the landfill was 9.7% higher; it registered an additional 7 metric tonnes in 2020 compared to 2019.



2.2.3 Non-Hazardous Waste

In 2020, there was an increase in landfill waste of 6 metric tonnes when compared to 2019 and a reduction in recycled waste of 80 metric tonnes. As in the past years, there was no incineration activity for non-hazardous waste in 2020.



SUSTAINABILITY REPORT

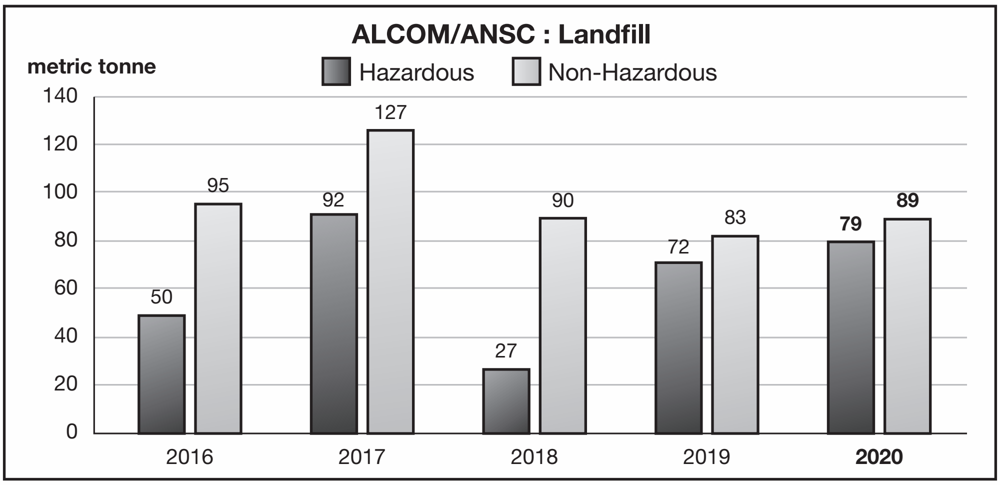
SUSTAINABILITY PROGRESS (continued)

2.0 Environmental (continued)

2.2 Waste and Effluent (continued)

2.2.4 Landfill

There was an increase of 7 metric tonnes of landfill hazardous waste in 2020 compared with 2019 whilst the non-hazardous portion was higher by 6 metric tonnes. These increases were attributable mainly to furnaces maintenance in the ALCOM factory and completed construction of an additional coating line in the ANSC factory.



2.3 Water

2.3.1 Water Interactions

ALCOM/ANSC utilises 2 sources of water viz. tap water and tube water. Tap water is supplied by Syarikat Bekalan Air Selangor (Syabas) while tube water is sourced from a well within the premises which was built in the early 1980's during construction of the plant. Water is widely used for cooling towers, coating paints components and the degreasing process. It is also used in wash rooms and for watering of plants.

SUSTAINABILITY REPORT

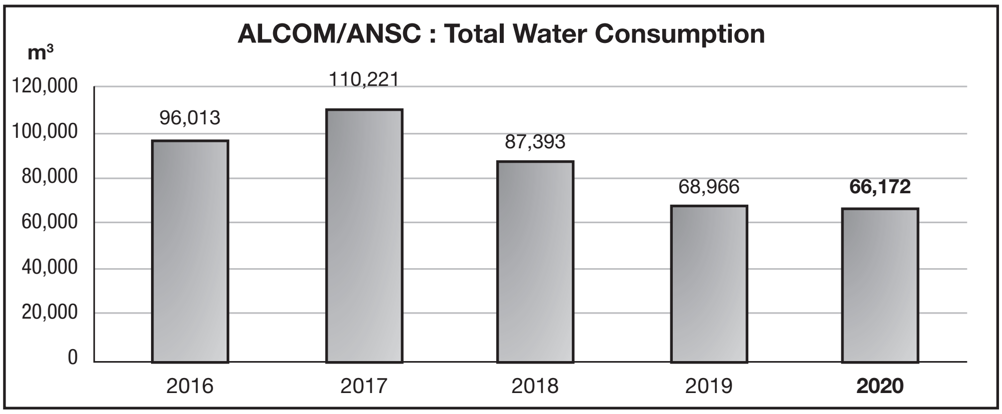
SUSTAINABILITY PROGRESS (continued)

2.0 Environmental (continued)

2.3 Water (continued)

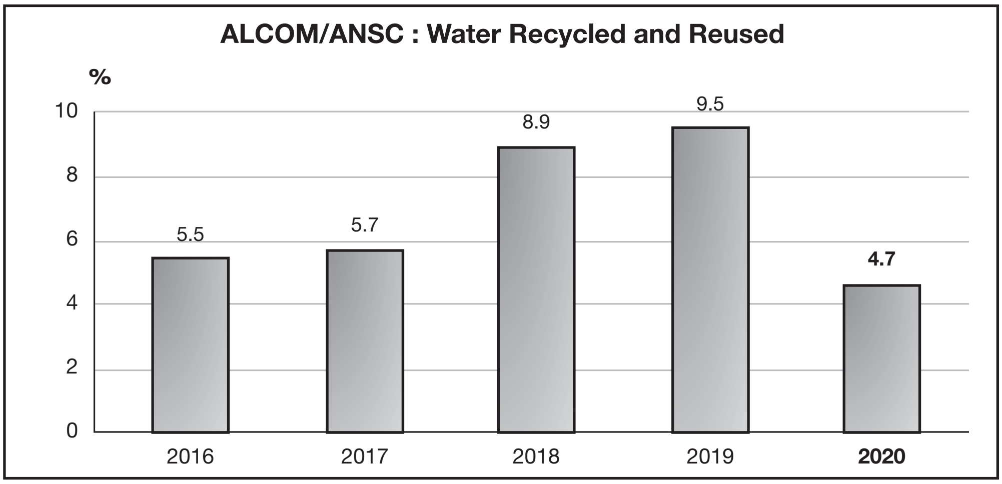
2.3.2 Total Volume of Water Used

Overall water consumption in 2020 was 4.1% lower compared to 2019. The mandatory shutdown during the Movement Control Order ("MCO") in March and April 2020 was the main contributor for the lower consumption.



2.3.3 Water Recycled and Reused

In 2020, 4.7% of the water consumed in ALCOM/ANSC was recycled and reused.



SUSTAINABILITY REPORT

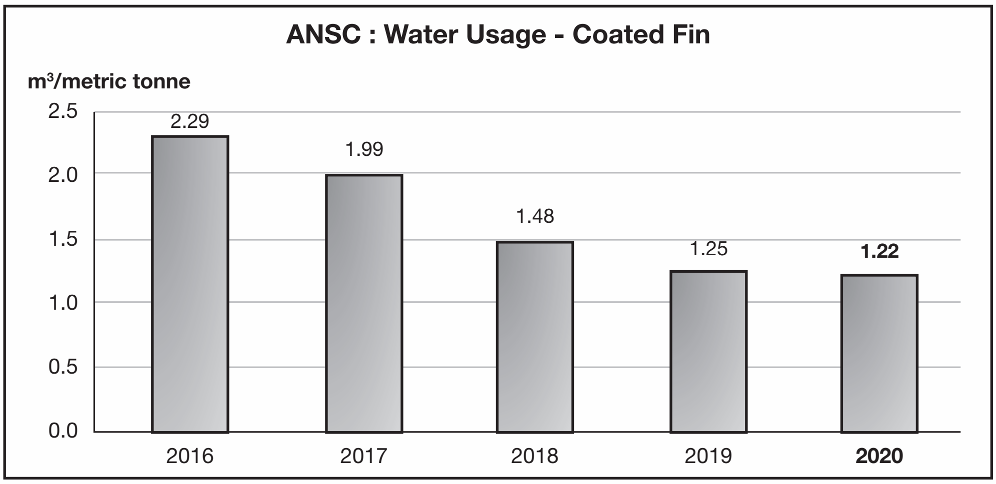
SUSTAINABILITY PROGRESS (continued)

2.0 Environmental (continued)

2.3 Water (continued)

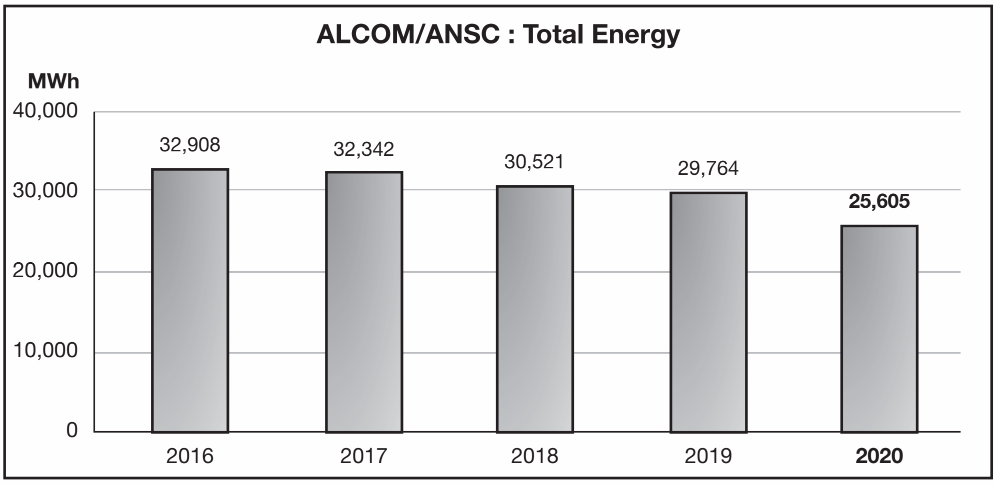
2.3.4 Water Usage

One of the main uses of water in ALCOM/ANSC is for the production process of the coated finstock product where water is used to clean the aluminium surface of coils. Coated finstock is the main product manufactured in ANSC. Water is also used to mix the components for the coating materials as ANSC uses 100.0% water based coating materials. In this process, the water is thoroughly filtered; this filtration process is sensitive and requires frequent care and maintenance. 2020 recorded the lowest water consumption per meter cube of production for coated finstock since 2019.



2.4 Energy

2.4.1 Total Electrical Energy Consumed



SUSTAINABILITY REPORT

SUSTAINABILITY PROGRESS (continued)

2.0 Environmental (continued)

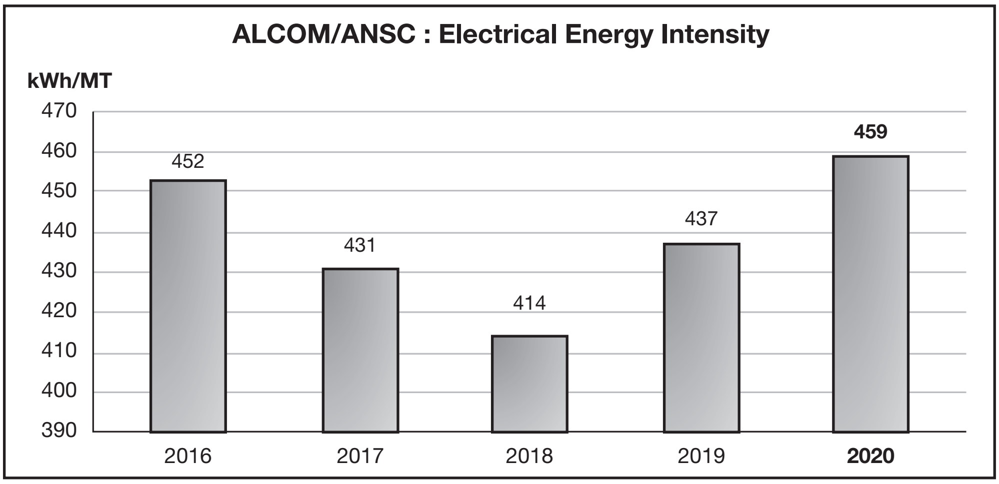
2.4 Energy (continued)

2.4.2 Electrical Energy Consumption Reduction

Electrical energy consumed in 2020 was 14.0% lesser i.e. a reduction of 4,159 megawatt-hours ("MWh") as compared to 2019. There has been a consistent reduction of electrical energy consumption in the last 4 consecutive years. One of the main contributory factors for the reduction in 2020 was ALCOM/ANSC's shutdown during the mandatory MCO period. Apart from this, on-going energy saving initiatives through monitoring schedules and shutdown and switching off idle motors and hydraulic pumps assisted in reducing consumption.

2.4.3 Electrical Energy Intensity

Electrical energy was 32.0% of the annual overall energy consumption. This has always been a major challenge in ALCOM/ANSC's manufacturing operations. In 2020, the intensity increased by 5.03% to 459 kilowatt-hours per metric tonne ("kWh/MT").



SUSTAINABILITY REPORT

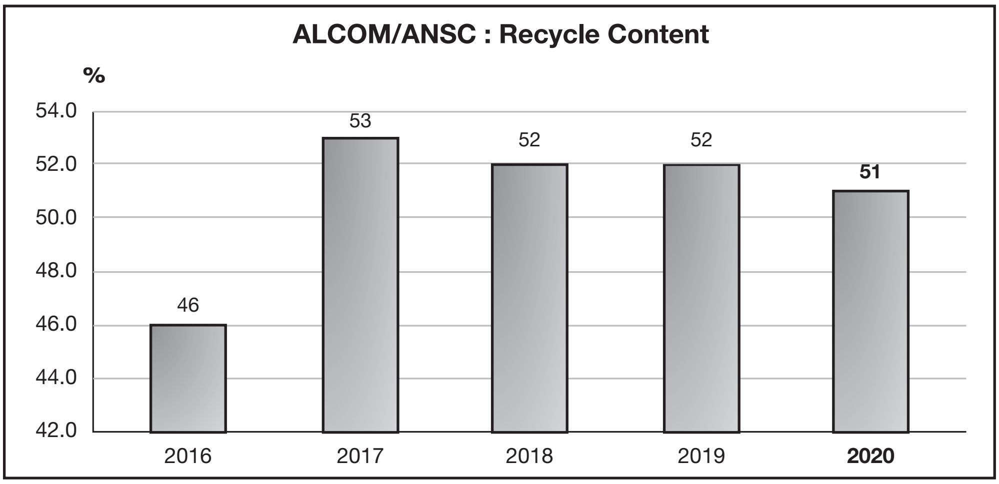
SUSTAINABILITY PROGRESS (continued)

2.0 Environmental (continued)

2.5 Materials

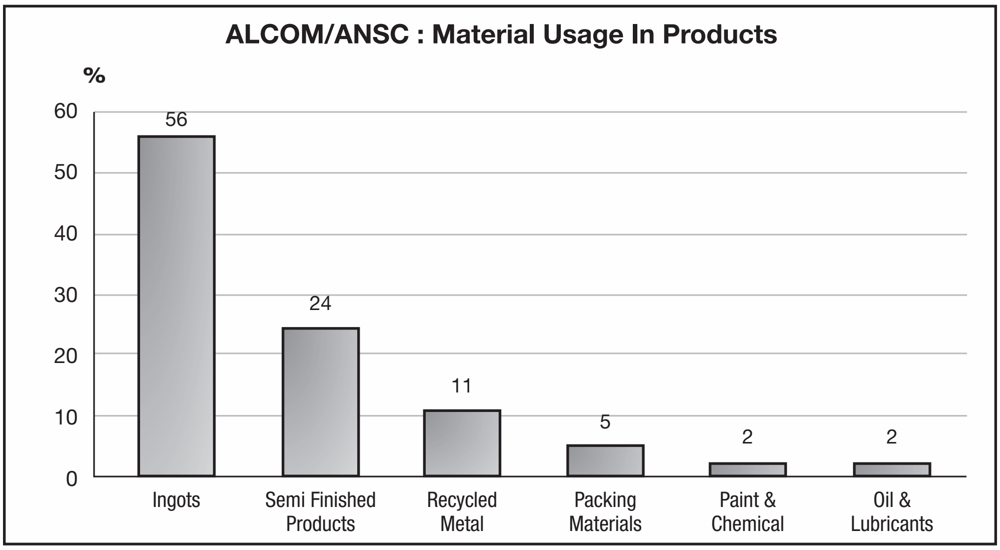
2.5.1 Sustainable Sources for Raw Materials

ALCOM/ANSC continues to maintain marginally above 50.0% of recycled contents in its products as part of its efforts to produce low-carbon aluminium. This initiative which began in 2017 requires balancing between sustainable metal sourcing and addressing business priorities which has always been challenging as any compromise on the quality and reliability of our products is to be avoided.



2.5.2 Materials Used

In 2020, a total amount of 25,549 metric tonnes of various materials were used for production. The breakdown was as follows:



SUSTAINABILITY REPORT

SUSTAINABILITY PROGRESS (continued)

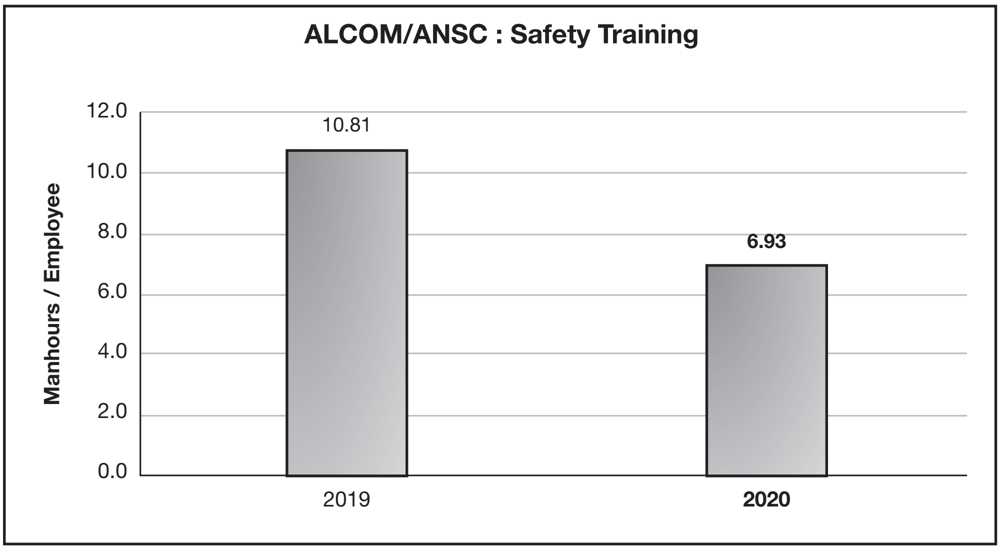
3.0 Social

3.1 Occupational Safety and Health

ALCOM/ANSC believes that workplace safety is indispensable to the sustainability of its business and is committed to protect the health, safety and welfare of its stakeholders, employees, suppliers, contractors and customers.

3.1.1 Safety and Health Training

Safety and health training needs are identified annually. Based on these needs, training is provided and employees will undergo the relevant planned training during work hours. Depending on the requirements, trainings are organised either in-house or as public trainings conducted by third parties. Certain regulations require competency training which is organised by the National Institute of Occupational Safety and Health (NIOSH). In 2020 an average of 6.93 manhours training per employee was registered as compared to 10.81 manhours in 2019. Lower training hours was recorded due to the compliance of MCO and subsequent restriction of MCOs by the authorities due to the Covid-19 pandemic.



Safety related training conducted covered the following areas:

1. Forklift Certification;
2. ISO 45001 : 2018 HIRARC* & Risk Opportunity;
3. Behavioural Based Safety ("BBS") New Observer;
4. Basic Occupational First Aid, cardiopulmonary resuscitation (CPR) and automated external defibrillator (AED);
5. Crane Certification;
6. Internal Auditing ISO 45001 : 2018;
7. OSH Legal Awareness; and
8. 7 Safety Absolutes.

**Hazard Identification, Risk Assessment and Risk Control*

SUSTAINABILITY PROGRESS (continued)

3.0 Social (continued)

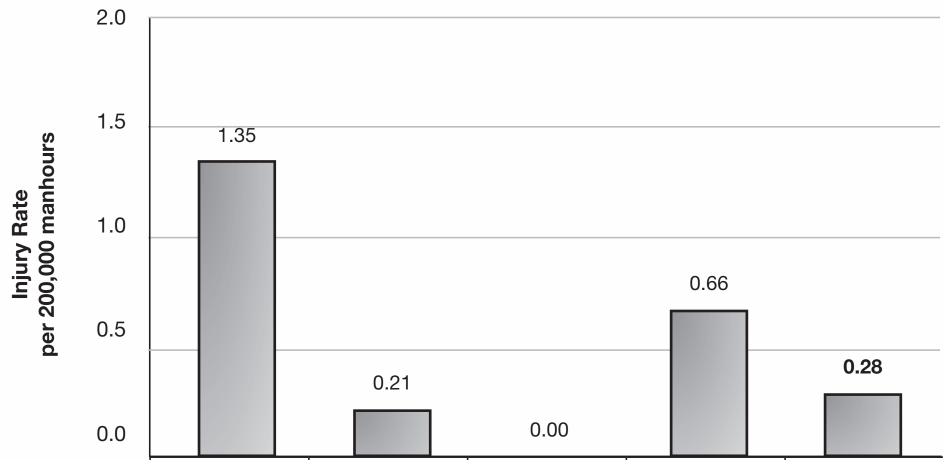
3.1 Occupational Safety and Health (continued)

3.1.2 Work Related Injuries

Injuries reported are cases which fall into either one or more of the following categories:

- death;
- days away from work;
- restricted work;
- medical treatment;
- loss of consciousness; and
- significant injury or illness.

ALCOM/ANSC : Work Related Injuries



	2016	2017	2018	2019	**2020**
Injury Rate	1.35	0.21	0.00	0.66	**0.28**
No. of Cases	6	1	0	3	**1**

The injury rate is calculated based on injury sustained per 200,000 manhours.

3.1.3 Fatality Cases

There were no fatality incidents in ALCOM/ANSC for 2020.

SUSTAINABILITY REPORT

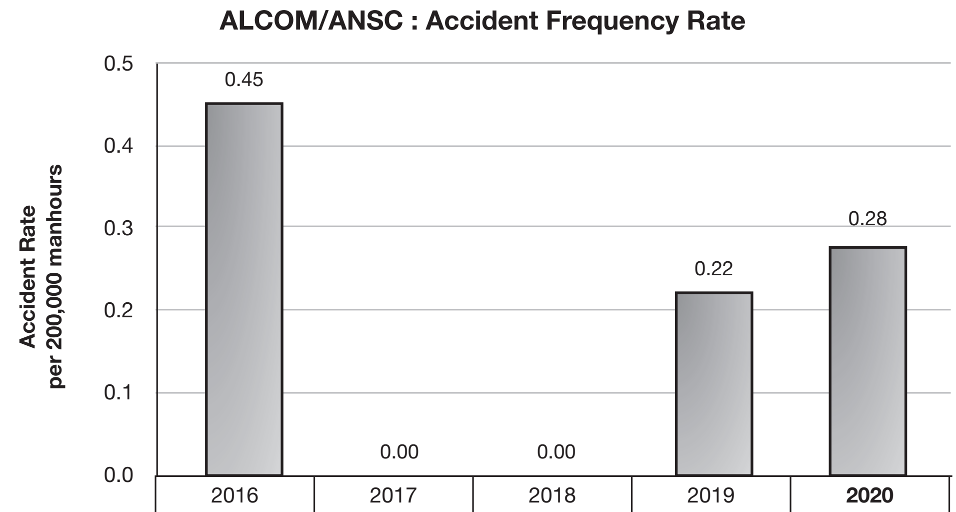
SUSTAINABILITY PROGRESS (continued)

3.0 Social (continued)

3.1 Occupational Safety and Health (continued)

3.1.4 Accident Frequency Rate

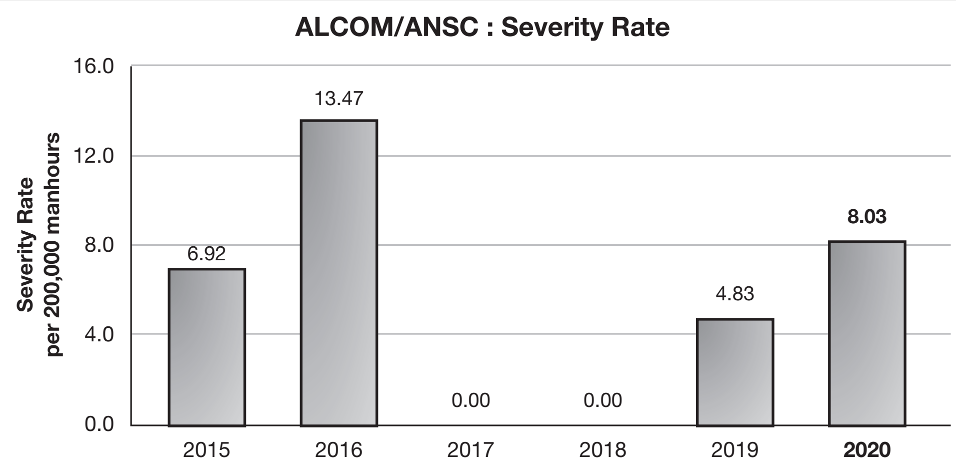
Accident frequency rate is based on the number of cases where an employee had an accident and did not return to work. This rate is calculated based on accidents met per 200,000 manhours. There was 1 such case in 2020 in ALCOM/ANSC. The trend of the accident frequency rate statistics is depicted in the chart below:



	2016	2017	2018	2019	**2020**
Accident Rate	0.45	0.00	0.00	0.22	**0.28**
No. of Cases	2	0	0	1	**1**

3.1.5 Severity Rate

Severity Rate represents the overall number of days that employees could not return to work due to work related injuries and illnesses. The severity rate is determined by using the total number of days away from work per 200,000 manhours and the trend is depicted in the chart below:



SUSTAINABILITY REPORT

SUSTAINABILITY PROGRESS (continued)

3.0 Social (continued)

3.1 Occupational Safety and Health (continued)

3.1.5 Severity Rate (continued)

In 2020, there was an accident reported in the month of September where an employee sustained a cut on his right arm while changing a slitter's top knife. After investigation, corrective and preventive actions have been put in place to avoid a recurrence.

Besides the traditional Environmental, Health and Safety activities, ALCOM/ANSC have also established a Serious Injury & Fatality procedure. In this procedure, both management and employees are involved in assessing daily routine processes and to identify any potential risk of injury. These risks are then collated, analysed and any high risk items that are identified are studied for improvements. Improvement initiatives are validated through actual implementation on site. The procedure also involves departmental reviews with the Environmental, Health and Safety ("EHS") team.

ALCOM/ANSC also continually tracks the Behavioural Accident Prevention Process (BAPP) using a BBS initiative. Observations on co-workers are conducted during their routine daily activities to identify safe and at risk related behaviours that may lead to injury. Observers will convey their appreciation to the employee that was observed for 'Safe' Behaviours displayed and will correct them for any 'At Risk' behaviour that was witnessed. This 'Safe' and 'At Risk' behavioural data is collected and analysed to determine the focus areas to reduce 'At Risk' behaviours.

3.1.6 Health Surveillance

Towards end of 2019, 163 employees (42% of total employees) were identified and included in a health surveillance program. This program is designed to detect exposure levels and early biological effects and responses through medical examinations and investigations. The program has been designed to meet the requirements for:

1. Occupational Safety And Health (Use And Standards Of Exposure Of Chemicals Hazardous To Health) Regulations 2000 (P.U. (A) 131/2000);
2. Industry Code of Practice For Safe Working In A Confined Space 2010 (JKKP DP(S) 127/379/3-1); and
3. Fire Protection Engineering Standards, Global Insurance And Risk Management Department - Plant Fire Brigades.

SUSTAINABILITY REPORT

SUSTAINABILITY PROGRESS (continued)

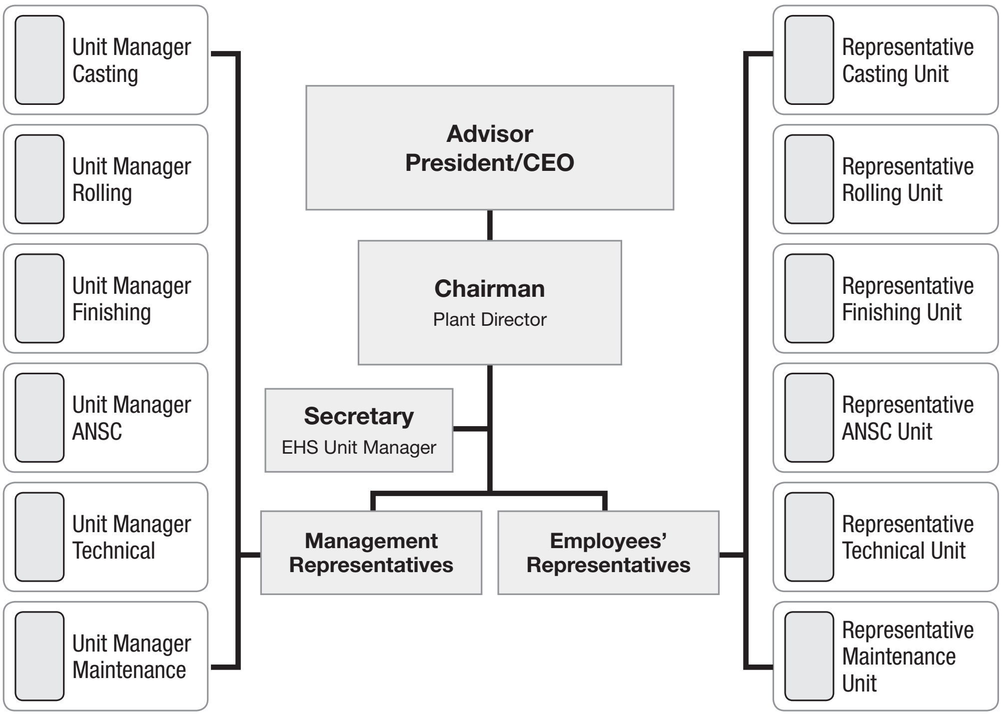
3.0 Social (continued)

3.1 Occupational Safety and Health (continued)

3.1.7 ALCOM/ANSC's EHS Organisation

The EHS team is led by the EHS Unit Manager and supported by an EHS Coordinator, Senior EHS Coordinator and an EHS Engineer. Apart from this EHS functional team, a Plant Safety Committee has been established as per the requirements of the Occupational Safety And Health (Safety And Health Committee) Regulations 1996.

ALCOM/ANSC's Plant Safety & Health Committee



This Committee is chaired by the Plant Director. It has representation from each manufacturing unit both at the managerial level and the shop floor level. The Committee meets quarterly.

PROPERTY DEVELOPMENT SEGMENT

The Group's property development segment's business units comprise SCLand Development Sdn. Bhd. ("SCLD") and its wholly-owned subsidiary, EM Hub Sdn. Bhd. ("EMH") which was established in November 2017 to develop its maiden industrial property project at Kota Damansara, Selangor ("EMHub").

The property development segment's vision is to build sustainable development projects with a positive emphasis on environmental, economic and social impact for the present and future generations. With regards to the segment's materiality matrix on sustainability matters, it views the high impact themes of the business to include product and service responsibility and affordable product pricing as important factors in determining the organisational values. In 2020, many businesses were affected by the Covid-19 pandemic and therefore, the segment re-evaluated and re-prioritised the material sustainability matters identified in 2019.

SUSTAINABILITY REPORT

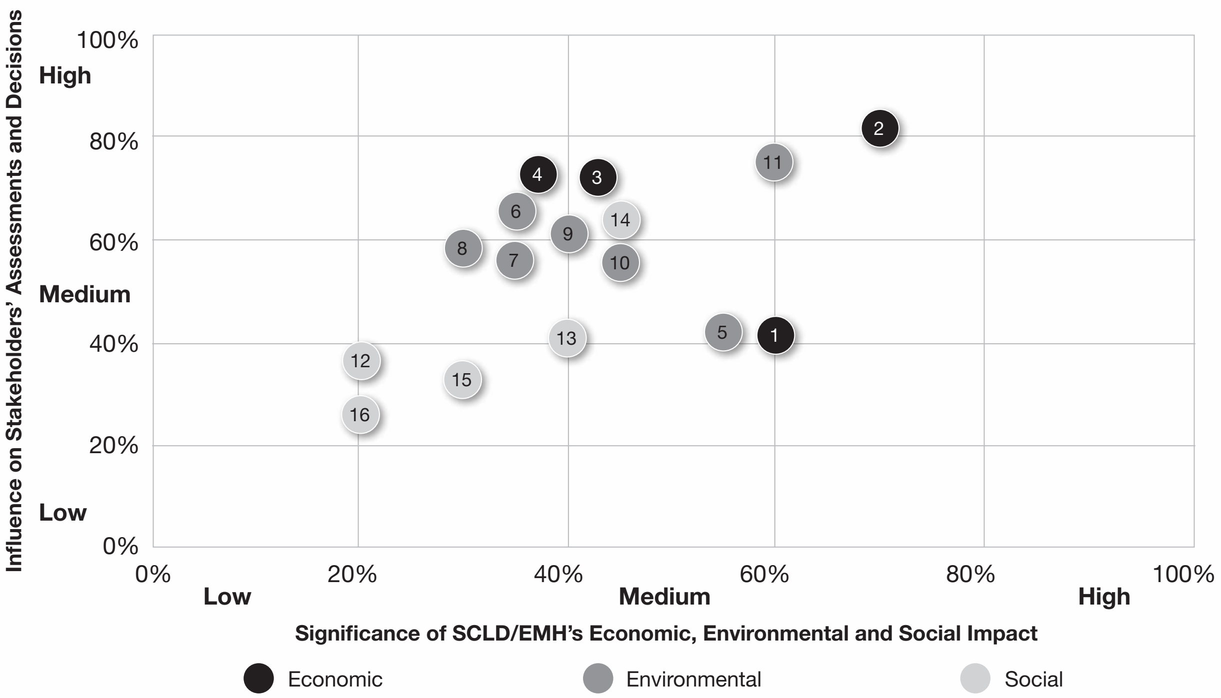
PROPERTY DEVELOPMENT SEGMENT (continued)

Materiality Assessment

Materiality assessment has been conducted to prioritise materially significant matters that have a high impact on the business of SCLD and EMH from an economic, environmental and social perspective.

A summary of the final assessment is depicted in the chart and table below:

Materiality Matrix



Materiality Matters	Sustainability Themes	
High Materiality	2	Affordable Price Product
	11	Product & Services Responsibility
Medium/Low Materiality	1	Digital Marketing
	3	Development Connectivity
	4	Regulatory Development
	5	Sustainable Construction
	6	Greenery Loss
	7	Energy Efficiency
	8	Construction Noise
	9	Environmental Compliance
	10	Carbon Emission of Development
	14	Workplace Safety and Health
Not Material	12	Workforce Diversity
	13	Traffic Management in Construction
	15	Presence of Foreign Workers
	16	Community Engagement

SUSTAINABILITY REPORT

PROPERTY DEVELOPMENT SEGMENT (continued)

Economic

The property development segment aims to sustain its business growth and support the domestic economy by ensuring that the selling prices of its properties are set at a reasonable level and within the market's affordability. EMH engaged the services of a real estate specialist in 2018, Savills Malaysia, to conduct a study of the property market and perform a price competitive analysis of the surrounding property in Kota Damansara. The results of the study revealed that EMHub's selling price was set within the market norm for that locality. In 2020, amidst the challenging market due to the outbreak of Covid-19 and the resultant government mandated MCO, EMHub still received 47 new order units during the period. It will continue to monitor market sentiment and remain vigilant in determining the price of the launch of its final block (Hub 2) in 2021.

In line with the Group's Integrity and Anti-Corruption Policy, EMH has also implemented zero-tolerance for bribery and corruption to encourage employees across all levels to adhere to high standards of integrity and accountability in conducting business. A briefing and training on the Anti-Corruption Policy for all employees was held in June 2020 to remind them on the ethical practices as well as consequences of corruption. In addition, all employees have signed the statement of pledge; all service providers and suppliers for EMH are also required to declare and comply with the Anti-Corruption Policy by signing the declaration form. EMH is proud to announce that no misconduct cases were recorded in 2020.

Environmental

Environmental issues have become increasingly integrated into international trade and markets. Consumers worldwide are demanding environmentally friendly products. Therefore, EMHub is subject to an independent quality assessment by GreenRE. Its achievement can be accredited through the provisional award of GreenRE Bronze Certification. A final certificate will be issued upon the project's completion.

In addition, EMHub also requires an evaluation of contractor's workmanship by an independent assessor to ensure the delivery of quality products to its customers using Quality Assessment System in Construction ("QLASSIC"). It aims to achieve a minimum QLASSIC score of 70 marks and the mock-up unit that was completed in November 2020 is set as a quality benchmark for all units.

The property development segment believes that setting high environmental stewardship through sustainable green initiatives and high standard quality will create a sustainable value chain that meets stakeholders' expectations. For 2020, there were no fines nor non-monetary sanctions for non-compliance with environmental laws and regulations.

Social

Social contribution has become an important element in the business strategy of growing an organisation. The property development segment within the Group is committed to talents and skills development of its workforce. In 2020, many businesses were affected by the Covid-19 pandemic and in response to a new situation where going digital in marketing is a must, the segment sent its employees to attend training programs in digital marketing. Such training has elevated the employees' skills and capabilities relating to the implementation of online marketing strategies and produced quality sales leads.

Diversity management is also becoming increasingly popular in organisations. The property development segment has made gender diversity in the workplace a priority as there are many advantages. By ensuring that it has a healthy combination of women and men in a team, the segment was able to expand its talent pool and leverage on each employee's ideas and creativity, which led to better outcomes and innovation. For 2020, its gender diversity ratio was 50:50.

SUSTAINABILITY REPORT

CONSTRUCTION SEGMENT

This segment comprises AGB Builders Sdn. Bhd. ("AGB Builders") and Alcom Dach&Wand Sdn. Bhd. ("AD&W"). AGB Builders was incorporated in September 2019 as a wholly-owned subsidiary of AGB. The principal activity of AGB Builders is construction of buildings. AD&W is engaged in the business of supply, fabrication and installation of architectural roof, facade cladding systems and steel structure. It was acquired by ALCOM in October 2019 to complement its business growth in the roofing product category.

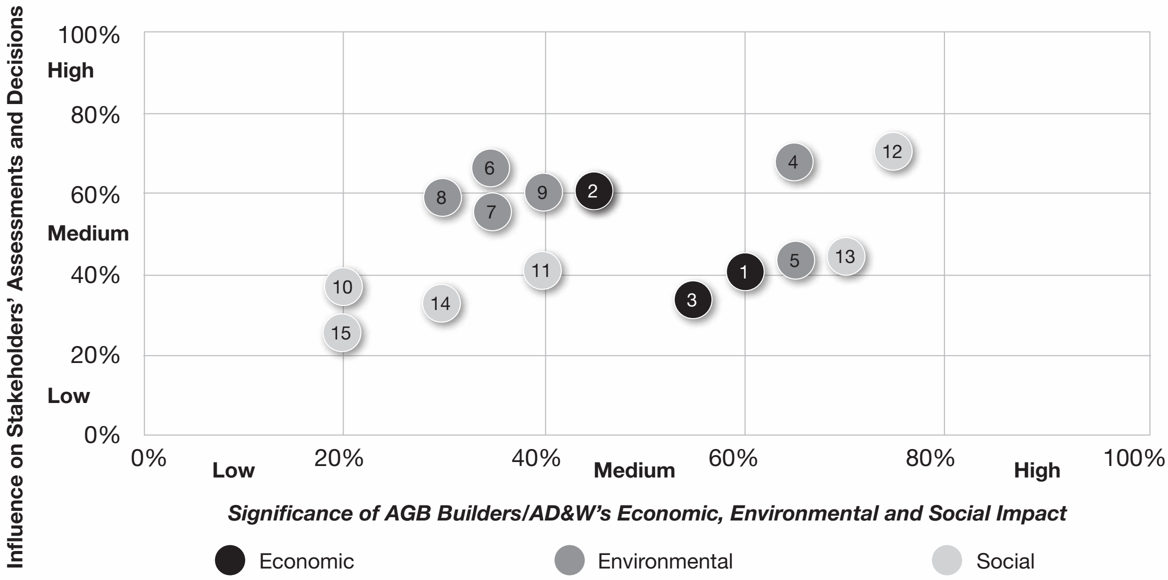
The construction segment is committed towards achieving outstanding job completion, exceptional customer service and superior safety performance. In 2020, it has established a materiality matrix to reflect sustainability matters that are relevant to its business and stakeholders' interests. The segment views the high impact themes of the business to include sustainable construction and occupational safety and health as important factors in determining its organisational values. It will continue to identify material sustainability matters that need to be managed and included in its sustainability disclosures for communication with internal and external stakeholders.

Materiality Assessment

Materiality assessment has been conducted to prioritise materially significant matters that have a high impact on the business of AGB Builders and AD&W from an economic, environmental and social perspective.

A summary of the final assessment is depicted in the chart and the table below:

Materiality Matrix



Materiality Matters	Sustainability Themes	
High Materiality	4	Sustainable Construction
	12	Occupational Safety and Health
Medium/Low Materiality	1	Procurement Practices
	2	Indirect economic impact
	3	Climate-related financial risks and opportunities
	5	Water
	6	Greenery Loss
	7	Energy Efficiency
	8	Construction Noise
	9	Environmental Compliance
	13	Labour practice
Not Material	10	Workforce Diversity
	11	Traffic Management in Construction
	14	Presence of foreign workers
	15	Community Engagement

SUSTAINABILITY REPORT

CONSTRUCTION SEGMENT (continued)

Economic

The construction segment strives to prioritise customer satisfaction in its work, whilst at the same time maximise shareholders' value through cost-optimisation in the procurement and construction process. The segment engages local suppliers and contractors at its projects which in turn helps to support the growth of the domestic economy. Economic activities are generated when local suppliers and contractors commence work based on the segment's scope of work and the materials required. Its projects have also contributed to indirect economic impact as local traders and small businesses around the construction sites have flourished due to the demand from its foreign workers whose numbers have been steadily increasing.

Environmental

Environmental issues such as sustainable construction and water are integral parts of the construction segment's business operations. Since the establishment of AD&W in 2019, it has been actively promoting the use of aluminium as the preferred roof and cladding material. Aluminium is a durable and recyclable building material. At the end of the building's life, the aluminium material is still 100% recyclable without any loss in quality. The re-melting of aluminium requires only a small fraction of the energy required to produce the primary metal initially needed. Recycling contributes to the lowering of pollution, reduction of energy-consumption, and mitigation of resource depletion, thereby promoting sustainable construction.

AD&W also provides energy-saving roofing solutions. As Malaysia has a hot and humid weather all year round, air conditioning is becoming a necessity in urban living and it consumes a lot of electricity. To conserve energy, AD&W's value proposition to its potential customers is the energy-saving feature of the roofing solution. This energy-saving roof will reduce the use of electricity by air-conditioners through heat-reflection on the roof and limiting the heat transferred into the building.

A secure water supply is critical to ensure the smooth running of construction projects. In response to the frequent water pollution and water supply disruptions in 2020, AGB Builders has sourced an additional water supply pipeline with meter to its construction site, and as a precaution, it has engaged a third party water distributor to supply water in case of severe water rationing so that its operations will not be disrupted. As a measure to save water, AGB Builders has installed an automatic water pump with timer and water level sensor that controls the supply of water to its 400 gallons of water tanks, which has been effective in saving water.

Social

In managing construction activities, the segment has embarked on prudent measures to avoid any incident that would cause the loss of assets to the organisation. Employees and workers are constantly being instilled on the importance of safety and health at the workplace. With the aim to fortify occupational safety and health, AGB Builders has implemented the Safety Awareness System ("SAS") at its site. The SAS is a pictorial based signage solution to promote awareness of hazardous areas and operations, mandatory requirements and prohibited actions. By being visually impactful and text free, the SAS is able to transcend cultural and language barriers, and reduce the risk of sign blindness. The SAS complies with all national and international regulations and has been proved effective since AGB Builders has achieved its targeted zero lost time injury. Besides that, it has also sent its employees for first aid training so as to equip them with the knowledge to help prevent injuries, save lives or prevent injuries from worsening.

In 2020, the Department of Labour of Peninsular Malaysia ("DLPM") together with the relevant authorities such as the Construction Industry Development Board ("CIDB") have geared up their inspections at construction sites to check on the compliance with the requirements of the Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446). AGB Builders' site has been visited by DLPM and CIDB where there was a joint inspection of its centralised labour quarters and the arrangements for workers' amenities. It has also provided CIDB with the records of its workers' Covid-19 test results, travel history, daily temperature readings and sanitisation of work area. Other authorities such as the Royal Malaysia Police, the Department of Occupational Safety and Health ("DOSH") and the Petaling Jaya City Council have also inspected AGB Builders' construction site and it has been permitted to operate as normal.

This report is made in accordance with a resolution of the Board dated 8 April 2021.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Alcom Group Berhad ("AGB" or "the Company") is fully committed to the principles and recommendations of the Malaysian Code on Corporate Governance ("MCCG"). This ensures that the best practices of corporate governance including accountability and transparency are adhered to by the Company 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 on the Company's application of the 3 key principles of the MCCG during the financial year ended 31 December 2020 ("FY2020"):

(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

Clear Roles and Responsibilities of the Board

The Board's role is to provide stewardship of AGB and its group of companies ("the Group") and direction for Management. The Board is collectively responsible and accountable to the Company's stakeholders for the long-term success of the Group. The Board is guided by the Board Charter which outlines the role, composition and responsibilities of the Board with regard to matters that are specifically reserved for the Board as well as those which the Board may delegate to the relevant Board Committees.

The Board provides overall strategic guidance, effective oversight on the governance and management of the business affairs of the Group. The 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, are in place to achieve them;

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

(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/Chief Executive Officer/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 accounts of the Company and of the Group are fairly stated and otherwise conform with the relevant regulations including acceptable accounting policies that result in balanced and understandable financial statements;

(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)

Clear 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. The 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 Conduct including transparency in the conduct of business. Directors are required to comply with the Directors' Code of Best Practice;

(x) Reviewing the Board Charter periodically and making it available publicly on the Company's website including the Terms of Reference ("TOR") which deals with the respective committees e.g. Remuneration Committee's TOR in respect of its authority and duties that are disclosed in the Company's website;

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

(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.

The Board also reviews the principal risks arising from all aspects of the Group's businesses that have significant impact on operations to ensure that there are systems in place to effectively monitor and manage these risks.

Roles of the Chairman and the President cum Chief Executive Officer

There is a clear and distinct division of responsibilities between the Chairman and President cum Chief Executive Officer ("CEO") to ensure that there is an appropriate balance of power and role, responsibility and accountability at Board level.

The Chairman is responsible for the smooth running of the Board and encourages active participation by Board members and provides reasonable time for discussion of issues raised at meetings. Decisions reached at Board meetings reflect the consensus of the whole Board and not the views of any individual or group.

The President cum CEO is primarily responsible for the day-to-day operations of the Company, which includes implementation of policies and strategies adopted by the Board. The President cum CEO is also responsible for communicating matters relating to the financial results, market conditions and other developments to the Board. His knowledge of the Group's affairs contributes significantly towards the attainment of the Group's goals and objectives.

Board Charter

The Board adopts a Board Charter, which outlines the composition of the Board together with the roles and responsibilities of the Board, the Chairman, the Managing Director/CEO/Executive Director, the Independent Non-Executive Directors/Senior Independent Non-Executive Director, Non-Independent Non-Executive Directors and the Company Secretaries. The contents include the Schedule of Matters Reserved for Collective Decision of the Board.

The Board Charter will be subjected to periodical review cum updates by the Board whenever deemed necessary. The Board Charter is available for reference on the Company's website at www.alcom.com.my.

The Board Charter was reviewed and updated on 24 November 2020 in line with the needs of the Group and the new regulations that impacted the discharge of the Board's responsibilities. This is to ensure its relevance for good corporate governance practices within the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Code of Conduct and Ethics

The Board is guided by both the Directors' Code of Best Practice in the Board Charter and the Code of Ethics established by the Companies Commission of Malaysia for Company Directors. The Code of Ethics sets out the principles in relation to sincerity, integrity, responsibility and corporate social responsibility. The Code of Ethics is formulated to enhance the standard of corporate governance and corporate behaviour of Directors based on trustworthiness and values that can be accepted, and to uphold the spirit of responsibility and social responsibility in line with legislation, regulations and guidelines for administering the Group.

The Group has also in place the Code of Conduct which outlines the expectations for employees executing their duties in an ethical manner. In order to maintain the Group's reputation, it is important for all to be aware and understand the tenets of the Code of Conduct and adhere accordingly. To achieve this purpose, a mandatory training module that outlines what the Code of Conduct means and its expectation from the employees has been developed and conducted for new employees and interns during the induction programmes.

A whistle-blowing procedure also forms part of the Group's Code of Conduct to provide an avenue for employees/public to report/complain of any wrongdoing by any employee of the Group, or any breach or suspected breach of any laws or standards in a safe and confidential manner.

The Group had adopted the Integrity & Anti-Corruption Policy in accordance with the issued guidelines by the Governance, Integrity and Anti-Corruption Centre to minimise the Group's exposure to corporate liability as provided under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 which came into force on 1 June 2020. The Integrity & Anti-Corruption Policy is available on the Company's website at www.alcom.com.my.

Understanding of and adherence to the Code of Conduct and Integrity & Anti-Corruption Policy will help ensure that the Group remains a highly regarded organisation that is admired by customers, employees, shareholders, suppliers and communities worldwide.

Strategies Promoting Sustainability

The Board is committed to sustainable operations. Striving to become a truly sustainable enterprise also means an unwavering focus on what the Board sees as the foundation of being a sustainable company, through the following various initiatives that deal with strategy for sustainability:

- operating ethically and responsibly to meet the expectation of our stakeholders.
- being stewards of the environment; by helping to reduce carbon footprint and energy use. Our concerns for environmental issues extend beyond our facility to those of our stakeholders.
- protecting the health and safety of our people; our primary concern is for the health and safety of our employees. Our Group also looks into developing our people to enhance their skills and expertise.
- contribution to the communities where we operate; an essential hallmark of our Group is the commitment to give back to the community. Our Group has begun community engagement programs near our facility and has contributed positively to the communities in which we operate.

The initiatives taken in FY2020 are set out in the Sustainability Report in pages 19 to 41 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Access to Information and Advice

Prior to Board meetings, all Directors receive notices of meetings together with the full set of Board papers containing information relevant to the businesses prior to the scheduled Board and Board Committee meetings. Reports include key result areas, operational profitability and performance review statements, human resource developments, environment, occupational health and safety, business plans, successions, strategies, as well as proposed announcements and releases comprising quarterly and year-end financial results to Bursa Malaysia Securities Berhad ("Bursa Securities").

The Board papers are issued to each Director at least 5 working days before each meeting.

Management reports presented to the Board during the Board meetings in FY2020 included the following information:

- Environment, Health & Safety ("EHS") Performance Review
- Financial Review
- Plant Operations: Productivity and Quality
- Commercial Review: Market and Customers' Activities
- Operations Review
- Strategic Activities Updates
- Balanced Scorecards
- Development on Human Resources
- Legal and Regulatory Updates
- Information Systems Updates
- Overall Market Outlook/Challenges
- Property Development and Construction Segments Progress Updates
- Forecasts and Annual Budget

The Board has unrestricted access to and interaction with the Senior Management on issues under their respective purview. Where necessary, Senior Management will be invited to attend Board and Board Committee meetings to report and update on areas of business within their responsibility so as to provide Board members insights to the business and to clarify issues raised by Board members in relation to the Group's operations. Board members are encouraged to share their views and insight in the course of deliberations and discussions.

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. The Company Secretaries are responsible for ensuring that the Board procedures are followed, that the 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 keep the Board members updated on new requirements, guidelines and rulings issued by the relevant regulatory authorities, as and when it arises.

Composition of the Board

The Board currently comprises an Independent Non-Executive Chairman, 2 Independent Non-Executive Directors, a President cum CEO, 3 Executive Directors, and an Alternate Director. The Chairman has never held any prior executive positions in the Group. The Directors bring to the Board a wide range of skills and experience in fields such as commerce, finance, audit, manufacturing, property development, construction and engineering as well as knowledge of the aluminium business.

Paragraph 15.02 of the Main Market Listing Requirements ("MMLR") of Bursa Securities stipulates that at least 2 Directors or 1/3 of its Board members, whichever is higher, must be made up of Independent Non-Executive Directors. The Board balance is achieved with the presence of 3 Independent Non-Executive Directors. Collectively, they ensure that plans and strategies proposed by the Management are fully discussed and examined, taking into account the long-term interests of all shareholders and stakeholders of the Company including employees, customers, suppliers and the local community in which the Group conducts its businesses.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Board Committees

For the effective functioning of the Board, the Board is assisted by Board Committees, namely the Audit and Risk Management Committee, Remuneration Committee and Nomination Committee. The Board Committees operate within clearly defined Terms of Reference. All these Committees are wholly made up of Independent Non-Executive Directors of the Board. Management and third parties are invited to attend or are co-opted to such Committees as and when required. In addition, special committees are formed for specific purposes, as and when required. Reports of proceedings and outcome of the various Committee meetings are submitted to the Board.

A. Audit and Risk Management Committee

The composition and activities of the Audit and Risk Management Committee ("ARMC") during FY2020 are set out in the ARMC Report on page 58 of this Annual Report.

B. Remuneration Committee

The Remuneration Committee ("RC") of AGB composes entirely of Independent Non-Executive Directors. They are currently:

Lam Voon Kean *(Chairperson)*
Dato' Seri Subahan bin Kamal *(Member)*
Wong Choon Shein *(Member)*

The RC's primary responsibility is to review and recommend the remuneration policy and framework for the Directors of the Company, with the objective of attracting and retaining Directors. The Terms of Reference of the RC and the Directors' Remuneration Policy are available on the Company's website at www.alcom.com.my.

The RC held 2 meetings in FY2020 and full attendance of its members was recorded at both meetings.

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CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

B. Remuneration Committee (continued)

The remuneration of the Directors of AGB (comprising remuneration received and/or receivable from AGB and its subsidiaries) during FY2020 are categorised as follows:

	Executive Directors			Alternate Director	Non-Executive Directors			
Category	Heon Chee Shyong	Yeoh Jin Hoe	Ang Loo Leong	Marc Francis Yeoh Min Chang (4)	Dato' Seri Subahan bin Kamal	Wong Choon Shein	Lam Voon Kean	TOTAL
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Fees	–	–	–	–	108	96	96	300
Salaries and Bonuses (1)	1,460	312	372	343	–	–	–	2,487
Emoluments (2)	–	–	60	–	8	8	10	86
Benefits-in-kind (3)	29	–	–	–	–	–	–	29
Total	**1,489**	**312**	**432**	**343**	**116**	**104**	**106**	**2,902**
Company	**RM'000**	**RM'000**		**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Fees	–	–	–	–	108	96	96	300
Salaries and Bonuses (1)	–	–	–	–	–	–	–	–
Emoluments (2)	–	–	–	–	8	8	10	26
Benefits-in-kind (3)	–	–	–	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**116**	**104**	**106**	**326**

Notes:
(1) Salaries and bonuses comprised basic salary, bonus, EPF, SOCSO and EIS.
(2) Emoluments comprised attendance allowance and other allowances.
(3) Benefits-in-kind comprised provision of company motor vehicle, petrol expenses, driver, medical reimbursement, insurance and phone bill.
(4) Alternate Director to Executive Director, Yeoh Jin Hoe, and Director of subsidiary company, Alcom Nikkei Specialty Coatings Sdn. Bhd.

Executive Director of AGB, Dato' Eng Kim Liong did not receive any remuneration from the Company nor the Group during FY2020.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

B. Remuneration Committee (continued)

The number of Directors of AGB who served during FY2020 whose total remuneration falls within the following bands, were as follows:

Range of Remuneration	Number of Directors
Non-Executive Directors	
Between RM100,001 – RM150,000	3
Executive Directors	
Between RM300,001 – RM350,000	2
Between RM400,001 – RM450,000	1
Between RM1,450,001 – RM1,500,000	1

The remuneration package for the Executive Directors and Non-Executive Directors includes some or all of the following elements:-

(i) Basic Salary

The basic salary for the Executive Directors takes into account the performance of the individual as well as the prevailing market salary rate for similar jobs in a selected group of comparable companies.

(ii) Fees

Fees payable are subject to shareholders' approval at the Annual General Meeting ("AGM"). Attendance allowances for Board meetings and Board Committees meetings are paid to the Non-Executive Directors.

(iii) Bonus Scheme

The Group operates a bonus scheme for all employees including Executive Directors based on performance of the Group along with an assessment of the individual's performance.

(iv) Benefits-in-Kind

The Group's motor vehicle, petrol expenses, driver, hand-phones, club memberships and medical reimbursement are made available as benefits-in-kind to the Executive Directors, wherever appropriate.

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 is 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 executive talent.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

B. Remuneration Committee (continued)

The remuneration of the top 5 Senior Management personnel of the Group (comprising remuneration received and/or receivable from the Company and its subsidiaries) during FY2020 are categorised as follows:

Category	Group (RM'000)	Company (RM'000)
Salaries [1]	2,107	374
Bonuses	173	31
Statutory contributions [2]	182	58
Benefits-in-kind [3]	101	–
Total	**2,563**	**463**

Notes:
(1) Salaries comprised basic salary and compensation for loss of office.
(2) Statutory contributions comprised EPF, SOCSO and EIS.
(3) Benefits-in-kind comprised provision of company motor vehicle, petrol expenses, insurance and phone bill.

The number of top 5 Senior Management personnel of the Group whose total remuneration falls within the following bands in FY2020, were as follows:

Range of Remuneration	Number of Senior Management personnel
Between RM450,001 – RM500,000	2
Between RM600,001 – RM650,000	1
Between RM650,001 – RM700,000	1
Between RM800,001 – RM850,000	1

C. Nomination Committee

The Nomination Committee ("NC") of AGB is entirely made up of Independent Non-Executive Directors. They are currently:

Wong Choon Shein *(Chairperson)*
Dato' Seri Subahan bin Kamal *(Member)*
Lam Voon Kean *(Member)*

The NC is charged with the responsibility of overseeing the selection and assessment of Directors. The terms of reference of the NC are available on the Company's website at www.alcom.com.my.

During FY2020, the NC held 2 meetings and full attendance of its members was recorded at both meetings.

A summary of the key activities undertaken by the NC in the discharge of its duties for FY2020 were as follows:

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

C. Nomination Committee (continued)

A summary of the key activities undertaken by the NC in the discharge of its duties for FY2020 were as follows: (continued)

(iii) 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;

(iv) Recommended to the Board the Board Diversity Policy and the Policy on Nomination and Assessment Process of Board Members;

(v) Recommended to the Board the revised Board Charter of the Company;

(vi) Endorsed the re-election of Directors, Dato' Eng Kim Liong and Ang Loo Leong who will be up for retirement pursuant to Clause 82 of the Constitution of the Company at the close of the Third Annual General Meeting ("AGM") of the Company to be held on 28 June 2021.

The NC, after having conducted the abovementioned evaluation and assessment in November 2020, concluded that:

(i) the Independent Directors of the Company, viz., Dato' Seri Subahan bin Kamal, Wong Choon Shein and Lam Voon Kean, continued to demonstrate conduct and behaviour that are essential indicators of their independence and each of them continues to fulfil the definition and criteria of independence as set out in the MMLR of Bursa Securities.

(ii) each Director has the requisite competence, calibre to serve on the Board and Board Committees and had demonstrated his/her commitment to the Group in terms of time, participation and dialogue during the current year under review.

(iii) the Board and the Board Committees' composition were adequate in number and there is a right mix of skills and knowledge on the Board as well as the Board Committees. Their respective responsibilities were well defined and set out in the Board Charter. 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 met. The Practices set out in the MCCG pertaining to the composition of the ARMC have also been adopted.

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

Assessment on Independence of Director

The Board, through the NC had on 24 November 2020, conducted an assessment on the independence of the Independent Directors of the Board, using the Self- Assessment Independence Checklist. The Board has determined, from the annual assessment carried out, that all the 3 Independent Non-Executive Directors, who had served on the Board during FY2020 had remained objective and independent in expressing their views and in participating in deliberations and decision making of the Board and Board Committees.

Tenure of Independent Directors

The Company has implemented a cumulative 9 year-term limit for Independent Directors. The Board Charter has adopted Practice 4.2 of the MCCG to seek shareholders' approval annually in the event the Board desires to retain, as an Independent Director, a person who has served in that capacity for cumulatively more than 9 years but no more than 12 years. After 9 years, such Independent Director may continue to serve on the Board subject to his re-designation as a Non-Independent Director of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Appointments and Re-elections to the Board

The NC is empowered to identify and recommend candidates for new appointments to the Board. In this process, the NC takes into cognisance, the following criteria:

(i) Size, composition, mix of skills, experience, age, cultural background, gender, competencies and other qualities of the existing Board, level of commitment, resources and time that the recommended candidate can contribute to the existing Board and the Group.

(ii) The candidate's skills, knowledge, expertise and experience, character, professionalism, integrity and, in the case of a candidate for the position of Independent Non-Executive Director, the independence as defined in the MMLR of Bursa Securities to bring about independence and objectivity in judgement on issues considered and hence, the ability to discharge responsibilities as expected from an Independent Non-Executive Director.

(iii) The candidate's understanding of the Group's businesses and activities; and factors that promote boardroom diversity, including gender diversity and other qualities of the Board.

Clause 82 of the Constitution provides that an election of Directors shall take place each year and at the AGM, 1/3 of the Directors for the time being or, if their number is not 3 or a multiple of 3, then the number nearest to 1/3 shall retire from office and 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.

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 then be eligible for re-election but shall not be taken into account in determining the retirement of Directors by rotation at such meeting.

A Director seeking re-election or re-appointment shall abstain from all deliberations regarding his/her re-election or re-appointment to the Board. Directors, Dato' Eng Kim Liong and Ang Loo Leong will be up for retirement at the conclusion of the Third AGM of the Company to be held on 28 June 2021 pursuant to Clause 82 of the Constitution and have offered themselves for re-election at the said AGM.

The Board members had, at the Board meeting on 24 November 2020 with Dato' Eng Kim Liong and Ang Loo Leong abstaining, endorsed both the aforesaid Directors for re-election at the Third AGM of the Company to be held on 28 June 2021.

Gender Diversity Policy

The Board had in February 2020 approved the Board Diversity Policy for adoption. 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.

The Company therefore aims to appoint and/or maintain at least 1 woman participation on the Board and will work towards having appropriate age and ethnic diversity in the Board.

Meetings and Time Commitment

The Board meets on scheduled basis at least 4 times a year on a quarterly basis, with additional meetings convened, when necessary, to consider urgent proposals or matters that require the Board's attention. The President cum CEO, the Managing Director of a subsidiary and Director, Finance attend the meetings to report on the performance of their respective segments/departments to enable the Board members to discharge their duties and responsibilities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Meetings and Time Commitment (continued)

During FY2020, 4 Board meetings detailed below were held and full attendance of the Directors was recorded at all the meetings:

Date of Meeting	Time	Place
25 February 2020	12.25 p.m.	Persiaran Surian, Petaling Jaya
3 June 2020	11.30 a.m.	Persiaran Surian, Petaling Jaya
25 August 2020	11.30 a.m.	Persiaran Surian, Petaling Jaya
24 November 2020	12.00 noon	Persiaran Surian, Petaling Jaya

To ensure that Directors have sufficient time to fulfil their roles and responsibilities effectively, 1 criterion as agreed by the Board for determining candidates for the pool of potential Directors is that they must not hold more than 5 directorships in public listed companies (as prescribed under Paragraph 15.06 of the MMLR of Bursa Securities).

The Directors also made time to attend appropriate external training programs to equip themselves further with the knowledge to discharge their duties more effectively and to keep abreast of latest developments in the marketplace. The training programs/webinars/dialogues attended/participated by the Directors of the Company during FY2020 were as follows:

Director	Topics of Programs/Webinars/Dialogues	Date
Dato' Seri Subahan Bin Kamal	Roles and Responsibilities of Directors and Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries	19 August 2020
Heon Chee Shyong	High Stakes Leadership: Decision-Making in Times of Crisis	3 April 2020
	IMD Webinar – Surviving the shockwaves: Financial markets and the Covid-19 crisis	9 April 2020
	Global Supply Chain Resiliency	28 May 2020
	Jim Collins: Good to Great: What makes great companies tick in uncertain times	22 July 2020
	KPMG's CEO Webinar Series – Captains' Forum: Transformation towards recovery (Technology and Data)	19 October 2020
Yeoh Jin Hoe	KPMG's CEO Webinar Series – Captains' Forum: Transformation towards recovery (Technology and Data)	19 October 2020
	TÜV Rheinland & Tricor's Webinar: Transforming Business Performance through Digitalization	21 October 2020
	Audit Committee Institute Virtual Roundtable 2020 – ESG perspective: Managing Recovery and Resilience	12 November 2020
	Engagement Session on IFRS Foundation's Consultation Paper on Sustainability Reporting	13 November 2020

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Meetings and Time Commitment (continued)

The Directors also made time to attend appropriate external training programs to equip themselves further with the knowledge to discharge their duties more effectively and to keep abreast of latest developments in the marketplace. The training programs/webinars/dialogues attended/participated by the Directors of the Company during FY2020, were as follows: (continued)

Director	Topics of Programs/Webinars/Dialogues	Date
Dato' Eng Kim Liong	Taxand Asia Seminar Series: Recent tax developments including GST changes	8 October 2020
	Taxand Asia Seminar Series: Recent developments and the repercussions of the current pandemic on transfer pricing	15 October 2020
	Taxand Asia Seminar Series: Case studies on cross border transactions	22 October 2020
Ang Loo Leong	Taxand Asia Seminar Series: Recent tax developments including GST changes	8 October 2020
	Taxand Asia Seminar Series: Recent developments and the repercussions of the current pandemic on transfer pricing	15 October 2020
	Taxand Asia Seminar Series: Case studies on cross border transactions	22 October 2020
	Audit Committee Institute Virtual Roundtable 2020 – ESG perspective: Managing Recovery and Resilience	12 November 2020
Wong Choon Shein	KPMG's CEO Webinar Series – Captains' Forum: Transformation towards recovery (Operational Resilience)	9 October 2020
Lam Voon Kean	Judicial Management: A Corporate Rescue Mechanism in Malaysia	23 April 2020
	Presentation of financial statements - A change for better Comparability and Transparency of Companies' Performance Reporting	27 April 2020
	Fraud Risk Management Workshop for Directors of listed companies	4 November 2020
	Audit Committee Institute Virtual Roundtable 2020 – ESG perspective: Managing Recovery and Resilience	12 November 2020
	MASB Engagement Session on IFRS Foundation's Consultation Paper on Sustainability Reporting	13 November 2020
	Budget 2021 Tax Highlights	29 December 2020

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Suitability and Independence of External Auditors

The Board through the ARMC, maintains a transparent and professional relationship with the Group's External Auditors. The ARMC meets with the External Auditors at least twice a year to discuss their audit plans and audit findings in relation to the Group's financial statements. The ARMC has private sessions with the External Auditors without the presence of the Management to discuss the audit findings and any other observations they may have during the audit process. An assurance is provided by the External Auditors via their report to the ARMC, confirming their independence through the conduct of the audit engagement in accordance with the terms of relevant professional and regulatory requirements.

The External Auditors are also invited to the AGM of the Company and are available to answer shareholders' queries on the conduct of the statutory audit.

Sound Risk Management Framework

The ARMC assists the Board by providing an objective review of the effectiveness and efficiency of the Group's internal control, risk management and governance framework. The Group has in place an ongoing risk management process of identifying, evaluating, monitoring and managing the principal risks that the Group faced as it seeks to meet its business objectives. This process is embedded as well as entrenched into the Group's management systems, culture, people, strategy, policies, structures, processes and procedures over its 5 decades of operations. Senior Managers, who are heads of departments and report directly to the President cum CEO, are required to conduct periodical reviews of their own Risks Register and thereafter sign-off on a quarterly basis via Certification to the President cum CEO and Director, Finance that all risks and matters under their direct purview have been reviewed and actions have been taken to address any risks gaps.

Internal Audit Function

The internal audit function are set out on page 59 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 61 and 62 of this Annual Report.

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

Compliance with Applicable Financial Reporting Standards

The Board is committed to present a balanced, accurate and meaningful assessment of the Group's financial position and prospects in the public disclosure of its financial results. These results are presented through the quarterly financial results, audited financial statements and Annual Reports. The Board, assisted by the ARMC, oversees the financial reporting of the Group. The ARMC reviews the Group's annual financial statements and quarterly financial results and appropriateness of the Group's accounting policies and changes to these policies, as and when they come into force, to ensure that the Group's financial reporting complies with all applicable accounting standards and regulatory requirements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Statement of Directors' Responsibility for Preparation of the Financial Statements

As required by the Companies Act 2016, the Directors have taken care to ensure that the financial statements give a true and fair view of the state of affairs of the Group as at the end of the accounting period and of the Group's statements of financial position, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the period then ended. The Directors ensure that the financial statements are prepared in accordance with the Accounting Standards approved by the Malaysian Accounting Standards Board and comply with the provisions of the Companies Act 2016 and reasonable, prudent judgements and estimates have been made. In the preparation of the financial statements for FY2020, the Directors have:

- adopted suitable accounting policies and applied them consistently;
- made judgements and estimates on reasonable basis;
- ensured that applicable accounting standards have been adhered to; and
- ensured that the financial statements were prepared as an on-going concern basis

The Directors ensure that proper accounting records are kept to disclose with reasonable accuracy, at any time, the financial position of the Group. They are generally responsible to take such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Corporate Disclosure Policy

The Board acknowledges that timely, complete and accurate disclosure is important to an orderly and fair market for the trading of securities. The Company is guided by the Corporate Disclosure Guide issued by Bursa Securities and the Board adheres strictly to the disclosure requirements to provide investors and the public with accurate and complete information on a timely basis. The Board ensures that confidential information is handled properly by authorised personnel to avoid leakage and improper use of such information.

While the Board endeavours to keep all its shareholders as much informed as possible, the Company always complies with the legal and regulatory framework governing the release of materials and price-sensitive information.

Effective Communication and Proactive Engagement

The Company recognises the importance of communication with its shareholders. The President cum CEO and the Director, Finance when necessary would hold discussions with the press, analysts and shareholders. During such discussions, the Group's performance, strategic plans for the future and other major developments are explained.

However, any information that may be regarded as sensitive and material to the Company is only to be released publicly and communicated to all its stakeholders simultaneously, usually through a press release or regulatory filing such as the release of financial results to Bursa Securities on quarterly, annual and ad hoc basis; after review and approval by the Board.

The Company's website at www.alcom.com.my also provides easy access to the investors and general public on up-to-date corporate announcements, quarterly financial results, annual reports and where appropriate, circulars, press releases and other information pertaining to the Company.

Whilst the Company has 1 large corporate shareholder, the interests of minority shareholders are fairly represented by its Independent Non-Executive Directors.

Shareholders and other interested parties may communicate or direct its concerns either to the attention of Dato' Seri Subahan bin Kamal, who is the Chairman of the Board and also the Senior Independent Non-Executive Director, or to the attention of Lam Voon Kean, who is the Chairperson of the ARMC and also an Independent Non-Executive Director.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Shareholders' Participation at General Meeting

The Board regards the AGM and other general meetings as an opportunity to communicate directly with shareholders and stakeholders and encourages attendance and participation in dialogue. The Board reports on the progress and performance of the Group to shareholders at each AGM. At such meetings, shareholders have the opportunity to raise questions to the Directors present at the meeting.

Notice of the AGM and related papers thereto are sent to the shareholders at least 28 days before the meeting 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.

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 to the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. ("TIIH"), their proxy forms either in hard copy form or by electronic form via TIIH Online pursuant to Clause 76 of the Constitution of the Company.

In accordance with Paragraph 8.29A(1) of the MMLR of Bursa Securities, poll voting will be carried out at the Third AGM of the Company to be held on 28 June 2021.

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.alcom.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. A notification 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.

The Company's website at www.alcom.com.my also facilitates effective dissemination of latest and up-to-date information pertaining to the Company to the investors and general public.

COMPLIANCE WITH MCCG

The Board considers that the Company has complied and applied the key principles of the MCCG throughout FY2020 except for the below where the explanations for departure are disclosed in the Corporate Governance Report:

Practice 4.1: At least half of the Board comprises independent directors.

Practice 7.2: 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 8 April 2021. 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 FY2020, 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.alcom.com.my.

ADDITIONAL COMPLIANCE INFORMATION

AUDIT AND NON-AUDIT FEES PAID/PAYABLE

During the financial year ended 31 December 2020, the amount of audit and non-audit fees paid/payable by Alcom Group Berhad ("AGB" or "the Company") and its group of companies ("the Group") to the External Auditors, KPMG PLT for services rendered to the Company and its subsidiaries were as follows:

Type of fees	Group RM'000	Company RM'000
Audit fees	277	50
Non-audit fees	6	6

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 financial year ended 31 December 2020 or, if not then subsisting, which were entered into since the end of the previous financial year.

Recurrent Related Party Transactions

At the Second Annual General Meeting of the Company held on 23 June 2020, the Company had obtained shareholders' mandate to allow the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature ("RRPTs") which were 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 Third Annual General Meeting of the Company.

In accordance with Paragraph 3.1.5 of Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, details of the RRPTs conducted during the financial year ended 31 December 2020 pursuant to the aforesaid shareholders' mandate are as follows:

Provider of products/ services	Recipient of products/ services	Nature of Transaction	Actual value transacted from 23 June 2020 up to 31 December 2020 (RM'000)	Interested Related Party
Aluminium Company of Malaysia Berhad	Can-One Berhad ("Can-One") and its subsidiaries	Sale of aluminium sheets and aluminium foil products	1,039	Towerpack Sdn. Bhd.[(1)] Yeoh Jin Hoe[(2)] Marc Francis Yeoh Min Chang[(3)]

Notes:

(1) Towerpack Sdn. Bhd. is a major shareholder of AGB.

(2) Yeoh Jin Hoe, the Executive Director of AGB, has an indirect equity interest in 42,531,698 AGB Shares representing 31.66% of the total number of issued AGB Shares held by Towerpack Sdn. Bhd. by virtue of Section 8(4) of the Companies Act 2016 ("Act"). He is also a Director of Can-One and a major shareholder of Can-One, holding 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 45,592,981 Can-One Shares representing 23.73% of the total number of issued Can-One Shares held by Eller Axis Sdn. Bhd. by virtue of Section 8(4) of the Act.

(3) Marc Francis Yeoh Min Chang ("Marc Yeoh") is the son of Yeoh Jin Hoe and is his Alternate Director. Marc Yeoh is the Group Managing Director of Can-One and he holds 343,100 Can-One Shares representing 0.18% of the total number of issued Can-One Shares.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors of Alcom Group Berhad ("AGB") is pleased to present the Audit and Risk Management Committee ("ARMC") Report for the financial year 2020 ("FY2020"). The ARMC of AGB was established in 2018 and its terms of reference is available on the Company's website at www.alcom.com.my.

The primary objective of the ARMC is to assist and support the Board of Directors of the Company ("Board") in fulfilling its fiduciary responsibilities to ensure good corporate governance. The ARMC is responsible for assessing the risk and control environment, overseeing financial reporting and evaluating the management and audit processes as well as supervising the sustainability initiatives within Alcom Group Berhad group of companies ("the Group").

COMPOSITION AND MEETINGS

The ARMC of AGB is wholly made up of Independent Non-Executive Directors. The composition of the ARMC is currently:

Lam Voon Kean (Chairperson)
Dato' Seri Subahan bin Kamal (Member)
Wong Choon Shein (Member)

During FY2020, 4 ARMC meetings was held and full attendance of the Directors was recorded at all the meetings.

The profile of the ARMC members can be found on pages 5 and 7 of this Annual Report.

The other members of the Board and the Director, Finance also attended all the above meetings upon invitation by the ARMC. The Group's External Auditors also attended 2 of the ARMC meetings which were held on 25 February 2020 and 24 November 2020. As in the past years, the ARMC members also had private sessions in the said meetings with the External Auditors without the presence of the President cum Chief Executive Officer, Executive Directors and members of the Management to discuss audit findings and any other observations that they may have noted during the audit process.

The Company Secretaries who are also the Secretaries to the ARMC attended all the ARMC meetings during FY2020.

SUMMARY OF ACTIVITIES

The ARMC carried out its duties in accordance with the Summary of Terms of Reference as listed below during FY2020 with its key responsibilities listed as follows:-

- Overseeing financial reporting and practices;
- Reviewing and approving the Internal Audit and External Audit scope and plans;
- Receiving the audit reports of the Group prepared by the Internal Auditors and External Auditors and findings by the aforesaid Auditors and Management's responses thereon;
- Reviewing the quarterly announcements on interim financial results and the audited financial statements for the financial year ended 31 December 2019 of the Group and of the Company prior to submission to the Board for consideration and approval;
- Reviewing the draft Sustainability Report, ARMC Report and Statement on Risk Management and Internal Control for inclusion in the Annual Report 2019 and recommending to the Board for approval;
- Reviewing conflict of interest situations and recurrent related parties transactions entered into by the Group and the disclosure of such transactions in the Annual Report and circular to shareholders to ensure compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities");
- Discussing with the Management and the External Auditors on developments in respect of the Malaysian Financial Reporting Standards and Companies Act 2016 applicable to the financial statements of the Group and of the Company for FY2020 and their judgment of the items that may affect the financial statements;
- Discussing publications issued by Bursa Securities relevant to the Group;
- Providing oversight, direction and counsel to the Group's risk management and control process; and
- Evaluating the management and audit processes within the Group.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

INTERNAL AUDIT FUNCTION

The Company has outsourced its internal audit function to a competent third party service provider, Finfield Corporate Services Sdn. Bhd., an independent consulting firm which performs the internal audit function for the Group.

Internal audit performs the role of promoting an efficient and effective control environment through independent and objective internal control reviews, education and business process consultation. The areas to be covered by the audit are selected on a rotational basis, with core risk areas being subject to more regular audit than those outside the defined core risk areas. A risk-based approach is adopted in the planning and conduct of audits which is consistent with the Group's established risk-based framework in identifying, designing, implementing and monitoring of risks process and control systems.

The ARMC reviews the scope of the intended audit and approves the audit plan before the actual audit takes place. The findings of the internal audit work done are reported directly to the ARMC. The scope of the Internal Auditors covers the audits of all units and operations of the Group including the various computer application systems of the Group. Besides the scheduled audits, the Internal Auditors also conduct ad hoc fact based investigation audit, as and when a need arises. The final reports from the Internal Auditors were directly forwarded to the ARMC. Key observations and opportunities for improvements identified were also presented to the ARMC for the Management to revert with responses to mitigate gaps, if any are identified. A summary of the main activities of the internal audit function during FY2020 is presented in the Directors' Statement on Risk Management and Internal Control. The Group incurred a total fee of RM60,000 for the internal audit services rendered by the third party service provider during FY2020.

This Report is made in accordance with a resolution of the Board dated 8 April 2021.

DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors of Alcom Group Berhad ("AGB" or "the Company") recognises the importance of a sound system of risk management and internal controls in AGB group of companies ("the Group") to safeguard shareholders' investments, stakeholders' interests and the Group's assets.

This Statement stipulates the nature and key elements of the system of risk management and internal controls that the Group had in place for the financial year ended 31 December 2020 ("FY2020") and is prepared pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). It is guided by the principles and best practices relating to internal controls as stipulated in the Malaysian Code on Corporate Governance 2017.

The Board is pleased to provide the following Statement that has been prepared accordingly.

ROLES AND RESPONSIBILITIES

Board of Directors

The Board is responsible and accountable for the Group's system of risk management and internal controls and ensures the reliability and integrity of the financial and operational information, effectiveness and efficiency of operations, safeguarding of assets and compliance with all laws and regulations.

The Board has established an appropriate control environment and risk management framework for reviewing the adequacy and integrity of the system to continuously sustain and promote an effective governance structure within the Group.

The risk management and system of internal controls, no matter how well conceived and operated, can only manage rather than eliminate the risk of business failures. The system in place can provide only reasonable and not absolute assurance against material misstatements or loss.

Audit and Risk Management Committee

Board Committees such as the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee are established by the Board and they are governed by clearly defined terms of reference and authority for areas within their scope.

The Audit and Risk Management Committee which comprises entirely Independent Non-Executive Directors, assists the Board in:

- discharging its statutory duties and responsibilities relating to accounting and reporting practices of the Company and each of its subsidiaries;
- establishing a formal and transparent arrangement for maintaining an appropriate relationship with the Company's auditors;
- evaluating the quality of the audits performed by the Internal Auditors and External Auditors;
- providing assurance that the financial information presented by the Management is relevant, balanced, reliable and timely;
- overseeing compliance with laws and regulations and observance of a proper code of conduct;
- determining the quality, adequacy and effectiveness of the Group's control environment;
- identifying, evaluating, monitoring and managing the Group's risk management strategy, processes and principal risks to ensure that the Group establishes and maintains a sound system of risk management and internal controls to safeguard shareholders' investment and the Group's assets; and
- oversight responsibilities in relation to the Group's sustainability policies and practices.

DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT FRAMEWORK

The Group has in place an ongoing risk management process of identifying, analysing, evaluating, monitoring and managing the principal risks that the Group faces as it seeks to meet its business objectives. This process is embedded into the Group's management systems, culture, people, strategy, policies, structures, processes and procedures.

Manufacturing Segment

In FY2020, on a quarterly basis, all Unit/Section Leads, Managers and Departmental Heads reviewed and provided signed certifications of assurance that weaknesses in controls and risks identified during the review were adequately addressed.

For selected departments where the perceived risk is higher, all staff in those departments were involved in providing similar signed certifications of assurance. These written assurances were provided after they conducted reviews within their own areas of accountability.

In addition, the President cum Chief Executive Officer would review on a quarterly basis, the risk specific to each functional area together with the respective departmental heads to mitigate and manage both internal and external risks and uncertainties that may affect the manufacturing segment. The risk profile is established during these sessions facilitated by the Risk Management Working Group. Risks identified are assessed, categorised and rated based on the criteria set out to determine the appropriate risk response actions. The business risk is managed in a rapidly changing business environment with the following objectives:

- ensuring the continuity of supply of products to customers without disruption;
- safeguarding the assets and reputation;
- preserving the safety and health of the employees;
- protecting the interest of all stakeholders;
- ensuring compliance with internal policies and procedures as well as all applicable laws and regulations; and
- promoting an effective risk awareness culture.

For all operating and capital expenditures approved in the annual budget, spending is authorised based on predetermined levels set within the delegation of authority matrix. All requisitions and contracts are subject to prior reviews and approval before execution.

Property Development Segment

Senior Management of this segment is responsible to identify and manage business risks faced in order to ensure business operations are under control and targets achieved. Accordingly, the Risk Management Working Group has performed quarterly reviews to identify, assess and manage the risks faced by this segment with planned actions. This working group also raises issues of concern and provides feedback for Management's action on a timely manner.

Senior Management has identified the principal risks and mitigation measures as follows:

- **Project Cost Monitoring**

  The potential risk of project cost overrun is mitigated by closely monitoring the project's progress and budgetary control by the Project Team and the Consulting Quantity Surveyor. Any site changes triggering additional work must be authorised in advance by the Project Team; the relevant Project Consultant adheres to a formalised process to seek this authorisation prior to any instruction to the contractor.

DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT FRAMEWORK (continued)

Property Development Segment (continued)

- **Marketing and Sales Monitoring**

  Slow economic growth and weak consumer sentiment have affected demand for real estate in general, with confidence expected to return gradually as buyers and financiers are on a cautionary mode as they await stability to return before transacting. However, there has been a recent increased need for warehousing space and fulfilment centres as the pandemic has accelerated the rapid growth of e-commerce and supply chain disruptions. The EMHub project is perfectly positioned in this space as its industrial property is targeted to this category of buyers. EMHub's product offering has been designed to be versatile and utilised in a variety of ways; as a warehouse, a fulfilment centre, a showroom, an office or as a combination of any of these.

  To capitalise on these new trends, EMHub has leveraged on technology to develop more interactive marketing plans such as 360 Degree Google Street View and Matterport Virtual Tour for its completed mock-up unit. By leveraging on this technology, EMHub's sales consultants have a more personal interaction with prospects resulting from targeted digital marketing campaigns without these prospects having to physically visit the sales gallery or mock-up unit. Additionally, the marketing team has developed innovative promotional packages to market EMHub's product. All these efforts are expected to further steadily grow the sales for EMHub.

Construction Segment

Senior Management of this segment is responsible for implementing and maintaining sound systems of internal control and risk management in order to ensure business objectives are achieved. In FY2020, on a quarterly basis, all Departmental Heads have conducted reviews within their own areas of accountability and provided signed certifications of assurance that weaknesses in controls and risks identified, if any, during the review were adequately addressed. In the fourth quarter of FY2020, all staff in this segment have begun providing similar signed quarterly certifications of assurance.

INTERNAL AUDIT

The Board acknowledges the importance of internal audit function and has outsourced its internal audit function to an independent and competent third party service provider as part of its efforts to provide an adequate and effective system of internal control. The internal audit function is executed as per the annual audit plan approved by the Audit and Risk Management Committee.

The internal audit adopts a risk-based approach in developing its audit plan and addresses core auditable areas of the Group based on their risk profile.

Internal audit provides the Board, through the Audit and Risk Management Committee, with an independent opinion on the processes, risk exposures and system of internal controls of the Group. The internal audit function has a clear line of reporting to the Audit and Risk Management Committee and its performance is reviewed annually. Therefore, the internal audit function is independent of the operational and management activities it audits. The Internal Auditors review the existing system of internal controls and provide the Audit and Risk Management Committee with much of the assurance it requires regarding the adequacy and the effectiveness of the risk management process in place to identify, manage and control the proper conduct of business within the Group. The Internal Auditors also provide useful advice on control assurance activities and opportunities for improvement to the existing system of internal controls in place and propose corrective actions to eliminate shortcomings or deficiencies.

DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL AUDIT (continued)

The Audit and Risk Management Committee reviews and approves the scope of the internal audit. The results of the audit findings and recommendations for improvements are reported to the Audit and Risk Management Committee as well as to the Board on a timely basis. The respective Senior Management is responsible to ensure that recommended corrective actions are implemented within a reasonable time frame. Follow-up audits are conducted to ensure the shortcomings or deficiencies have been addressed accordingly.

During the financial year under review, the Internal Auditors performed reviews on the following selected areas of the manufacturing, property development and construction segments to assess the adequacy and effectiveness of the system of internal controls and to ensure compliance with their policies and procedures:

Manufacturing business

- Sales function with focus on:
  - Sales and marketing strategy

- Factory Operations with focus on:
  - Quality assurance processes covering ISO Standards, products held for inspection and calibration of equipment

- Compliance with guidelines on adequate procedures pursuant to Section 17A under the Malaysian Anti-Corruption Commission Act 2009 ("MACCA")

Property development business

- Property development function with focus on:
  - Development progress
  - Development expenditure
  - Profit recognition from development project

- Compliance with guidelines on adequate procedures pursuant to Section 17A under the MACCA

Construction business

- Construction function with focus on:
  - Construction expenditure

- Compliance with guidelines on adequate procedures pursuant to Section 17A under the MACCA

Based on the internal audit reviews carried out above, none of the matters highlighted for improvement that were noted by the Internal Auditors had resulted in any material loss, contingency or uncertainty that would require disclosure in this Annual Report. The Board continually takes measures to strengthen the control environment.

The Internal Auditors tabled the Internal Audit Plan for the manufacturing, property development and construction segments for Financial Year 2021 in the November 2020 Audit and Risk Management Committee meeting. This plan was reviewed and approved by the Audit and Risk Management Committee.

DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

KEY ELEMENTS OF THE INTERNAL CONTROL ENVIRONMENT

The current system of internal controls and risk management of the Group includes the following key elements:

- various Board Committees are chaired by the Independent Non-Executive Directors to oversee, monitor and review the Group's and Management's performances;
- an organisational structure with clearly defined roles and responsibilities with a hierarchical structure of reporting lines and accountability;
- setting annual plans that are in line with the Group's strategic direction;
- development of specific action plans to drive the achievement of various initiatives in line with the annual plans;
- weekly, monthly and ad hoc meetings consisting of departmental meetings, various cross functional meetings and head of departments' meetings for review and resolution of issues as well as to measure and monitor performance achievements;
- annual performance appraisals which are linked to the annual agreed performance targets with both quantitative and qualitative criteria to raise individual performance;
- structured training program for employees to maintain high standards on safety, code of conduct and to upgrade the competency levels of their respective professions;
- terms of reference and delegation of responsibilities to committees of the Board and business operating units, including proper authorisation for all aspects and levels of the business within the Group;
- quarterly board meetings to set the Group's goals and objectives, review business operations, to approve significant transactions as well as to approve releases of quarterly and annual financial results;
- documentation and quarterly update of risk management and internal controls' policies and procedures as set out in the standard operating policies and procedural manuals. These manuals include credit, quality, safety, health and environment;
- quarterly certification for the manufacturing segment by various levels of employees and representation letters by the Management to the Board on assurances of risk management, internal controls and compliance; and
- a whistle-blowing procedure is in place that forms part of the Group's Code of Conduct. This provides an avenue for employees/public to report/complain of any wrongdoing by any employee of the Group, or any breach or suspected breach of any laws or standards in a safe and confidential manner.

These serve to reaffirm that the risk management and control framework is embedded into the culture, processes and structures of the Group.

CONTROL ASSURANCE OVER FINANCIAL REPORTING

The Management continues its practice of making periodical representations as well as certifications to the Board. These representations serve as a commitment of management assurance on risk management and that the systems of internal controls are in place to ensure financial reporting accuracy.

During FY2020, the Board has received these assurances from the President cum Chief Executive Officer and Director, Finance that the Group's risk management and systems of internal controls are operating adequately in all material aspects based on the framework adopted by the Group.

DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the MMLR of Bursa Securities, 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 FY2020, and reported to the Board that nothing has come to their attention that cause them to believe that the Statement intended to be included in the Annual Report of the Group, in all material respects:

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

(b) is factually inaccurate.

AAPG 3 does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk Management and internal control system including the assessment and opinion by the Board of Directors and Management thereon. The Auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

CONCLUSION

The Board's ongoing focus on effective risk oversight has been critical to setting the tone and culture towards effective risk management and internal controls in the Group. The Board is of the view that the system of internal controls and risk management are in place for the current financial year under review, and up to the approval of this Statement, is sufficient to safeguard the Group's assets, as well as the shareholders' investments, stakeholders' interests and the Group's assets.

This Statement is made in accordance with a resolution of the Board dated 8 April 2021.

RESPONSIBILITY STATEMENT BY THE BOARD OF DIRECTORS

In the course of preparing the annual financial statements of Alcom Group Berhad ("the Company") and its group of companies ("the Group"), the Directors are collectively responsible for ensuring that these financial statements are drawn up in accordance with the requirements of the applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards, the provisions of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

It is the responsibility of the Directors to ensure that the financial statements present a true and fair view of the state of affairs of the Group and of the Company for the financial year ended 31 December 2020 and of the results of the business and cash flows of the Group and of the Company for the financial year ended 31 December 2020.

In preparing the financial statements for the financial year ended 31 December 2020, the Directors have applied appropriate and relevant accounting policies consistently and in accordance with the applicable accounting standards and made judgements and estimates that are reasonable and fair.

The financial statements are prepared on a going concern basis and the Directors have ensured that proper accounting records are kept which enable the financial statements to be prepared with reasonable accuracy.

This statement is made in accordance with a resolution of the Board dated 8 April 2021.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities whilst the principal activities of its subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

SUBSIDIARIES

The details of the subsidiaries are disclosed in Note 6 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	**1,316**	**434**

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.

DIVIDEND

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

DIRECTORS OF THE COMPANY

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

Heon Chee Shyong
Yeoh Jin Hoe
Wong Choon Shein
Dato' Eng Kim Liong
Ang Loo Leong
Dato' Seri Subahan Bin Kamal
Lam Voon Kean
Marc Francis Yeoh Min Chang (Alternate Director to Yeoh Jin Hoe)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

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:

	Aluminium Company of Malaysia Berhad	Alcom Nikkei Specialty Coatings Sdn. Bhd.	Alcom Dach&Wand Sdn. Bhd.	SCLand Development Sdn. Bhd.	EM Hub Sdn. Bhd.	AGB Builders Sdn. Bhd.
Heon Chee Shyong	✓	✓	✓			
Yeoh Jin Hoe	✓			✓	✓	✓
Dato' Eng Kim Liong				✓	✓	
Ang Loo Leong				✓	✓	✓
Marc Francis Yeoh Min Chang	✓(*)	✓				
Keith Christopher Yeoh Min Kit	✓	✓	✓	✓	✓	✓
Shaun Patrick Yeoh Min Jin		✓	✓			✓(*)
Bernard William A/L William G. Gomez		✓				
James Lim Cheong Sing			✓			
Yee Po Wai			✓			
Dato' Yong How Choong				✓(i)	✓(i)	✓
Dato' Lim Chee Khoon				✓(ii)	✓(ii)	

(i) Appointed on 11 June 2020
(ii) Retired on 10 June 2020
(*) Alternate Director to Yeoh Jin Hoe

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of 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 1.1.2020	Bought	Sold	At 31.12.2020
Deemed interests in the Company:				
Yeoh Jin Hoe	38,638,998	3,892,700	–	42,531,698
Dato' Eng Kim Liong	39,675,554	–	–	39,675,554
Ang Loo Leong	39,675,554	–	–	39,675,554

By virtue of their interests in the shares of the Company, Yeoh Jin Hoe, Dato' Eng Kim Liong and Ang Loo Leong are also deemed interested in the shares of the subsidiaries during the financial year to the extent that the Company has an interest.

None of the other Directors holding office at 31 December 2020 had any interest in the shares of the Company and of its related corporations during the financial year.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

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 fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than certain Directors who have substantial financial interests in companies which transacted with certain companies in the Group in the ordinary course of business as disclosed in Note 32 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

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

There were no debentures 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 Directors and officers of the Group and of the Company are covered by Directors and Officers Liability Insurance ("D&O Insurance") for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The total amount of D&O Insurance effected for the Directors and Officers of the Group was RM6,000,000. The insurance premium for the D&O Insurance paid by the Group during the financial year amounted to RM15,900. There was no indemnity given to or insurance effected for the auditors of the Company.

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 has been 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.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

OTHER STATUTORY INFORMATION (continued)

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

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

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

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

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

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

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2020 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.

AUDITORS

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

The auditors' remuneration is disclosed in Note 25 to the financial statements.

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

Yeoh Jin Hoe
Director

Heon Chee Shyong
Director

Klang, Selangor

Date: 8 April 2021

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Assets					
Property, plant and equipment	3	**57,922**	63,781	**–**	–
Right-of-use assets	4	**14,805**	15,293	**–**	–
Intangible assets	5	**2,722**	3,440	**–**	–
Investments in subsidiaries	6	**–**	–	**102,917**	102,917
Deferred tax assets	7	**1,979**	810	**–**	–
Total non-current assets		**77,428**	83,324	**102,917**	102,917
Inventories	8	**213,899**	182,673	**–**	–
Contract assets	9	**1,628**	2,058	**–**	–
Contract costs	10	**22,233**	23,363	**–**	–
Trade receivables	11	**26,095**	24,198	**–**	–
Other receivables and prepayments	12	**14,980**	4,353	**1,343**	2,687
Current tax assets		**3,227**	1,774	**–**	–
Derivative financial instruments	13	**570**	334	**–**	–
Cash and cash equivalents	14	**48,109**	51,929	**11**	10
Total current assets		**330,741**	290,682	**1,354**	2,697
Total assets		**408,169**	374,006	**104,271**	105,614
Equity					
Share capital	15	**104,778**	104,778	**104,778**	104,778
Retained earnings/ (Accumulated losses)		**18,676**	17,360	**(1,315)**	(1,749)
Total equity		**123,454**	122,138	**103,463**	103,029
Liabilities					
Loans and borrowings	16	**140,311**	143,105	**–**	–
Provision for gratuity scheme	17	**4,105**	4,277	**–**	–
Lease liabilities		**1,087**	1,299	**–**	–
Deferred tax liabilities	7	**1,019**	3,051	**–**	–
Total non-current liabilities		**146,522**	151,732	**–**	–
Loans and borrowings	16	**32,131**	7,947	**–**	–
Lease liabilities		**999**	1,100	**–**	–
Trade payables	18	**59,028**	41,321	**–**	–
Other payables and accruals	19	**17,406**	26,332	**312**	566
Contract liabilities	9	**28,342**	22,728	**–**	–
Amount due to a subsidiary	20	**–**	–	**496**	2,019
Derivative financial instruments	13	**146**	–	**–**	–
Provision for taxation		**141**	708	**–**	–
Total current liabilities		**138,193**	100,136	**808**	2,585
Total liabilities		**284,715**	251,868	**808**	2,585
Total equity and liabilities		**408,169**	374,006	**104,271**	105,614

The notes on pages 79 to 135 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	21	**316,402**	372,653	**1,343**	2,687
Other operating income	22	**2,219**	1,237	**2**	–
Changes in inventories of raw materials, work-in-progress and finished goods		**5,857**	4,692	**–**	–
Raw materials and consumables used		**(197,973)**	(255,816)	**–**	–
Property development and construction costs		**(37,825)**	(22,271)	**–**	–
Staff costs	23	**(32,462)**	(35,892)	**(463)**	(543)
Utilities and fuel		**(19,577)**	(22,437)	**–**	–
Depreciation of:					
- property, plant and equipment	3	**(9,022)**	(8,464)	**–**	–
- right-of-use assets	4	**(1,486)**	(1,285)	**–**	–
Amortisation of intangible assets		**(734)**	(901)	**–**	–
Upkeep, repairs and maintenance of assets		**(7,442)**	(9,806)	**–**	–
Allowance for inventory write-down	25	**(1,023)**	(70)	**–**	–
Environmental costs		**(500)**	(434)	**–**	–
Interest expenses	24	**(5,059)**	(6,099)	**–**	–
Net (loss)/gain on impairment of financial instruments	25	**(109)**	3	**–**	–
Other operating expenses		**(10,383)**	(11,472)	**(448)**	(521)
Profit before tax	25	**883**	3,638	**434**	1,623
Tax income/(expense)	26	**433**	(3,315)	**–**	–
Profit for the year		**1,316**	323	**434**	1,623
Other comprehensive expense, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Actuarial loss on gratuity scheme		**–**	(690)	**–**	–
Taxation relating to the actuarial loss on gratuity scheme		**–**	166	**–**	–
Other comprehensive expense for the year, net of tax		**–**	(524)	**–**	–
Total comprehensive income/(expense) for the year		**1,316**	(201)	**434**	1,623

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Profit for the year attributable to owners of the Company		**1,316**	323	**434**	1,623
Total comprehensive income/ (expense) for the year attributable to owners of the Company		**1,316**	(201)	**434**	1,623
Basic earnings per ordinary share (sen)	27	**0.98**	0.24		

The notes on pages 79 to 135 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Group		
	Share capital RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2019	104,778	17,561	122,339
Profit for the year	–	323	323
Actuarial loss on gratuity scheme, net of tax	–	(524)	(524)
Total comprehensive expense for the financial year	–	(201)	(201)
At 31 December 2019/1 January 2020	**104,778**	**17,360**	**122,138**
Profit for the year	**–**	**1,316**	**1,316**
Total comprehensive income for the financial year	**–**	**1,316**	**1,316**
At 31 December 2020	**104,778**	**18,676**	**123,454**
	Note 15		

	Company		
	Share capital RM'000	Accumulated losses RM'000	Total equity RM'000
At 1 January 2019	104,778	(3,372)	101,406
Profit for the year	–	1,623	1,623
Total comprehensive income for the year	–	1,623	1,623
At 31 December 2019/1 January 2020	**104,778**	**(1,749)**	**103,029**
Profit for the year	**–**	**434**	**434**
Total comprehensive income for the year	**–**	**434**	**434**
At 31 December 2020	**104,778**	**(1,315)**	**103,463**
	Note 15		

The notes on pages 79 to 135 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash flows from operating activities					
Profit before tax:		**883**	3,638	**434**	1,623
Adjustments for:					
Allowance for inventory write-down	8	**1,023**	70	**–**	–
Amortisation of intangible assets	5	**742**	901	**–**	–
Bad debts written off		**–**	21	**–**	–
Depreciation of:					
- property, plant and equipment	3	**9,071**	8,480	**–**	–
- right-of-use assets	4	**1,486**	1,285	**–**	–
Dividend income	21	**–**	–	**(1,343)**	(2,687)
Gain on disposal of property, plant and equipment		**(46)**	(34)	**–**	–
Interest expenses	24	**5,059**	6,099	**–**	–
Interest expense on lease liabilities	25	**160**	138	**–**	–
Interest income		**(580)**	(1,111)	**(2)**	–
Net fair value (gain)/loss on currency forwards	25	**(90)**	109	**–**	–
Property, plant and equipment written off		**–**	16	**–**	–
Provision for gratuity scheme	17	**408**	438	**–**	–
Net impairment loss/(gain) on financial assets	25	**109**	(3)	**–**	–
Reversal of impairment loss on property, plant and equipment	3	**–**	(7)	**–**	–
Unrealised foreign exchange gain	25	**(407)**	(11)	**–**	–
Operating profit/(loss) before changes in working capital		**17,818**	20,029	**(911)**	(1,064)
Changes in working capital:					
Inventories		**(29,122)**	(8,375)	**–**	–
Receivables		**(12,119)**	19,197	**–**	1
Payables		**9,612**	13,415	**(254)**	200
Contract assets		**430**	(925)	**–**	–
Contract costs		**1,130**	(24,496)	**–**	–
Contract liabilities		**5,614**	22,728	**–**	–
Subsidiary		**–**	–	**(1,523)**	1,618
Cash (used in)/generated from operations		**(6,637)**	41,573	**(2,688)**	755

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Gratuity paid	17	**(888)**	(837)	**–**	–
Tax paid		**(4,788)**	(6,014)	**–**	–
Net cash (used in)/from operating activities		**(12,313)**	34,722	**(2,688)**	755
Cash flows from investing activities					
Purchase of:					
- property, plant and equipment	(ii)	**(3,688)**	(17,720)	**–**	–
- intangible assets		**(24)**	(3,093)	**–**	–
Proceeds from disposal of property, plant and equipment		**162**	97	**–**	–
Dividends received		**–**	–	**2,687**	–
Interest received		**580**	1,104	**2**	–
Investment in a subsidiary		**–**	–	**–**	(750)
Net cash (used in)/from investing activities		**(2,970)**	(19,612)	**2,689**	(750)
Cash flows from financing activities					
Changes in deposits pledged		**–**	(44)	**–**	–
Net drawdowns of loans and borrowings		**21,390**	4,192	**–**	–
Payment of lease liabilities		**(1,471)**	(1,240)	**–**	–
Interest paid		**(8,186)**	(6,789)	**–**	–
Net cash from/(used in) financing activities		**11,733**	(3,881)	**–**	–
Net (decrease)/increase in cash and cash equivalents		**(3,550)**	11,229	**1**	5
Foreign exchange differences		**(270)**	424	**–**	–
Cash and cash equivalents at beginning of the financial year		**50,781**	39,128	**10**	5
Cash and cash equivalents at end of the financial year		**46,961**	50,781	**11**	10

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

Notes to statements of cash flows

(i) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Deposits placed with licensed banks		**1,421**	5,881	**–**	–
Cash at banks		**46,688**	46,048	**11**	10
	14	**48,109**	51,929	**11**	10
Less: Pledged deposits	14	**(1,148)**	(1,148)	**–**	–
		46,961	50,781	**11**	10

(ii) Non-cash transaction

Investing activities

During the previous financial year, RM682,000 of interest cost of the Group was capitalised into additions to the projects-in-progress. The capitalisation rate applied to capitalise interest cost to be capitalised was 5.30%.

(iii) Cash outflows for leases as a lessee

	Note	Group 2020 RM'000	Group 2019 RM'000
Included in net cash from financing activities:			
Interest paid in relation to lease liabilities	25	**160**	138
Payment of lease liabilities		**1,311**	1,102
Total cash outflows for leases		**1,471**	1,240

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

Notes to statements of cash flows (continued)

(iv) Reconciliation of movements of liabilities to cash flows arising from financing activities

	Group						
	At 1.1.2019 RM'000	Addition of new leases RM'000	Net changes from financing cash flows RM'000	At 31.12.2019/ 1.1.2020 RM'000	Additions of new leases RM'000	Net changes from financing cash flows RM'000	At 31.12.2020 RM'000
Term loans	142,432	–	(27,939)	**114,493**	**–**	**(19,978)**	**94,515**
Hire purchase liabilities	533	–	(116)	**417**	**–**	**(60)**	**357**
Revolving credits	2,945	–	32,373	**35,318**	**–**	**21,682**	**57,000**
Bridging loans	–	–	–	**–**	**–**	**20,565**	**20,565**
Corporate credit card facility from a financial institution	950	–	(126)	**824**	**–**	**(819)**	**5**
Lease liabilities	2,013	1,488	(1,102)	**2,399**	**998**	**(1,311)**	**2,086**
Total liabilities from financing activities	148,873	1,488	3,090	**153,451**	**998**	**20,079**	**174,528**

The notes on pages 79 to 135 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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

Principal place of business/Registered office
No. 3, Persiaran Waja
Bukit Raja Industrial Estate
41050 Klang
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”). The financial statements of the Company as at and for the financial year ended 31 December 2020 do not include other entities.

The Company is principally engaged in investment holding activities whilst the principal activities of its subsidiaries are as stated in Note 6 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 8 April 2021.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act 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 by the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 June 2020

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 April 2021

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

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 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)**
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)**

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts**
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*

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 Company plan to apply the abovementioned accounting standards, interpretations and amendments, except for those marked as ("*") which are not applicable to the Group and to the Company.

The initial application of the accounting standards, interpretations or amendments is not expected to have any material financial impact 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 those disclosed in the following notes:

i) Note 5 – Intangible assets
ii) Note 7 – Recognition of deferred tax assets
iii) Note 8 and Note 21 – Estimation of revenue and budgeted costs for property development and construction projects

2. *SIGNIFICANT ACCOUNTING POLICIES*

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

(a) Basis of consolidation

(i) Subsidiaries

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

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations

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

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

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

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

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

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

(iii) 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

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 date, 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.

NOTES TO THE FINANCIAL STATEMENTS

2. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

(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.

(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(k)(i)) where the effective interest rate is applied to the amortised cost.

(b) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income 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, are subject to impairment assessment (see Note 2(k)(i)).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

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

Financial liabilities

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

(a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), 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 or the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) Amortised cost

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

(c) Financial instruments (continued)

(iii) Financial guarantee contracts

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

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

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

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

(iv) Derecognition

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

(v) 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less 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. All other repairs and maintenance are recognised as expenses in the profit or loss during the financial year in which they are incurred.

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

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

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

(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. Property, plant and equipment under construction (projects-in-progress) are not depreciated until the assets are ready for their intended use.

Leasehold land is amortised over lease tenure of 99 years. The estimated useful lives for the current and comparative periods are as follows:

Buildings	33 years
Plant and machineries	5 - 25 years
Equipment and vehicles	3 - 10 years
Renovation	5 years

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

NOTES TO THE FINANCIAL STATEMENTS

2. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

(e) 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.

(ii) Recognition and initial measurement

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, the respective Group entities incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Leases (continued)

(ii) Recognition and initial measurement (continued)

As a lessee (continued)

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 not applied the practical expedient to not 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. Therefore, such leases are accounted for similarly to other leases.

(iii) Subsequent measurement

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.

NOTES TO THE FINANCIAL STATEMENTS

2. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

(f) Intangible assets

(i) Goodwill

Goodwill which arises on business combinations is measured at cost less any accumulated impairment losses.

(ii) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and any accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(iv) Amortisation

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that it may be impaired.

Other intangible assets are amortised from the date they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets under project-in-progress are not amortised until the intangible assets are ready for their intended use.

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

Construction contracts	2 years
Computer software	3 - 5 years

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

(g) Inventories

(i) Trading and manufacturing inventories

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

The cost of inventories is calculated using the weighted average 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 finished goods, cost includes an appropriate share of direct labour and production overheads based on normal operating capacity.

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

NOTES TO THE FINANCIAL STATEMENTS

2. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

(g) Inventories (continued)

(ii) Properties under development

Properties under development comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Property development costs are classified as current at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the Group's normal operating cycle of 4 to 5 years.

When the financial development and construction activities have commenced, the financial outcome of the development revenue will be recognised for the development units sold and determined by reference to the stage of completion of the development activity at the balance sheet date.

Costs of properties under development not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.

(h) Contract asset/Contract liability

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* (see note 2(k)(i)).

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(i) Contract cost

(i) Incremental cost of obtaining a contract

The Group recognises incremental costs of obtaining contracts when the Group expects to recover these costs.

(ii) Cost to fulfill a contract

The Group recognises a contract cost that relates directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group, will be used in satisfying performance obligations in the future and it is expected to be recovered.

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in the profit or loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

NOTES TO THE FINANCIAL STATEMENTS

2. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

(j) Cash and cash equivalents

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

(k) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost and contract assets. 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, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balances and other debt securities 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 and contract assets 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment (continued)

(ii) Other assets

The carrying amounts of other assets (except for inventories, contract assets 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 goodwill, the recoverable amount is estimated each period at the same time.

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

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

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

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

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior years 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.

(l) Equity instruments

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

NOTES TO THE FINANCIAL STATEMENTS

2. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

(m) 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 if the Group and the Company have 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 and the Company'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.

(iii) Defined benefit plans

The Group's net obligation in respect of defined benefit retirement plans arises from its subsidiaries and relates to long-term and post-employment benefits, such as pension, severance pay, service pay and other benefits.

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 biennially 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.

Re-measurements 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.

NOTES TO THE FINANCIAL STATEMENTS

2. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

(n) Provisions

A provision is recognised if, as a result of a past event, the Group and the Company have 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.

(o) Revenue and other income

(i) Revenue

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 Group’s or the Company’s right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iii) Interest income

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

(iv) Government grants

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same period in which the expenses are recognised.

NOTES TO THE FINANCIAL STATEMENTS

2. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

(p) Borrowing costs

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

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

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

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

(q) 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.

2. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

(r) Earnings per ordinary share

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

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

(s) Operating segments

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

(t) Fair value measurements

Fair value of an asset or a liability, except for 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 and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company 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 and the Company recognise 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					
	Buildings RM'000	Plant and machineries RM'000	Equipment and vehicles RM'000	Renovation RM'000	Projects-in-progress RM'000	Total RM'000
Cost						
At 1 January 2019	30,736	282,445	12,577	2,233	7,047	335,038
Additions	–	3,250	234	13	14,905	18,402
Disposals	–	(2,226)	(135)	–	–	(2,361)
Written-off	(531)	(3,098)	(604)	–	–	(4,233)
Reclassifications	12,578	9,045	71	–	(21,694)	–
At 31 December 2019/ 1 January 2020	**42,783**	**289,416**	**12,143**	**2,246**	**258**	**346,846**
Additions	**168**	**2,573**	**381**	**–**	**566**	**3,688**
Disposals	**–**	**(137)**	**(412)**	**–**	**–**	**(549)**
Written-off	**–**	**(321)**	**(61)**	**–**	**–**	**(382)**
Reclassifications	**–**	**258**	**–**	**–**	**(258)**	**–**
Reversal of over accrued costs	**(360)**	**–**	**–**	**–**	**–**	**(360)**
At 31 December 2020	**42,591**	**291,789**	**12,051**	**2,246**	**566**	**349,243**
Depreciation and impairment loss						
At 1 January 2019						
Accumulated depreciation	24,831	245,450	9,971	37	–	280,289
Accumulated impairment loss	–	818	–	–	–	818
	24,831	246,268	9,971	37	–	281,107
Depreciation for the year	808	6,111	1,113	448	–	8,480
Disposals	–	(2,173)	(125)	–	–	(2,298)
Written-off	(532)	(3,082)	(603)	–	–	(4,217)
Reversal of impairment loss	–	(7)	–	–	–	(7)
At 31 December 2019/ 1 January 2020						
Accumulated depreciation	**25,107**	**246,306**	**10,356**	**485**	**–**	**282,254**
Accumulated impairment loss	**–**	**811**	**–**	**–**	**–**	**811**
	25,107	**247,117**	**10,356**	**485**	**–**	**283,065**
Depreciation for the year	**1,287**	**6,548**	**786**	**450**	**–**	**9,071**
Disposals	**–**	**(124)**	**(309)**	**–**	**–**	**(433)**
Written-off	**–**	**(321)**	**(61)**	**–**	**–**	**(382)**
At 31 December 2020						
Accumulated depreciation	**26,394**	**252,409**	**10,772**	**935**	**–**	**290,510**
Accumulated impairment loss	**–**	**811**	**–**	**–**	**–**	**811**
	26,394	**253,220**	**10,772**	**935**	**–**	**291,321**

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (continued)

	Group					
	Buildings RM'000	Plant and machineries RM'000	Equipment and vehicles RM'000	Renovation RM'000	Projects-in-progress RM'000	Total RM'000
Carrying amounts						
At 1 January 2019	5,905	36,177	2,606	2,196	7,047	53,931
At 31 December 2019/ 1 January 2020	**17,676**	**42,299**	**1,787**	**1,761**	**258**	**63,781**
At 31 December 2020	**16,197**	**38,569**	**1,279**	**1,311**	**566**	**57,922**

3.1 As at 31 December 2020, the net carrying amount of equipment and vehicles under hire purchase arrangements is RM318,000 (2019: RM460,000).

3.2 During the previous financial year, RM682,000 of interest cost was capitalised into additions to the projects-in-progress. The capitalisation rate applied to capitalise interest cost was 5.30%.

3.3 During the financial year, depreciation expense amounting to RM49,000 (2019: RM16,000) is recognised in property development and construction costs.

4. RIGHT-OF-USE ASSETS

	Group				
	Leasehold land RM'000	Buildings RM'000	Equipment RM'000	Vehicles RM'000	Total RM'000
At 1 January 2019	13,159	630	169	1,132	15,090
Additions	–	891	566	31	1,488
Depreciation for the year	(189)	(408)	(200)	(488)	(1,285)
At 31 December 2019/ 1 January 2020	**12,970**	**1,113**	**535**	**675**	**15,293**
Additions	**–**	**400**	**389**	**209**	**998**
Depreciation for the year	**(190)**	**(583)**	**(222)**	**(491)**	**(1,486)**
At 31 December 2020	**12,780**	**930**	**702**	**393**	**14,805**

NOTES TO THE FINANCIAL STATEMENTS

4. RIGHT-OF-USE ASSETS (continued)

4.1 The Group has a 99 year leasehold land. The leasehold land is pledged for bank facilities granted to the Group (see Note 16.1).

4.2 The Group leases a number of buildings, equipment and vehicles. The lease term ranges from one year to five years. Lease payments remain constant throughout the lease terms. Some leases contain extension options exercisable by the Group up to three years before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The Group assesses at lease commencement whether it is reasonably certain to exercise the renewal options. The Group reassesses whether it is reasonably certain to exercise the options if there are significant events or significant changes in circumstances within its control.

The extension options of all leases are currently included in the lease term as the Group assessed that it is reasonably certain to exercise the extension options, which is supported by the high historical rate of extensions exercised by the Group. Hence, as at 31 December 2020 and 31 December 2019, there are no potential future lease payments not included in lease liabilities.

5. INTANGIBLE ASSETS

	Group				
	Goodwill RM'000	Construction contracts RM'000	Computer Software RM'000	Projects-in-progress RM'000	Total RM'000
Cost					
At 1 January 2019	–	–	2,433	130	2,563
Additions	2,293	713	87	–	3,093
At 31 December 2019/ 1 January 2020	**2,293**	**713**	**2,520**	**130**	**5,656**
Additions	**–**	**–**	**24**	**–**	**24**
Written-off	**–**	**–**	**(1)**	**–**	**(1)**
At 31 December 2020	**2,293**	**713**	**2,543**	**130**	**5,679**
Amortisation					
At 1 January 2019	–	–	1,315	–	1,315
Amortisation for the year	–	404	497	–	901
At 31 December 2019/ 1 January 2020	**–**	**404**	**1,812**	**–**	**2,216**
Amortisation for the year	**–**	**309**	**433**	**–**	**742**
Written-off	**–**	**–**	**(1)**	**–**	**(1)**
At 31 December 2020	**–**	**713**	**2,244**	**–**	**2,957**
Carrying amounts					
At 1 January 2019	–	–	1,118	130	1,248
At 31 December 2019/ 1 January 2020	**2,293**	**309**	**708**	**130**	**3,440**
At 31 December 2020	**2,293**	**–**	**299**	**130**	**2,722**

NOTES TO THE FINANCIAL STATEMENTS

5. INTANGIBLE ASSETS (continued)

5.1 During the financial year, RM8,000 of amortisation is recognised in property development and construction costs.

5.2 The recoverable amount of cash-generating unit ("CGU") allocated to Alcom Dach&Wand Sdn. Bhd. was based on its value in use which was estimated based on the present value of the future cash flows expected to be derived from the CGU. The recoverable amount of the CGU was estimated to be higher than the carrying amount of goodwill, hence no impairment was required.

5.3 Value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the unit and was based on the following key assumptions:

- Cash flows were projected based on past experience, actual operating results and 5-year forecasts;

- Revenue was projected at about RM15,000,000 for 2021 with an increase of 10% per annum thereafter till 2025;

- Profit margin was projected at 25% for each financial year from 2021 to 2025; and

- Pre-tax discount rate applied by the Group is 10% (2019: 10%) when determining the recoverable amount of the CGU. The discount rate was estimated based on an industry weighted average cost of capital.

The values assigned to the key assumptions represent management's assessment of the CGU's anticipated growth and are based on both external sources and internal sources (historical data).

The above estimates are not particularly sensitive.

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020 RM'000	**2019 RM'000**
Cost of investments	**102,917**	102,917

NOTES TO THE FINANCIAL STATEMENTS

6. *INVESTMENTS IN SUBSIDIARIES (continued)*

Details of the subsidiaries are as follows:

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2020 %	2019 %
Aluminium Company of Malaysia Berhad	Malaysia	Manufacturing and trading of aluminium sheet and foil products	**100**	100
and its subsidiaries				
Alcom Nikkei Specialty Coatings Sdn. Bhd.	Malaysia	Manufacturing and trading of precoated aluminium finstocks for use in air conditioners	**100**	100
Alcom Dach&Wand Sdn. Bhd.	Malaysia	Supply and installation of roof and cladding systems, and steel structure construction	**100**	100
SCLand Development Sdn. Bhd.	Malaysia	Investment holding	**100**	100
and its subsidiary				
EM Hub Sdn. Bhd.	Malaysia	Property development activities	**100**	100
AGB Builders Sdn. Bhd.	Malaysia	Building and construction business	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

7. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Group					
	Assets		Liabilities		Net	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Property, plant and equipment	**–**	–	**(8,152)**	(8,847)	**(8,152)**	(8,847)
Right-of-use assets	**–**	–	**(2,647)**	(1,751)	**(2,647)**	(1,751)
Provisions	**3,760**	4,964	**(105)**	(177)	**3,655**	4,787
Lease liabilities	**2,767**	1,802	**–**	–	**2,767**	1,802
Tax loss carry forwards	**1,713**	658	**–**	–	**1,713**	658
Capital allowances carry-forwards	**1,862**	1,110	**–**	–	**1,862**	1,110
Other items	**1,794**	–	**(32)**	–	**1,762**	–
Tax assets/(liabilities)	**11,896**	8,534	**(10,936)**	(10,775)	**960**	(2,241)
Set off of tax	**(9,917)**	(7,724)	**9,917**	7,724	**–**	–
Net tax assets/(liabilities)	**1,979**	810	**(1,019)**	(3,051)	**960**	(2,241)

Unrecognised deferred tax assets

In the previous financial year, deferred tax assets had not been recognised in respect of the following items (stated at gross):

	Group	
	2020 RM'000	2019 RM'000
Other deductible temporary differences	**–**	2,755

During the current financial year, management revised its estimates as EM Hub Sdn. Bhd., a subsidiary of the Group started to make profits. Deferred tax assets have been recognised in respect of these items to the extent it is probable that future taxable profit will be available against which the entity can utilise the benefits therefrom.

8. INVENTORIES

	Note	Group	
		2020 RM'000	2019 RM'000
Trading and manufacturing inventories	8.1	**79,525**	73,668
Properties under development	8.2	**134,374**	109,005
		213,899	182,673

NOTES TO THE FINANCIAL STATEMENTS

8. INVENTORIES (continued)

8.1 Trading and manufacturing inventories

	Group	
	2020	**2019**
	RM'000	**RM'000**
Metal inventories		
Raw materials	**10,926**	16,241
Work-in-progress	**32,567**	25,214
Finished goods	**24,404**	21,204
	67,897	62,659
Non-metal inventories		
Operating supplies and spare parts	**11,628**	11,009
	79,525	73,668
Recognised in profit or loss:		
Inventories recognised in profit or loss	**255,858**	329,525
Allowance for inventory write-down	**1,023**	70

Due to the increase in metal inventories and non-metal inventories which are long aged, management wrote down certain inventories to their net realisable value.

8.2 Properties under development

	Group	
	2020	**2019**
	RM'000	**RM'000**
Land	**66,871**	71,833
Development costs	**67,503**	37,172
	134,374	109,005

During the financial year, interest amounting to RM3,126,000 (2019: RM2,794,000) was capitalised to the development costs. The capitalisation rate applied to capitalised interest cost is 4.25% to 6.08% (2019: 5.30%).

Land under properties under development is pledged to secure credit facilities granted to the Group (see Note 16.1).

NOTES TO THE FINANCIAL STATEMENTS

8. INVENTORIES (continued)

8.3 Estimation uncertainty and critical judgements

The Group estimates revenue and budgeted costs for property development projects based on the following key assumptions:

- Revenue on development projects has been projected based on the estimated market selling price of the units; and
- The property development costs have been projected based on prevailing costs of construction and such costs are reviewed on an ongoing basis.

Any revision to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

9. CONTRACT ASSETS/(LIABILITIES)

	Note	Group 2020 RM'000	Group 2019 RM'000
Contract assets	9.1	**1,628**	2,058
Contract liabilities	9.2	**28,342**	22,728

9.1 The contract assets primarily relate to the Group's rights to consideration for work completed on construction contracts but not yet billed at the reporting date. Typically, the amount will be billed within 30 days and payment is expected within 30 days.

9.2 The contract liabilities primarily relate to the advance consideration received from customers where invoices or progress billings were issued in advance.

The changes in contract assets and liabilities during the current and previous financial years are due to billings issued and revenue recognised.

10. CONTRACT COSTS

	Note	Group 2020 RM'000	Group 2019 RM'000
Cost to obtain a contract	10.1	**6,864**	3,219
Cost to fulfill a contract	10.2	**15,369**	20,144
		22,233	23,363

NOTES TO THE FINANCIAL STATEMENTS

10. CONTRACT COSTS (continued)

10.1 Cost to obtain a contract primarily comprises incremental sales commission fees paid to intermediaries as a result of obtaining contracts. The capitalised sales commission fees are expensed to profit or loss over time based on the percentage of completion.

	2020 RM'000	2019 RM'000
Cost to obtain a contract recognised as property development and construction costs in profit or loss	**(1,082)**	(3,291)

10.2 Land costs and development costs that are attributable to the sold property units are capitalised as contract costs during the financial year. The capitalised costs are expensed to profit or loss over time based on the percentage of completion.

	2020 RM'000	2019 RM'000
Cost to fulfill a contract recognised as property development and construction costs in profit or loss	**(33,289)**	(18,980)

11. TRADE RECEIVABLES

	Note	Group 2020 RM'000	Group 2019 RM'000
Trade receivables	11.1	**25,518**	24,001
Companies that a substantial shareholder of the Company has interests	11.2	**577**	197
		26,095	24,198

11.1 The credit terms of trade receivables range from 7 days to 90 days (2019: 7 days to 90 days).

The Group has entered into non-recourse receivables financing agreements with a financial institution 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 institution. As at the end of the financial year, a total of RM15,400,000 (2019: RM29,360,000) has been derecognised from the trade receivables balance.

11.2 The trade balances due from companies that a substantial shareholder has interests have credit terms ranging from 30 days to 60 days (2019: 30 days to 60 days).

12. OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Dividends receivable	**–**	–	**1,343**	2,687
Other receivables	**2,499**	1,981	**–**	–
Advance payments to suppliers	**10,090**	838	**–**	–
Prepayments	**1,432**	1,117	**–**	–
Deposits	**822**	359	**–**	–
Staff advances	**137**	58	**–**	–
	14,980	4,353	**1,343**	2,687

Included in other receivables is Goods and Services Tax receivable of RM1,462,000 (2019: RM1,486,000).

13. DERIVATIVE FINANCIAL INSTRUMENTS

	Group					
	<--------------- 2020	--------------	-------------->	<--------------- 2019	---------------	--------------->
	Nominal value RM'000	**Assets RM'000**	**Liabilities RM'000**	**Nominal value RM'000**	**Assets RM'000**	**Liabilities RM'000**
Derivatives held for trading at fair value through profit or loss						
- Forward exchange contracts (Note a)	**54,532**	**570**	**–**	34,340	327	–
- Forward exchange contracts (Note b)	**24,043**	**–**	**(146)**	14,675	7	–
	78,575	**570**	**(146)**	49,015	334	–

Forward foreign exchange contracts

Aside from using natural hedges, the Group enters into forward foreign currency exchange contracts with licensed financial institutions to limit its exposure on foreign currency receivables and payables.

Note (a)
Under the forward contracts - receivables, the currency to be received is Ringgit Malaysia and the currency to be paid is US Dollar. The maturity period of the contracts ranges between 1 month to 3 months (2019: 1 month to 3 months).

Note (b)
Under the forward contracts - payables, the currency to be paid is Ringgit Malaysia and the currency to be received is US Dollar. The maturity period of the contracts ranges within 1 month (2019: 1 month).

NOTES TO THE FINANCIAL STATEMENTS

14. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deposits placed with licensed banks	**1,421**	5,881	**–**	–
Bank balances	**46,688**	46,048	**11**	10
	48,109	51,929	**11**	10

Included in deposits placed with licensed banks of the Group is RM1,148,000 (2019: RM1,148,000) pledged for bank facilities granted to the Group (see Note 16.1).

15. SHARE CAPITAL

	Group and Company			
	Number of shares 2020 '000	Amount 2020 RM'000	Number of shares 2019 '000	Amount 2019 RM'000
Issued and fully paid shares with no par value:				
Ordinary shares	**134,331**	**104,778**	134,331	104,778

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. LOANS AND BORROWINGS

	Group	
	2020 RM'000	2019 RM'000
Non-current		
Secured or guaranteed:		
Term loans	**87,514**	107,492
Hire purchase liabilities	**232**	295
Revolving credits	**32,000**	35,318
Bridging loans	**20,565**	–
	140,311	143,105
Current		
Secured or guaranteed:		
Term loans	**7,001**	7,001
Hire purchase liabilities	**125**	122
Revolving credits	**25,000**	–
Unsecured:		
Corporate credit card facility from a financial institution	**5**	824
	32,131	7,947
	172,442	151,052

NOTES TO THE FINANCIAL STATEMENTS

16. LOANS AND BORROWINGS (continued)

16.1 Security and guarantee

The term loans, revolving credits and bridging loans are secured or guaranteed over:

i) legal charge over the Group's leasehold land (see Note 4);

ii) legal charge over the Group's land included in inventories (see Note 8);

iii) deposits pledged to licensed bank (Note 14); and

iv) corporate guarantee from the Company.

16.2 Hire purchase liabilities

	Group		
	Future minimum hire purchase creditor payments RM'000	**Interest RM'000**	**Present value of minimum hire purchase creditor payments RM'000**
2020			
Less than 1 year	**138**	**13**	**125**
Between 1 and 5 years	**241**	**9**	**232**
	379	**22**	**357**
2019			
Less than 1 year	138	16	122
Between 1 and 5 years	310	15	295
	448	31	417

The hire purchase liabilities are secured over the respective assets acquired and guaranteed by a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

17. PROVISION FOR GRATUITY SCHEME

The Group operates an unfunded final salary defined benefit gratuity scheme for its employees.

The movements in the present value of unfunded obligations are as follows:

	Note	Group 2020 RM'000	Group 2019 RM'000
Defined benefit gratuity scheme			
At beginning of financial year		**5,101**	4,810
Charged to the profit or loss:			
- Current service cost		**211**	208
- Interest cost		**197**	230
	23	**408**	438
Credited to other comprehensive income:			
Actuarial gain arising from:			
- Demographic assumptions		**–**	2
- Financial assumptions		**–**	205
- Experience adjustments		**–**	483
		–	690
Gratuity paid		**(888)**	(837)
At the end of financial year		**4,621**	5,101
Reflected in the statements of financial position as:			
Non-current		**4,105**	4,277
Current	19	**516**	824
		4,621	5,101

The principal actuarial assumptions used in respect of the defined benefit gratuity scheme are as follows:

	Group 2020 %	Group 2019 %
Discount rate	**4.2**	4.2
Expected average rate of salary increases	**5.0**	5.0

Independent actuaries value the scheme using the projected unit credit actuarial cost method.

The discount rate used is based on investment grade private debt securities with tenure approximating the tenure of gratuity liability. The salary growth takes into account market factor such as inflation rate.

The defined benefit plan exposes the Group to financial risks such as interest rates and future salary incremental rates risk.

NOTES TO THE FINANCIAL STATEMENTS

17. PROVISION FOR GRATUITY SCHEME (continued)

The sensitivity of the defined benefit obligation to changes in the weighted principal actuarial assumptions is as follows:

	Group	
	2020 RM'000	2019 RM'000
Discount rate - 1%		
- effect an increase of	**257**	282
Discount rate + 1%		
- effect a decrease of	**(232)**	(254)
Salary increment rate - 1%		
- effect a decrease of	**(254)**	(231)
Salary increment rate + 1%		
- effect an increase of	**276**	251

The above sensitivity analysis considers a change of each principal assumption in isolation.

18. TRADE PAYABLES

	Group	
	2020 RM'000	2019 RM'000
Trade payables	**56,906**	39,665
Trade related accruals	**2,122**	1,656
	59,028	41,321

The credit terms of trade payables granted to the Group range from 7 days to 90 days (2019: 7 days to 90 days).

19. OTHER PAYABLES AND ACCRUALS

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Payroll related accruals					
- salaries, benefits and allowances		**801**	5,106	**186**	403
- provision for gratuity scheme	17	**516**	824	**–**	–
Other accruals and sundry payables		**16,089**	20,402	**126**	163
		17,406	26,332	**312**	566

Included in other accruals and sundry payables are refundable excess payments from purchasers of RM1,152,000 (2019: RM3,787,000) and construction costs accrued for the work completed of RM Nil (2019: RM4,730,000).

NOTES TO THE FINANCIAL STATEMENTS

20. AMOUNT DUE TO A SUBSIDIARY

The non-trade balance due to a subsidiary is unsecured, interest free and repayable on demand.

21. REVENUE

	Note	Group		Company	
		2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Revenue from contracts with customers					
Aluminium products					
Sales of manufactured goods	21.1	**257,629**	344,010	**–**	–
Sales of scraps	21.1	**91**	110	**–**	–
Property development and construction					
Sales of properties	21.2	**54,208**	24,891	**–**	–
Construction contracts	21.3	**4,474**	3,642	**–**	–
Other revenue					
Investment holding					
Dividend income		**–**	–	**1,343**	2,687
Total revenue		**316,402**	372,653	**1,343**	2,687

	Group 2020 RM'000	Group 2019 RM'000
Timing of recognition		
At a point in time	**257,720**	344,120
Over time	**58,682**	28,533
	316,402	372,653

Disaggregation of revenue by geographical markets are disclosed in Note 28.1 to the financial statements.

21.1 Revenue from sales of aluminium products

Revenue from sales of aluminium products is recognised when the goods are delivered and accepted by the customers at their premises or shipped on board as evidenced by bill of lading. The payment terms range from 7 days to 90 days (2019: 7 days to 90 days) from invoice date.

The Group estimates that the revenue from the additional performance obligation, arising from shipping and handling activities provided to be recognised over time, is immaterial for separate recognition from the sale of products.

21.2 Revenue from sales of properties

Revenue from sales of properties is recognised over time using input method, assessed by reference to the proportion of contract costs incurred for work performed to-date to the estimated total contract costs. Payment terms are from 14 days from invoice date. The Group is required to fulfill warranty obligation over a defect liability period of twelve months upon delivery of vacant possession of the development unit to the customers.

NOTES TO THE FINANCIAL STATEMENTS

21. REVENUE (continued)

21.3 Revenue from construction contracts

Revenue from construction contracts is recognised over time using input method (2019: output method), assessed by reference to the proportion of construction costs incurred for work performed to-date to the estimated total construction costs. Payment terms range from 30 days to 60 days from the date of interim certificate. The Group is required to fulfill warranty obligation over a defect liability period of 24 months from the date of completion.

21.4 Transaction prices allocated to the remaining performance obligations

The Group applies the practical expedient on the exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.

The following table summarises the revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

	2021 - 2022 **RM'000**
2020	
Sales of properties	**118,155**
Construction contracts	**1,338**
	119,493

	2020 - 2022 **RM'000**
2019	
Sales of properties	138,469

21.5 Significant judgements and assumptions arising from revenue recognition

The Group applied the following judgements and assumptions that significantly affect the determination of the amount and timing of revenue recognised from contracts with customers:

- For revenue recognised over time using the cost incurred method, the Group measured the performance of work done by comparing the actual costs incurred with the estimated total costs required to complete the work. Significant judgements are required to estimate the total contract costs to complete. In making these estimates, management relied on professionals' estimates, past experience of the Directors and management and also past experience of completed projects. A change in the estimates will directly affect the revenue to be recognised.

- For revenue from sales of properties recognised in respect of contracts with customers who are not supported by end-financiers, the Group has assessed and determined that collectibility of the consideration from these customers is probable. In making this judgement, the Group has considered the likelihood and trend of collections from these customers.

NOTES TO THE FINANCIAL STATEMENTS

22. OTHER OPERATING INCOME

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest income of financial assets calculated using the effective interest method that are at amortised cost:				
- Interest income from financial institutions	**48**	74	**–**	–
- Interest income on short-term deposits	**511**	882	**2**	–
- Interest income from customers	**21**	155	**–**	–
Gain on disposal of property, plant and equipment	**46**	34	**–**	–
Miscellaneous income	**1,593**	92	**–**	–
	2,219	1,237	**2**	–

23. STAFF COSTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Wages, salaries and bonuses	**28,448**	31,056	**408**	497
Defined contribution retirement plan	**3,237**	3,886	**52**	42
Defined benefit gratuity scheme	**408**	438	**–**	–
Other employee benefits	**369**	512	**3**	4
	32,462	35,892	**463**	543

NOTES TO THE FINANCIAL STATEMENTS

24. INTEREST EXPENSES

	Group	
	2020 RM'000	2019 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:		
- term loans	**4,960**	7,833
- revolving credits	**2,425**	1,239
- bridging loans	**315**	–
- trade lines	**43**	192
- hire purchase liabilities	**9**	21
- overdraft	**1**	1
Interest expense on receivable financing	**433**	289
	8,186	9,575
Recognised in profit or loss	**5,059**	6,099
Interest expense of financial liabilities that are not at fair value through profit or loss capitalised into qualifying assets:		
- Inventories	**3,127**	2,794
- Property, plant and equipment	**–**	682
	8,186	9,575

25. PROFIT BEFORE TAX

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit before tax is arrived at after charging/(crediting):				
Auditors' remuneration				
- Audit fees	**277**	272	**50**	45
- Non-audit fees	**6**	6	**6**	6
Material expenses/(income)				
Allowance for inventory write-down	**1,023**	70	**–**	–
Amortisation of intangible assets	**742**	901	**–**	–
Depreciation of:				
- property, plant and equipment	**9,071**	8,480	**–**	–
- right-of-use assets	**1,486**	1,285	**–**	–
Dividend income from a subsidiary	**–**	–	**1,343**	2,687
Government grants on wage subsidy	**(868)**	–	**–**	–
Loss/(Gain) on foreign exchange				
- realised	**381**	(81)	**–**	–
- unrealised	**(407)**	(11)	**–**	–
Interest expense on lease liabilities	**160**	138	**–**	–
Net fair value (gain)/loss on currency forwards	**(90)**	109	**–**	–
Net loss/(gain) on impairment of financial instruments				
Financial assets at amortised cost	**109**	(3)	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

26. TAX (INCOME)/EXPENSE

Recognised in profit or loss

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Current tax expense				
Current year	**3,738**	3,697	**–**	–
(Over)/Under provision in prior year	**(970)**	55	**–**	–
Total current tax recognised in profit or loss	**2,768**	3,752	**–**	–
Deferred tax income				
Origination and reversal of temporary differences	**(3,383)**	(406)	**–**	–
Under/(Over) provision in prior year	**182**	(31)	**–**	–
Total deferred tax recognised in profit or loss	**(3,201)**	(437)	**–**	–
Total tax (income)/expense	**(433)**	3,315	**–**	–
Reconciliation of tax (income)/ expense				
Profit before tax	**883**	3,638	**434**	1,623
Income tax calculated using Malaysian tax rate of 24%	**212**	873	**104**	389
Non-deductible expenses	**1,208**	1,656	**218**	256
Income not subject to tax	**(275)**	(162)	**(322)**	(645)
Double deduction claims	**(129)**	(38)	**–**	–
Tax benefits arising from previously unrecognised temporary differences	**(661)**	–	**–**	–
Effect of deferred tax assets not recognised	**–**	962	**–**	–
(Over)/Under provided in prior year	**(788)**	24	**–**	–
	(433)	3,315	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

27. EARNINGS PER ORDINARY SHARE

Basic earnings per share is calculated by dividing the Group's net profit attributable to the owners of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year, excluding ordinary shares purchased by the Company.

	Group	
	2020	**2019**
Profit attributable to shareholders (RM'000)	**1,316**	323
Weighted average number of ordinary shares in issue ('000)	**134,331**	134,331
Basic earnings per ordinary share (sen)	**0.98**	0.24

Diluted earnings per share is not presented as there are no dilutive instruments as at the end of the current and previous financial years.

28. OPERATING SEGMENTS

The Group has 4 reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Chief Operating Decision Maker ("CODM") reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

i) Manufacturing - manufacturing and trading of aluminium products

ii) Property development - development of commercial properties

iii) Construction - property construction works and supply and installation of roof and cladding systems

iv) Investment holding

There are varying levels of integration between manufacturing reportable segment, property development reportable segment and construction reportable segment. This integration includes manufacturing reportable segment transfers of aluminium products to construction reportable segment and construction reportable segment transfers of property construction works to property development reportable segment respectively. Inter-segment pricing is determined on negotiated basis.

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the CODM. 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.

Segment assets and liabilities information are neither included in the internal management reports nor provided regularly to the CODM. Hence, no disclosure is made on segment assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

28. OPERATING SEGMENTS (continued)

	Group					
	Manufacturing RM'000	Property development RM'000	Construction RM'000	Investment holding RM'000	Elimination RM'000	Total RM'000
2020						
Segment profit before tax, interest, depreciation and amortisation	**2,155**	**14,512**	**3,042**	**433**	**(3,321)**	**16,821**
Included in the measure of segment profit before tax, interest, depreciation and amortisation are:						
Revenue from external customers	**257,720**	**54,208**	**4,474**	**–**	**–**	**316,402**
Allowance of inventory write-down	**(1,023)**	**–**	**–**	**–**	**–**	**(1,023)**
2019						
Segment profit before tax, interest, depreciation and amortisation	18,704	1,533	339	1,623	(2,785)	19,414
Included in the measure of segment profit before tax, interest, depreciation and amortisation are:						
Revenue from external customers	344,120	24,891	3,642	–	–	372,653
Allowance of inventory write-down	(70)	–	–	–	–	(70)
Reversal of impairment of property, plant and equipment	7	–	–	–	–	7

28. OPERATING SEGMENTS (continued)

28.1 Geographical segments

All non-current assets of the Group are located in Malaysia, being the Group's country of domicile. The breakdown of the Group's external revenues based on the geographical location of the external customers and major customers are as follows:

	Group	
	2020	**2019**
	RM'000	**RM'000**
Revenue		
Malaysia	**120,617**	107,368
Thailand	**27,575**	54,866
India	**48,969**	91,274
Asia (excludes Malaysia, Thailand and India)	**23,775**	17,167
Europe	**59,785**	62,445
Middle East	**7,105**	16,408
Others	**28,576**	23,125
	316,402	372,653

Included in sales to customers in Malaysia are sales to customers in the Licensed Manufacturing Warehouse and Free Trade Zone areas amounting to RM4,311,000 (2019: RM8,763,000).

28.2 Major customer

The Group has a customer with revenue equal or more than 10% of the Group's total revenue amounting to RM49,914,000 (2019: RM62,196,000) from manufacturing segment.

NOTES TO THE FINANCIAL STATEMENTS

29. *FINANCIAL INSTRUMENTS*

29.1 Categories of financial instruments

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

(a) Fair value through profit or loss ("FVTPL")
- Mandatorily required by MFRS 9

(b) Amortised cost ("AC")

	Group		
	Carrying amount RM'000	**FVTPL RM'000**	**AC RM'000**
2020			
Financial assets			
Trade receivables	**26,095**	**–**	**26,095**
Other receivables (excluding prepayments, advance payments to suppliers and Goods and Services Tax receivable)	**1,996**	**–**	**1,996**
Cash and cash equivalents	**48,109**	**–**	**48,109**
Derivative financial instruments	**570**	**570**	**–**
	76,770	**570**	**76,200**
Financial liabilities			
Trade payables	**(59,028)**	**–**	**(59,028)**
Other payables and accruals (excluding provision for gratuity scheme)	**(16,890)**	**–**	**(16,890)**
Loans and borrowings	**(172,442)**	**–**	**(172,442)**
Derivative financial instruments	**(146)**	**(146)**	**–**
	(248,506)	**(146)**	**(248,360)**

	Company		
	Carrying amount RM'000	**FVTPL RM'000**	**AC RM'000**
2020			
Financial assets			
Other receivables (excluding prepayments)	**1,343**	**–**	**1,343**
Cash and cash equivalents	**11**	**–**	**11**
	1,354	**–**	**1,354**
Financial liabilities			
Amount due to a subsidiary	**(496)**	**–**	**(496)**
Other payables and accruals (excluding provision for gratuity scheme)	**(312)**	**–**	**(312)**
	(808)	**–**	**(808)**

NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS (continued)

29.1 Categories of financial instruments (continued)

	Group		
	Carrying amount RM'000	FVTPL RM'000	AC RM'000
2019			
Financial assets			
Trade receivables	24,198	–	24,198
Other receivables (excluding prepayments, advance payments to suppliers and Goods and Services Tax receivable)	912	–	912
Cash and cash equivalents	51,929	–	51,929
Derivative financial instruments	334	334	–
	77,373	334	77,039
Financial liabilities			
Trade payables	(41,321)	–	(41,321)
Other payables and accruals (excluding provision for gratuity scheme)	(25,508)	–	(25,508)
Loans and borrowings	(151,052)	–	(151,052)
	(217,881)	–	(217,881)

	Company		
	Carrying amount RM'000	FVTPL RM'000	AC RM'000
2019			
Financial assets			
Other receivables (excluding prepayments)	2,687	–	2,687
Cash and cash equivalents	10	–	10
	2,697	–	2,697
Financial liabilities			
Amount due to a subsidiary	(2,019)	–	(2,019)
Other payables and accruals (excluding provision for gratuity scheme)	(566)	–	(566)
	(2,585)	–	(2,585)

NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS (continued)

29.2 Net gains and losses arising from financial instruments

	Group	
	2020 RM'000	2019 RM'000
Net gains/(losses) on:		
- Fair value through profit or loss	**90**	(109)
- Financial assets at amortised cost	**(894)**	648
- Financial liabilities at amortised cost	**(3,559)**	(5,565)
	(4,363)	(5,026)

	Company	
	2020 RM'000	2019 RM'000
Net gain on financial assets at amortised cost	**2**	–

29.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

29.4 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 individual characteristics of each customer, contract assets, other receivables, cash and cash equivalents. The Company's exposure to credit risk arises principally from financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

Trade receivables and contract assets

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. Credit risks are minimised by credit insurance from insurance company, trade receivables financing from financial institutions and credit evaluations are performed on customers requiring credit terms.

For trade receivables under the property development segment, credit risks are minimised by securing purchasers whom primarily obtain financing from banks and financial institutions.

At each reporting date, the Group assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets 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 debtor 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 and contract assets that are written off could still be subject to enforcement activities.

NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS (continued)

29.4 Credit risk (continued)

Trade receivables and contract assets (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 and contract assets are represented by the carrying amounts in the statements of financial position.

Concentration of credit risk

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

	Group	
	2020	**2019**
	RM'000	**RM'000**
Malaysia	**15,118**	13,370
Thailand	**954**	2,284
India	**5,815**	5,308
Asia (excludes Malaysia, Thailand and India)	**265**	1,187
Europe	**762**	1,058
Middle East	**1,010**	2,731
Others	**3,799**	318
	27,723	26,256

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 90 days. The Group's debt recovery process is that for any invoices above 30 days past due after credit term, the Group will start to initiate a structured debt recovery process which is monitored by the sales management team.

The Group uses an allowance matrix to measure Expected Credit Losses ("ECLs") of trade receivables. Invoices will be considered as credit impaired when one or more events that have a detrimental impact on the recovery of the trade receivables have occurred.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 90 days past due.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets which are grouped together as they are expected to have similar risk nature.

NOTES TO THE FINANCIAL STATEMENTS

29. *FINANCIAL INSTRUMENTS (continued)*

29.4 Credit risk (continued)

Trade receivables and contract assets (continued)

Recognition and measurement of impairment loss (continued)

	Group		
	Gross carrying amount RM'000	**Loss allowance RM'000**	**Net balance RM'000**
2020			
Current (not past due)	**25,039**	**(7)**	**25,032**
1-30 days past due	**2,595**	**(2)**	**2,593**
31-60 days past due	**98**	**–**	**98**
61-90 days past due	**–**	**–**	**–**
More than 90 days past due	**253**	**(253)**	**–**
	27,985	**(262)**	**27,723**
Trade receivables	**26,357**	**(262)**	**26,095**
Contract assets	**1,628**	**–**	**1,628**
	27,985	**(262)**	**27,723**
2019			
Current (not past due)	20,250	(7)	20,243
1-30 days past due	5,339	(2)	5,337
31-60 days past due	661	(5)	656
61-90 days past due	20	–	20
More than 90 days past due	139	(139)	–
	26,409	(153)	26,256
Trade receivables	24,351	(153)	24,198
Contract assets	2,058	–	2,058
	26,409	(153)	26,256

NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS (continued)

29.4 Credit risk (continued)

Trade receivables and contract assets (continued)

Recognition and measurement of impairment loss (continued)

The movements in the allowance for impairment in respect of trade receivables and contract assets during the year are shown below.

	Group		
	Trade receivables		
	Lifetime ECL RM'000	Credit impaired RM'000	Total RM'000
Balance at 1 January 2019	2	154	156
Net remeasurement of loss allowance	1	(4)	(3)
Balance at 31 December 2019/ 1 January 2020	**3**	**150**	**153**
Net remeasurement of loss allowance	**145**	**(36)**	**109**
Balance at 31 December 2020	**148**	**114**	**262**

Increase in the Group's loss allowance during 2020 is mainly contributed to the increase in trade receivables balances past due more than 90 days.

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. 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 and financial institutions 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 no loss allowance is necessary.

Other receivables

Credit risks on other receivables are mainly arising from deposits, dividends receivable, staff advances and other receivables.

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.

As at the end of the reporting period, the Group and the Company did not consider it necessary to recognise any allowance for impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS (continued)

29.4 Credit risk (continued)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured corporate guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to service their loans on an individual basis.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk of the Company amounts to RM152,080,000 (2019: RM83,296,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

The financial guarantees are provided as credit enhancements to the subsidiaries' secured loans.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

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

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

29.5 Liquidity risk

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

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by 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.

29. *FINANCIAL INSTRUMENTS (continued)*

29.5 Liquidity risk (continued)

Maturity analysis

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

2020	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
Group							
Non-derivative financial liabilities							
Term loans	94,515	4.25% - 5.54%	123,351	11,453	11,453	66,016	34,429
Hire purchase liabilities	357	2.31% - 2.34%	379	138	138	103	–
Revolving credits	57,000	3.10% - 5.32%	61,545	26,557	1,479	33,509	–
Bridging loans	20,565	4.25% - 5.32%	23,056	950	5,424	16,682	–
Corporate credit card facility from a financial institution	5	–	5	5	–	–	–
Lease liabilities	2,086	4.25% - 6.00%	2,262	1,081	454	727	–
Trade and other payables	75,918	–	75,918	75,918	–	–	–
	250,446		286,516	116,102	18,948	117,037	34,429
Derivative financial liabilities							
Forward exchange contracts (gross settled):							
Outflow	–	–	48,200	48,200	–	–	–
Inflow	(424)	–	(48,624)	(48,624)	–	–	–
	(424)		(424)	(424)	–	–	–
Company							
Non-derivative financial liabilities							
Financial guarantees	–	–	356,000	356,000	–	–	–
Other payables and accruals	312	–	312	312	–	–	–
Amount due to a subsidiary	496	–	496	496	–	–	–
	808		356,808	356,808	–	–	–

29. *FINANCIAL INSTRUMENTS (continued)*

29.5 Liquidity risk (continued)

Maturity analysis (continued)

2019	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
Group							
Non-derivative financial liabilities							
Term loans	114,493	5.30% - 5.54%	143,415	19,158	26,189	58,849	39,219
Hire purchase liabilities	417	2.31% - 2.34%	448	138	138	172	–
Revolving credits	35,318	5.25% - 5.38%	42,488	1,874	1,872	38,742	–
Corporate credit card facility from a financial institution	824	–	824	824	–	–	–
Lease liabilities	2,399	5.30% - 6.00%	2,657	1,228	643	655	131
Trade and other payables	66,829	–	66,829	66,829	–	–	–
	220,280		256,661	90,051	28,842	98,418	39,350
Derivative financial liabilities							
Forward exchange contracts (gross settled):							
Outflow	–	–	19,331	19,331	–	–	–
Inflow	(334)	–	(19,665)	(19,665)	–	–	–
	(334)		(334)	(334)	–	–	–
Company							
Non-derivative financial liabilities							
Financial guarantees	–	–	233,000	233,000	–	–	–
Other payables and accruals	566	–	566	566	–	–	–
Amount due to a subsidiary	2,019	–	2,019	2,019	–	–	–
	2,585		235,585	235,585	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS (continued)

29.6 Market risk

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

29.6.1 Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily US Dollar ("USD"), Singapore Dollar ("SGD"), Euro ("EUR") and Japanese Yen ("JPY").

Risk management objectives, policies and processes for managing the risk

The Group enters into currency forwards in the normal course of business to manage its exposure against foreign currency fluctuations on transactions denominated in foreign currencies. In general, the Group's policy is to enter into currency forwards for anticipated sales and purchases in foreign currencies.

Exposure to foreign currency risk

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

	USD RM'000	SGD RM'000	EUR RM'000	JPY RM'000	Others RM'000
2020					
Trade and other receivables	**22,590**	**10**	**–**	**–**	**8**
Trade and other payables	**(19,441)**	**–**	**(71)**	**–**	**(33)**
Cash and cash equivalents	**18,259**	**460**	**–**	**–**	**–**
Derivative financial instruments	**424**	**–**	**–**	**–**	**–**
Exposure in the statements of financial position	**21,832**	**470**	**(71)**	**–**	**(25)**
2019					
Trade and other receivables	12,968	27	14	–	–
Trade and other payables	(14,313)	(46)	–	(26)	(23)
Cash and cash equivalents	20,333	742	–	–	–
Derivative financial instruments	334	–	–	–	–
Exposure in the statements of financial position	19,322	723	14	(26)	(23)

NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS (continued)

29.6 Market risk (continued)

29.6.1 Currency risk (continued)

Exposure to foreign currency risk (continued)

Currency risk sensitivity analysis

A 10% (2019: 10%) strengthening of Ringgit Malaysia against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variance that the Group considered to be reasonably possible at the end of the reporting period. The 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	
	2020 RM'000	2019 RM'000
USD	**(1,659)**	(1,468)
SGD	**(36)**	(55)
EUR	**5**	(1)
JPY	**–**	2
Others	**2**	2

A 10% (2019: 10%) weakening of Ringgit Malaysia 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.

29.6.2 Interest rate risk

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

Risk management objectives, policies and processes for managing the risk

In managing interest rate risk, the Group maintains a balanced portfolio of fixed and floating rate instruments. All interest rate exposures are monitored and managed by the Group on a regular basis.

NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS (continued)

29.6 Market risk (continued)

29.6.2 Interest rate risk (continued)

Exposure to interest rate risk

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

	Group	
	2020 RM'000	2019 RM'000
Fixed rate instruments		
Financial assets	**1,421**	5,881
Financial liabilities	**(2,443)**	(2,816)
	(1,022)	3,065
Floating rate instruments		
Financial liabilities	**(172,080)**	(149,811)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

	Group Profit or (loss)			
	2020		2019	
	100 bp increase RM'000	100 bp decrease RM'000	100 bp increase RM'000	100 bp decrease RM'000
Floating rate instruments				
Cash flow sensitivity (net)	**(1,308)**	**1,308**	(1,139)	1,139

NOTES TO THE FINANCIAL STATEMENTS

29. *FINANCIAL INSTRUMENTS (continued)*

29.7 Fair value information

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

The carrying amounts of the floating rate long-term borrowings approximate fair value as they are subject to a variable interest rate which in turn approximates the current market interest rates for similar borrowings at the end of the reporting period.

The table below analyses financial instruments carried at fair value.

	Group									
	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2020										
Financial assets										
Derivative financial instruments	**–**	**570**	**–**	**570**	**–**	**–**	**–**	**–**	**570**	**570**
Financial liabilities										
Derivative financial instruments	**–**	**(146)**	**–**	**(146)**	**–**	**–**	**–**	**–**	**(146)**	**(146)**
2019										
Financial assets										
Derivative financial instruments	–	334	–	334	–	–	–	–	334	334

NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS (continued)

29.7 Fair value information (continued)

Level 2 fair value

Derivative financial instruments

The fair value of forward exchange contracts is based on market price obtained from the licensed financed institutions of which these contracts were entered into with.

Non-derivative financial instruments

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 and lease agreements.

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2019: No transfer in either directions).

30. CAPITAL MANAGEMENT

The objectives of the Group and the Company when managing capital are to safeguard the ability of the Group and of the Company to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal capital structure, the Group and the Company may adjust the amount of dividend payment.

The Group is also required to comply with various financial covenants, such as debt service coverage ratio, net gearing ratio and the Group's net tangible assets position. The Group is in compliance with these financial covenants as at 31 December 2020.

There was no change in the Group's and the Company's approach to capital management during the financial year.

31. CAPITAL COMMITMENTS

	Group	
	2020	**2019**
	RM'000	**RM'000**
Capital expenditure commitments		
Property, plant and equipment		
Contracted but not provided for	**988**	1,578

NOTES TO THE FINANCIAL STATEMENTS

32. RELATED PARTIES

32.1 Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group 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.

The Group and the Company have related party relationship with its subsidiaries, related companies, companies that a substantial shareholder of the Company has interests, companies that certain Directors of the Company have interests and key management personnel.

32.2 Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Note 11, Note 12 and Note 18.

	Group	
	2020 RM'000	**2019 RM'000**
Income		
Transactions with companies that a substantial shareholder of the Company has interests		
Sale of finished goods to:		
- Aik Joo Can Factory Sdn. Berhad	**408**	999
- AJCan Sdn. Bhd.	**183**	106
- Kian Joo Can Factory Berhad	**314**	1,256
- KJ Can (Selangor) Sdn. Bhd.	**783**	571
- Federal Metal Printing Factory, Sdn. Berhad	**10**	54
Expenditure		
Transactions with companies that certain Directors of the Company and a subsidiary have interests		
Payment of rental of premises		
- Suri Puri Sdn. Bhd.	**185**	215
- Newstar Ventures Sdn. Bhd.	**111**	127
- RDS Properties Sdn. Bhd.	**84**	21
Purchase of construction materials		
- Emglobal Builders Sdn. Bhd.	**496**	–
Transactions with a company that certain Directors of a subsidiary have interests		
Dach&Wand Sdn. Bhd.		
- Payment of rental of premises	**186**	7
- Payment on behalf for site labour costs	**88**	–
- Salaries and wages	**–**	21
- Acquisition of plant and equipment	**–**	506

NOTES TO THE FINANCIAL STATEMENTS

32. RELATED PARTIES (continued)

32.2 Significant related party transactions (continued)

	Company	
	2020 RM'000	**2019 RM'000**
Income		
Transactions with Aluminium Company of Malaysia Berhad, a subsidiary		
Dividend income	**1,343**	2,687

32.3 Key management personnel compensation

The key management personnel compensations are as follows:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Directors of the Company:				
- fees	**300**	300	**300**	300
- salaries, bonuses and other remunerations	**2,572**	2,508	**25**	19
- estimated monetary value of benefits-in-kind	**29**	28	**–**	–
	2,901	2,836	**325**	319
Other Directors of the Group entities:				
- salaries, bonuses and other remunerations	**2,994**	2,207	**–**	–
- estimated monetary value of benefits-in-kind	**11**	35	**–**	–
	3,005	2,242	**–**	–
Other key management personnel:				
- salaries, bonuses and other remunerations	**2,686**	2,806	**–**	–
- estimated monetary value of benefits-in-kind	**112**	126	**–**	–
	2,798	2,932	**–**	–
	8,704	8,010	**325**	319

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

NOTES TO THE FINANCIAL STATEMENTS

33. COMPARATIVE FIGURES

The comparative figures below have been restated to conform to the current year's presentation.

	Group	
	As restated RM'000	**As previously reported RM'000**
2019		
Statement of financial position		
Loans and borrowings – current	7,947	43,265
Loans and borrowings – non-current	143,105	107,787
Contract assets	2,058	925
Contract costs	23,363	24,496

The above changes do not have any impact on the earnings per ordinary share of the Group.

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 71 to 135 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 2020 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:

Yeoh Jin Hoe
Director

Heon Chee Shyong
Director

Klang, Selangor

Date: 8 April 2021

STATUTORY DECLARATION

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

I, **Bernard William A/L William G. Gomez**, the officer primarily responsible for the financial management of Alcom Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 71 to 135 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 provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed **Bernard William A/L William G. Gomez**, NRIC: 620820-10-6239, MIA CA 21076 at Klang in the State of Selangor on 8 April 2021.

Bernard William A/L William G. Gomez

Before me:

NADZRUL AZALI BIN ABDUL AZIZ
(No. B548)
Commissioner for Oaths
Klang, Selangor

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ALCOM GROUP BERHAD (REGISTRATION NO. 201701047083 (1261259-V))
(INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Alcom Group Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 71 to 135.

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 2020, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a 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 informing our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group

Valuation and costing of trading and manufacturing inventories

Refer to the significant accounting policy on Note 2(g)(i) and Note 8.1 to the financial statements.

At 31 December 2020, the Group held RM79,525,000 of trading and manufacturing inventories. These inventories comprise metal and non-metal inventories and represent one of the largest category of assets on the statement of financial position of the Group. Costing of metal inventories has been identified as a key audit matter for the Group because the carrying amount is significant to the financial statements and it required us to incur significant time and effort to determine that the costs of metal inventories reflect the manufacturing costs incurred in bringing them to their physical location and condition. In addition, judgements are involved in determining the adequacy of the provisioning of slow moving trading and manufacturing inventories.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ALCOM GROUP BERHAD (REGISTRATION NO. 201701047083 (1261259-V))
(INCORPORATED IN MALAYSIA)

How the matter was addressed in our audit

We performed the following audit procedures, among others:

i) We have assessed the appropriateness of the Group's costing methodology by considering that all relevant inputs (including metal quantities at year end) are taken into account to arrive at the carrying amount of the metal inventories. Interface between systems which provides certain relevant inputs used in the costing methodology was tested by KPMG specialists. We have also determined the appropriateness of the basis and processes used by the Group in allocating the direct labour and overhead costs to arrive at the costs of metal inventories as at year end;

ii) We checked the cost of raw materials to suppliers' invoices on a sampling basis;

iii) We evaluated how the Group determined the net realisable value assessment for finished goods by testing to the selling prices; and

iv) We challenged the reasonableness and adequacy of the Group's policy on provision of slow moving trading and manufacturing inventories by assessing the ageing of non-metal inventories and comparing the provisional rate applied against actual losses, and evaluating the scrap value used in provisioning of slow moving metal inventories.

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.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ALCOM GROUP BERHAD (REGISTRATION NO. 201701047083 (1261259-V))
(INCORPORATED IN MALAYSIA)

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.

- 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ALCOM GROUP BERHAD (REGISTRATION NO. 201701047083 (1261259-V))
(INCORPORATED IN MALAYSIA)

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

Eric Kuo Sze-Wei
Approval Number: 03473/11/2021 J
Chartered Accountant

Petaling Jaya

Date: 8 April 2021

PROPERTIES HELD BY THE GROUP

AS AT 31 DECEMBER 2020

Location	Description	Tenure	Land Area	Age of Building (years)	Net Book Value	Year of revaluation / acquisition
No. 3, Persiaran Waja Bukit Raja Industrial Estate 41050 Klang Selangor Darul Ehsan Malaysia	Factory and Office Building	99 years leasehold expiring in year 2088	29.97 acres	39 years	RM29.0 million	1985
H.S.(D) 321493 PT 13131 Pekan Baru Sungai Buloh District of Petaling State of Selangor	Industrial land in Kota Damansara under development	99 years leasehold expiring in year 2107	9.4 acres	N/A	RM92.1 million	2018

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2021

Total number of issued shares	:	134,330,850
Class of shares	:	Ordinary shares
Voting rights	:	One (1) vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of shares held	%
Less than 100 shares	281	8.54	4,790	*
100 to 1,000 shares	693	21.07	501,605	0.37
1,001 to 10,000 shares	1,631	49.59	7,919,697	5.90
10,001 to 100,000 shares	613	18.64	18,062,256	13.45
100,001 to 6,716,541 shares	68	2.07	41,505,472	30.90
6,716,542 shares and above	3	0.09	66,337,030	49.38
Total	**3,289**	**100.00**	**134,330,850**	**100.00**

Note:
** Negligible*

SUBSTANTIAL SHAREHOLDERS

(According to the Register of Substantial Shareholders)

	Direct		Indirect		Total	
Name	No. of shares held	%	No. of shares held	%	No. of shares held	%
Towerpack Sdn. Bhd.	42,531,698	31.66	–	–	42,531,698	31.66
Yeoh Jin Hoe	–	–	42,531,698 [(a)]	31.66 [(a)]	42,531,698	31.66
Dato' Eng Kim Liong	11,902,666	8.86	–	–	11,902,666	8.86
Dato' Lim Chee Khoon	11,902,666	8.86	–	–	11,902,666	8.86

Note:
(a) Deemed interest by virtue of his shareholding in Towerpack Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.

DIRECTORS' SHAREHOLDINGS

(According to the Register of Directors' Shareholdings)

	Direct		Indirect		Total	
Name	No. of shares held	%	No. of shares held	%	No. of shares held	%
Dato' Seri Subahan bin Kamal	–	–	–	–	–	–
Heon Chee Shyong	–	–	–	–	–	–
Yeoh Jin Hoe	–	–	42,531,698[(a)]	31.66[(a)]	42,531,698	31.66
Dato' Eng Kim Liong	11,902,666	8.86	–	–	11,902,666	8.86
Ang Loo Leong	5,237,173	3.90	–	–	5,237,173	3.90
Wong Choon Shein	–	–	–	–	–	–
Lam Voon Kean	–	–	–	–	–	–
Marc Francis Yeoh Min Chang	–	–	–	–	–	–

Note:
(a) Deemed interest by virtue of his shareholding in Towerpack Sdn. Bhd. pursuant to Section 8(4) of the Companies Act, 2016.

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2021

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

(According to the Record of Depositors)

No.	Name	No. of shares held	%
1.	Towerpack Sdn. Bhd.	42,531,698	31.66
2.	Dato' Eng Kim Liong	11,902,666	8.86
3.	Dato' Lim Chee Khoon	11,902,666	8.86
4.	Tan Han Chuan	6,376,900	4.75
5.	Kam Choo Keng	5,395,876	4.02
6.	Ang Loo Leong	5,237,173	3.90
7.	Dato' Yong How Choong	5,237,173	3.90
8.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Tan Ching Ching*	3,369,200	2.51
9.	HLIB Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Taipanmatics Sdn. Bhd. (MG0170-199)*	1,085,000	0.81
10.	Toh Ying Choo	800,000	0.60
11.	Addeen Consultancy & Management Sdn. Bhd.	715,600	0.53
12.	Tan Lee Hwa	705,000	0.52
13.	Ng Beng Lay	651,000	0.48
14.	Soh Tik Siew	589,000	0.44
15.	Choy Cheng Choong	583,900	0.43
16.	Chee See Giap @ Sin Chien	456,500	0.34
17.	Tang Yet Siong @ Tang Yik Siong	439,500	0.33
18.	Yeoh Beng Hooi	390,000	0.29
19.	Kenanga Nominees (Asing) Sdn. Bhd. *- Exempt An for Phillip Securities Pte. Ltd. (Client Account)*	382,100	0.28
20.	Loh Loon Teik Sdn. Bhd.	380,000	0.28
21.	Choy Cheng Choong	376,000	0.28
22.	RHB Nominees (Tempatan) Sdn. Bhd. *- OSK Trustees Berhad for The Divine Vision Trust*	369,000	0.27
23.	Khor Tang Boey	322,000	0.24
24.	Lim Seng Qwee	310,000	0.23
25.	Public Invest Nominees (Asing) Sdn. Bhd. *- Exempt An for Phillip Securities Pte. Ltd. (Clients)*	294,000	0.22
26.	Geoffrey Lim Fung Keong	229,600	0.17
27.	Yuen Thui Yang	220,000	0.16
28.	HLIB Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Cheong Pooi Leong (MG0127-199)*	215,000	0.16
29.	Leau Kim Pun @ Liau Kim Pun	211,900	0.16
30.	Matang Holdings Berhad	211,000	0.16
	Total	**101,889,452**	**75.85**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Third Annual General Meeting ("AGM") of Alcom Group Berhad ("the Company") will be conducted fully virtual and live-streamed from the broadcast venue at the Board Room, R-05-17 (Level 5), Wisma SCland, Emporis Kota Damansara, Persiaran Surian, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia ("Broadcast Venue") on Monday, 28 June 2021 at 10.00 a.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1. To lay before the meeting, the Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2020 and the Reports of the Directors and Auditors thereon. **Please refer to Note C of this Agenda**

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

   a. Dato' Eng Kim Liong **Resolution 1**
   b. Ang Loo Leong **Resolution 2**

3. To approve the payment of Directors' Fees amounting to RM300,000 and payment of benefits of up to RM50,000 to the Non-Executive Directors of the Company and its subsidiaries for the financial year ending 31 December 2021. **Resolution 3**

4. To re-appoint KPMG PLT as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix the Auditors' remuneration. **Resolution 4**

AS SPECIAL BUSINESS

5. 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 5**

   "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;

NOTICE OF ANNUAL GENERAL MEETING

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."

6. 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 6**

"THAT subject to compliance with the Companies Act 2016, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), provisions of the Company's 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;

NOTICE OF ANNUAL GENERAL MEETING

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."

7. 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 7**

"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 28 April 2021 provided that:

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

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

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

(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."

8. 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.

By Order of the Board of Directors

TAN BEE KENG
SSM PC No. 201908002597
(MAICSA 0856474)

TEH YI TING
SSM PC No. 201908001859
(MAICSA 7068250)
Company Secretaries

Bukit Raja, Klang
Malaysia
28 April 2021

Notes:

(A) GENERAL MEETING RECORD OF DEPOSITORS

Only a depositor whose name appears on the General Meeting Record of Depositors as at 21 June 2021 shall be entitled to participate at the Third 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 Third AGM of the Company is strictly a Broadcast Venue as the conduct of the Third AGM of the Company will be fully virtual 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 Third AGM of the Company in person at the Broadcast Venue on the day of the Meeting.

Members are to attend, speak (including posing questions to the Board of Directors ("Board") via real time submission of typed texts) and vote (collectively, "participate") remotely at the Third AGM of the Company via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor" or "TIIH") through its TIIH Online website at https://tiih.online. Please follow the Procedures for RPV facilities in the Administrative Details for the Third AGM.

(ii) A member of the Company entitled to participate at the Third 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.

NOTICE OF ANNUAL GENERAL MEETING

Notes: (continued)

(B) MODE OF MEETING AND PROXY (continued)

(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 Third 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 appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or signed by 2 authorised officers or its attorney duly authorised in writing. Any alteration to the instrument appointing a proxy must be initialled.

(v) A member who has appointed a proxy or attorney or authorised representative to attend, speak and vote at this AGM via RPV facilities must request his/her proxy to register himself/herself for RPV facilities at TIIH Online website at https://tiih.online. Please follow the Procedures for RPV facilities in the Administrative Details for the Third AGM.

(vi) The appointment of a proxy may be made in hard copy form or by electronic form and must be deposited with/ received by the Company's Share Registrar, Tricor, not less than 48 hours before the time appointed for holding the Third 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.

(vii) 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 with Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

(viii) In the case of appointment by electronic form, the Proxy Form must be electronically lodged with the Company's Share Registrar, Tricor via TIIH Online at https://tiih.online. Please refer to the Administrative Details for the Third AGM on the procedures for electronic lodgement of proxy form via TIIH Online.

(C) AUDITED FINANCIAL STATEMENTS

This agenda item is meant for discussion only as under the provision of Section 340(1) of the Companies Act 2016, the audited financial statements do not require a formal approval of the members. Hence, this item will not be put forward for voting.

(D) POLL VOTING

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), all the Resolutions set out in this Notice will be put to the vote by way of poll. Independent Scrutineers will be appointed to verify the results of the poll.

(E) PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the forthcoming Third 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) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");

(ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and

(iii) agrees that the member will indemnify the Company in respect of any penalties, claims, demands, losses and damages as a result of the member's breach of warranty.

NOTICE OF ANNUAL GENERAL MEETING

(F) EXPLANATORY NOTES ON SPECIAL BUSINESS

Ordinary Resolution 5 – Proposed authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016

Ordinary Resolution 5 proposed, if passed, will give a mandate to the Board, from the date of the forthcoming Third 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 23 June 2020. Hence, no proceeds were raised.

Ordinary Resolution 6 – Proposed renewal of authority for the Company to purchase its own shares

Ordinary Resolution 6 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 Share Buy-Back Statement dated 28 April 2021 which is made available together with the Company's Annual Report 2020 at https://alcom.com.my/main/investor/.

Ordinary Resolution 7 – 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 7 proposed, if passed, will renew the mandate for the Company and its subsidiaries to enter into the RRPTs with Can-One Berhad and/or its subsidiary companies, as set out in Section 2.4 of Part B of the Circular to Shareholders dated 28 April 2021.

The aforesaid mandate from shareholders is on an annual basis and subject to renewal at the next AGM of the Company.

For further information, please refer to the Circular to Shareholders dated 28 April 2021 which is made available together with the Company's Annual Report 2020 at https://alcom.com.my/main/investor/.

ADMINISTRATIVE DETAILS FOR THE THIRD ANNUAL GENERAL MEETING

Date	:	Monday, 28 June 2021
Time	:	10.00 a.m.
Broadcast Venue	:	Board Room, R-05-17 (Level 5) Wisma SCland Emporis Kota Damansara Persiaran Surian 47810 Petaling Jaya Selangor Darul Ehsan Malaysia

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 Third AGM in person at the Broadcast Venue on the day of the meeting.

REMOTE PARTICIPATION AND VOTING ("RPV") FACILITIES

The RPV facilities are available on Tricor Investor & Issuing House Services Sdn. Bhd.'s ("Tricor") **TIIH Online** website at https://tiih.online.

Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the Third AGM using RPV facilities from Tricor.

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

PROCEDURES FOR RPV FACILITIES

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

	Procedure	Action
BEFORE THE AGM DAY		
(a)	Register as a user with TIIH Online	• Using your computer, access the website at https://tiih.online. Register as a user under the "e-Services", select the "Sign Up" button and followed by "**Create Account by Individual Holder**". Refer to the tutorial guide posted on the homepage for assistance. • Registration as a user will be approved within one (1) working day and you will be notified via e-mail. • If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.

ADMINISTRATIVE DETAILS FOR THE THIRD ANNUAL GENERAL MEETING

PROCEDURES FOR RPV FACILITIES (continued)

Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the Third AGM using the RPV facilities: (continued)

	Procedure	Action
BEFORE THE AGM DAY		
(b)	Submit your request to attend the AGM remotely	• Registration is open from Wednesday, 28 April 2021 until the day of the Third AGM on Monday, 28 June 2021. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the Third AGM to ascertain their eligibility to participate at the Third AGM using the RPV facilities. • Login with your user ID (i.e. e-mail address) and password and select the corporate event: **"(REGISTRATION) ALCOM 3RD AGM"**. • Read and agree to the Terms & Conditions and confirm the Declaration. • Select "Register for Remote Participation and Voting". • Review your registration and proceed to register. • System will send an e-mail to notify that your registration for remote participation is received and will be verified. • After verification of your registration against the General Meeting Record of Depositors as at 21 June 2021, the system will send you an e-mail after 26 June 2021 to approve or reject your registration for remote participation. *(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV).*
ON THE DAY OF THE AGM		
(c)	Login to TIIH Online	• Login with your user ID and password for remote participation at the Third AGM at any time from **9.30 a.m.** i.e. 30 minutes before the commencement of the AGM on **Monday, 28 June 2021 at 10.00 a.m.**
(d)	Participate through Live Streaming	• Select the corporate event: **"(LIVE STREAM MEETING) ALCOM 3RD AGM"** to engage in the proceedings of the Third AGM remotely. • If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will endeavor to respond to questions submitted by remote participants during the Third AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.
(e)	Online Remote Voting	• Voting session commences **from 10.00 a.m. on Monday, 28 June 2021** until a time when the Chairman announces the end of the voting session of the Third AGM. • Select the corporate event: **"(REMOTE VOTING) ALCOM 3RD AGM"** or if you are on the live stream meeting page, you can select **"GO TO REMOTE VOTING PAGE"** button below the Query Box. • Read and agree to the Terms & Conditions and confirm the Declaration. • Select the CDS account that represents your shareholdings. • Indicate your votes for the resolutions that are tabled for voting. • Confirm and submit your votes.
(f)	End of remote participation	• Upon the announcement by the Chairman on the closure of the Third AGM, the live streaming will end.

ADMINISTRATIVE DETAILS FOR THE THIRD ANNUAL GENERAL MEETING

PROCEDURES FOR RPV FACILITIES (continued)

Notes to users of the RPV facilities:

1. Should your registration for RPV be approved, we will make available to you the rights to join the live streamed meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
3. In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting, kindly call Tricor Help Line at +6011-40805616 / +6011-40803168 / +6011-40803169 / +6011-40803170 or e-mail to tiih.online@my.tricorglobal.com for assistance.

ENTITLEMENT TO PARTICIPATE AND APPOINTMENT OF PROXY

Only shareholders whose names appear on the Record of Depositors as at 21 June 2021 shall be eligible to participate at the Third AGM or appoint a proxy(ies) and/or the Chairman of the meeting to attend and vote on his/her behalf.

In view that the Third AGM will be conducted on a virtual basis, a shareholder can appoint the Chairman of the meeting as his/her proxy and indicate the voting instruction in the proxy form.

If you wish to participate in the Third AGM yourself, please do not submit any proxy form for the Third AGM. You will not be allowed to participate in the Third 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 Third AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than Saturday, 26 June 2021 at 10.00 a.m.:

(i) In hard copy:

By hand or post to the office of our Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia;

(ii) By electronic form:

All shareholders can have the option to submit their proxy forms electronically via TIIH Online and the steps to submit are summarised below:

Procedure	Action
i. Steps for Individual Shareholders	
Register as a User with TIIH Online	• Using your computer, access the website at https://tiih.online. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again.
Proceed with submission of proxy form	• After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. • Select the corporate event: **"ALCOM 3RD AGM - SUBMISSION OF PROXY FORM"**. • Read and agree to the Terms and Conditions and confirm the Declaration.

ADMINISTRATIVE DETAILS FOR THE THIRD ANNUAL GENERAL MEETING

ENTITLEMENT TO PARTICIPATE AND APPOINTMENT OF PROXY (continued)

(ii) By electronic form: (continued)

All shareholders can have the option to submit their proxy forms electronically via TIIH Online and the steps to submit are summarised below: (continued)

Procedure	Action
i. Steps for Individual Shareholders (continued)	
Proceed with submission of proxy form (continued)	• Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf. • Appoint your proxy(ies) and insert the required details of your proxy(ies) or appoint the Chairman as your proxy. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. • Review and confirm your proxy(ies) appointment. • Print the proxy form for your record.
ii. Steps for Corporation or Institutional Shareholders	
Register as a User with TIIH Online	• Access TIIH Online at https://tiih.online. • Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects the "Sign Up" button and followed by **"Create Account by Representative of Corporate Holder"**. • Complete the registration form and upload the required documents. • Registration will be verified, and you will be notified by email within one (1) to two (2) working day(s). • Proceed to activate your account with the temporary password given in the email and re-set your own password. *(Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.)*
Proceed with submission of proxy form	• Login to TIIH Online at https://tiih.online. • Select the corporate event: **"ALCOM 3RD AGM - SUBMISSION OF PROXY FORM"**. • Agree to the Terms & Conditions and Declaration. • Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Login to TIIH Online, select corporate event: **"ALCOM 3RD AGM - SUBMISSION OF PROXY FORM"**. • Proceed to upload the duly completed proxy appointment file. • Select "Submit" to complete your submission. • Print the confirmation report of your submission for your record.

ADMINISTRATIVE DETAILS FOR THE THIRD ANNUAL GENERAL MEETING

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

Shareholders may submit questions for the Board in advance of the Third AGM via Tricor's TIIH Online website at https://tiih.online by selecting "e-Services" to login, pose questions and submit electronically no later than **Saturday, 26 June 2021 at 10.00 a.m.** The Board will endeavor to answer the questions received at the AGM.

NO DOOR GIFT/FOOD VOUCHER

There will be no distribution of door gifts or food vouchers for the Third AGM since the meeting is being conducted on a fully virtual basis.

Alcom Group Berhad would like to thank all its shareholders for their kind co-operation and understanding in these challenging times.

ENQUIRY

If you have any enquiries on the above, please contact our Share Registrar, Tricor at +603-2783 9299 during office hours on Mondays to Fridays from 8.30 a.m. to 5.30 p.m. (except on public holidays).

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PROXY FORM

ALCOM GROUP BERHAD
[Registration No. 201701047083 (1261259-V)]

I/We, ... (NRIC/Company No. ....)
(Full Name in Block Letters)

of ....
(Address)

and telephone no./email address .... being a member/members of Alcom Group Berhad (the "Company"), hereby appoint:

Full Name (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholdings

and

Full Name (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholdings

or failing him/her, THE CHAIRMAN OF THE MEETING as *my/our proxy to vote for *me/us on *my/our behalf at the Third Annual General Meeting ("AGM") of the Company, to be conducted fully virtual and live-streamed from the broadcast venue at the Board Room, R-05-17 (Level 5), Wisma SCland, Emporis Kota Damansara, Persiaran Surian, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia ("Broadcast Venue") on Monday, 28 June 2021 at 10.00 a.m. or at any adjournment thereof. *I/We indicate with an 'X' in the spaces below how *I/we wish *my/our vote to be cast.

Resolution	Ordinary Business	For	Against
1	Re-election of Dato' Eng Kim Liong as Director		
2	Re-election of Ang Loo Leong as Director		
3	Approval of payment of Directors' Fees amounting to RM300,000 and payment of benefits of up to RM50,000 to the Non-Executive Directors of the Company and its subsidiaries for the financial year ending 31 December 2021		
4	Re-appointment of KPMG PLT as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix the Auditors' remuneration		
	Special Business		
5	Proposed authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016		
6	Proposed renewal of authority for the Company to purchase its own shares		
7	Proposed renewal of mandate for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature		

Subject to the abovestated voting instructions, *my/our proxy may vote or abstain from voting on any resolutions as he/she/they may think fit.

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

Signed this .... day of ...., 2021.

**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 21 June 2021 shall be entitled to participate in the Third AGM of the Company or appoint proxy(ies) to participate and vote in his/her stead.*

(ii) *The venue of the Third AGM of the Company is strictly a Broadcast Venue as the conduct of the Third AGM of the Company will be fully virtual 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.*

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(iv) *Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the Third AGM of the Company via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor" or "TIIH") through its TIIH Online website at https://tiih.online. Please follow the Procedures for RPV facilities in the Administrative Details for the Third AGM.*

(v) *A member of the Company entitled to participate at the Third 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.*

Notes: (continued)

(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 Third 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 appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or signed by 2 authorised officers or its attorney duly authorised in writing. Any alteration to the instrument appointing a proxy must be initialled.

(viii) A member who has appointed a proxy or attorney or authorised representative to attend, speak and vote at this AGM via RPV facilities must request his/her proxy to register himself/herself for RPV facilities at TIIH Online website at https://tiih.online. Please follow the Procedures for RPV facilities in the Administrative Details for the Third AGM.

(ix) The appointment of a proxy may be made in hard copy form or by electronic form and must be deposited with/received by the Company's Share Registrar, Tricor, not less than 48 hours before the time appointed for holding the Third 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.

(x) 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 with Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

(xi) In the case of appointment by electronic form, the Proxy Form must be electronically lodged with the Company's Share Registrar, Tricor via TIIH Online at https://tiih.online. Please refer to the Administrative Details for the Third AGM on the procedure for electronic lodgement of proxy form via TIIH Online.

(xii) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions will be put to the vote by way of poll. Independent Scrutineers will be appointed to verify the results of the poll.

(xiii) By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the Personal Data Privacy terms set out in the Notice of the Third AGM of the Company dated 28 April 2021.

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AFFIX
STAMP

The 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

2nd Fold Here

Fold This Flap For Sealing

ALCOM GROUP BERHAD
201701047083 (1261259-V)

No. 3, Persiaran Waja
Bukit Raja Industrial Estate, 41050 Klang
Selangor Darul Ehsan, Malaysia
Tel: +603-3346 6262 Fax: +603-3341 2793

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