alcom

ALCOM GROUP BERHAD

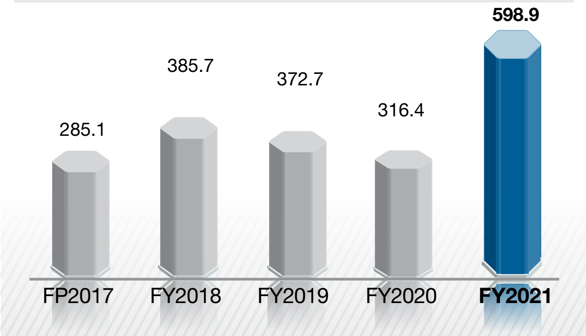
201701047083 (1261259-V)

ANNUAL REPORT 2021

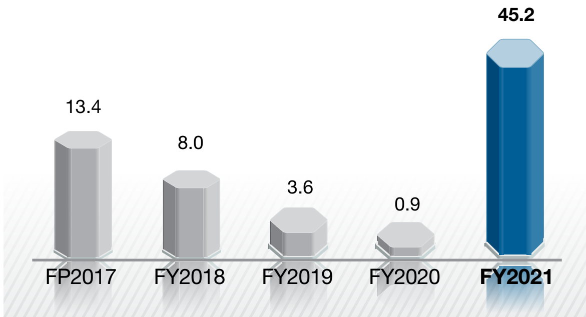
FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

	Aluminium Company of Malaysia Berhad	Alcom Group Berhad			
	9-month Financial Period Ended ("FP") 31 December	Financial Year Ended ("FY") 31 December			
	2017	2018	2019	2020	2021
Revenue (RM'Million)	285.1	385.7	372.7	316.4	**598.9**
Profit from Ordinary Activities Before Tax (RM'Million)	13.4	8.0	3.6	0.9	**45.2**
Net Profit Attributable to Shareholders (RM'Million)	9.7	3.4	0.3	1.3	**32.5**
Earnings Before Interest, Taxes, Depreciation and Amortisation (RM'Million)	20.5	19.5	19.4	16.8	**63.4**
Shareholders' Equity (RM'Million)	118.3	122.4	122.1	123.5	**155.9**
Total Assets (RM'Million)	242.3	332.7	374.0	408.2	**537.7**
Earnings Per Share (Sen)	7.24	2.56	0.24	0.98	**24.21**
Net Assets Per Share (RM)	0.89	0.91	0.91	0.92	**1.16**

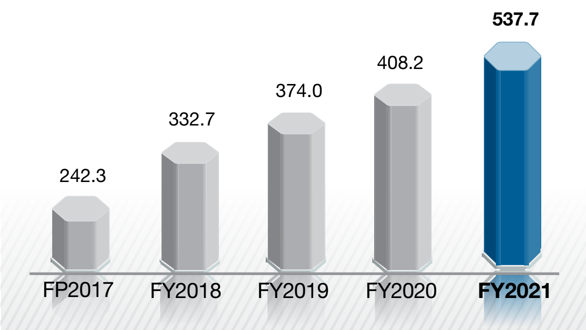
REVENUE
(RM'Million)



PROFIT FROM ORDINARY ACTIVITIES BEFORE TAX
(RM'Million)



TOTAL ASSETS
(RM'Million)



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

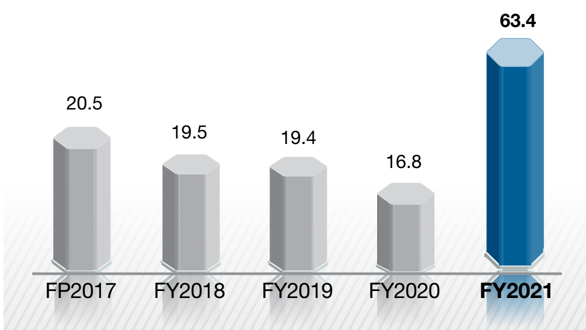


TABLE OF CONTENTS

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

Goh Teck Hong
Executive Director

Wong Choon Shein
Independent Non-Executive Director

Lam Voon Kean
Independent Non-Executive Director

Datin Shelina Binti Razaly Wahi
Independent Non-Executive Director

Gong Wooi Teik
Independent Non-Executive Director

Marc Francis Yeoh Min Chang
Alternate Director to Yeoh Jin Hoe

AUDIT & RISK MANAGEMENT COMMITTEE

Lam Voon Kean (Chairperson)
Datin Shelina Binti Razaly Wahi
Gong Wooi Teik

NOMINATION COMMITTEE

Wong Choon Shein (Chairperson)
Lam Voon Kean
Datin Shelina Binti Razaly Wahi

REMUNERATION COMMITTEE

Lam Voon Kean (Chairperson)
Wong Choon Shein
Gong Wooi Teik

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

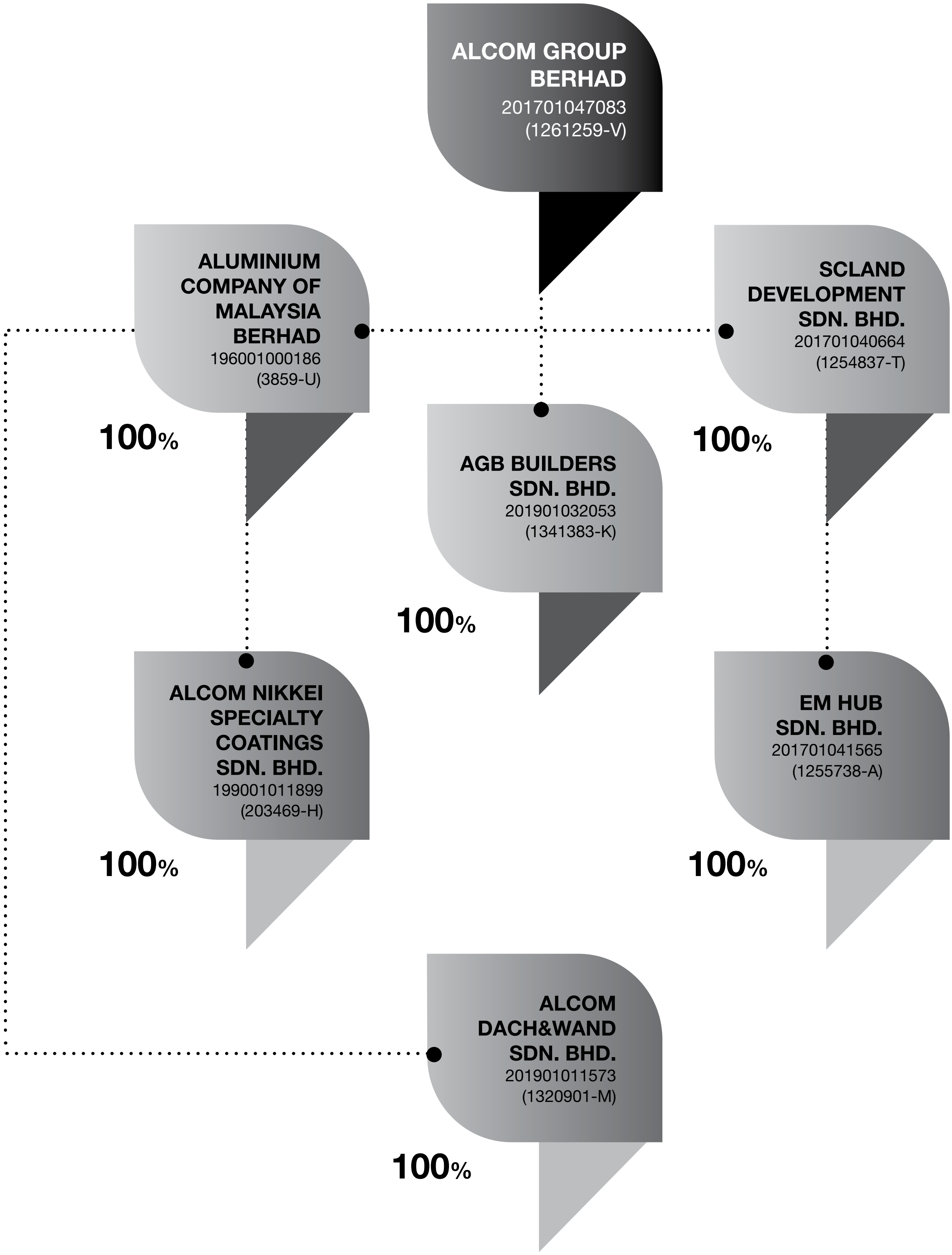
Main Market
Bursa Malaysia Securities Berhad
Stock Name : ALCOM
Stock Code : 2674
Sector : Industrial Products & Services
Sub-Sector : Metals

WEBSITE

www.alcom.com.my

GROUP STRUCTURE

AS AT 31 MARCH 2022



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

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

SALES ENQUIRIES/ CONTACT

marketing@alcom.com.my
Daniel.Lim@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/ Senior Independent Non-Executive Director
Malaysian, Male, Aged 56

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 holds a Bachelor of Science (Honours) 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 is the President of the Malaysian Hockey Confederation; a board member of Perbadanan Stadium Malaysia, a statutory body under the Youth and Sports Ministry; 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 former Deputy President of Football Association of Malaysia, the President of Football Association of Selangor from 2016 to 2018 and the Manager of Malaysian National Football Team from 2009 to 2013.

He is the 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 54

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 (Honours) 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 75

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., 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 57

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.

GOH TECK HONG
Executive Director
Malaysian, Male, Aged 47

Goh Teck Hong was appointed to the Board of AGB as Executive Director on 1 March 2022. He holds a Bachelor of Commerce in Accounting and Economics from Deakin University, Australia. He is a Certified Practicing Accountant of CPA Australia and Chartered Accountant of the Malaysian Institute of Accountants ("MIA").

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

He is an Executive Director of Can-One 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.

PROFILE OF DIRECTORS

WONG CHOON SHEIN
Independent
Non-Executive Director
Malaysian, Male, Aged 71

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 Remuneration Committee of AGB.

He has over 43 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 69

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 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

DATIN SHELINA BINTI RAZALY WAHI
Independent
Non-Executive Director
Malaysian, Female, Aged 48

Datin Shelina Binti Razaly Wahi was appointed to the Board of AGB on 1 December 2021. She is a member of the Audit and Risk Management Committee, and Nomination Committee of AGB.

She graduated with a Bachelor of Laws (Honours) from the University of Bristol. She completed her Bar Vocational course at Lincoln's Inn, London in 1996 and was called to the Malaysian Bar in 1998.

She began her legal career as a litigation lawyer, then moved in-house as corporate counsel with a large multinational oil & gas company, followed by stints at a leading media, content & consumer service provider, a start-up airline and a food & beverage start-up, before returning to corporate legal practice.

In addition to being a corporate lawyer specialising in the aviation and aerospace sectors, she is currently the Honorary Secretary of the Malaysia Aerospace Industry Association and assists member companies in their engagements with Government agencies, banks and other industry shareholders. She is also active in the general aviation sector, particularly in relation to advising on financing, leasing and regulatory matters.

She is an Independent Non-Executive Director of Marine & General Berhad which is listed on the Main Market of Bursa Securities and Pekat Group Berhad which is listed on the ACE Market of Bursa Securities. She is also a Non-Independent Non-Executive Director of Lam Soon (M) Berhad, a public company.

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

GONG WOOI TEIK
Independent
Non-Executive Director
Malaysian, Male, Aged 71

Gong Wooi Teik was appointed to the Board of AGB on 1 December 2021. He is a member of the Audit and Risk Management Committee, and Remuneration Committee of AGB.

He is a Fellow Member of the Institute of Chartered Accountants in England & Wales, a Member of the MIA and Fellow Member of the Chartered Tax Institute of Malaysia.

After qualifying as a Chartered Accountant in England in 1976, he returned to Malaysia in early 1977 and worked for 2 of the big 4 international accounting firms before starting his own accounting firm in 1980. He is currently the Senior Partner of GEP Associates PLT, a member firm of AGN International Ltd. which is a worldwide Association of Accounting and Consulting Firms.

He also holds directorship in Box-Pak (Malaysia) Bhd. and Dancomech Holdings Berhad which are listed on Bursa Securities.

He 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 37

Marc Francis Yeoh Min Chang was appointed as Alternate Director to Yeoh Jin Hoe on 9 August 2018. He holds a Bachelor of Science 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 2021.*
3. *Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Overview Statement on page 59 of this Annual Report.*

PROFILE OF KEY SENIOR MANAGEMENT

BERNARD WILLIAM A/L WILLIAM G. GOMEZ
Director, Finance of ALCOM
Malaysian, Male, Aged 59

Bernard William A/L William G. Gomez joined wholly-owned subsidiary, Aluminium Company of Malaysia Berhad ("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 multinational companies and a public listed entity, holding senior finance positions.

DANIEL LIM BOON AIK
Director, Sales & Marketing of ALCOM
Malaysian, Male, Aged 51

Daniel Lim Boon Aik joined ALCOM in January 2022 as Director, Sales & Marketing. He holds a Masters of Business Administration from University of Lincoln, United Kingdom since 2002. He has accumulated over 20 years of profit and loss management experience, and his career of 30 year spans through the electronics, automotive, fast-moving consumer goods and construction sectors. His experience also includes 8 years of exposure to building materials including a world leading multinational company, prior to joining ALCOM.

TAE IL SEO
Director, Plant of ALCOM
Korean, Male, Aged 71

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.

DATO' YONG HOW CHOONG
Director of EMH
Malaysian, Male, Aged 57

Dato' Yong How Choong was appointed to the Board of EM Hub Sdn Bhd ("EMH") on 11 June 2020. He holds a Diploma in Building. He has over 32 years experience in the construction industry, having served in several reputable construction companies involved in large scale construction projects in Klang Valley, Kedah, Pahang and Kota Kinabalu, Sabah.

PROFILE OF KEY SENIOR MANAGEMENT

ANG LOO LEONG
Director of EMH
Malaysian, Male, Aged 57

Ang Loo Leong was appointed to the Board of EMH on 27 November 2018. He holds a Diploma in Building. He has over 32 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.

KANG HUP LEE
Chief Operating Officer of SCLD
Malaysian, Male, Aged 43

Kang Hup Lee joined SCLand Development Sdn Bhd ("SCLD") in April 2018 as Chief Operating Officer. He holds a Bachelor of Science in Civil Engineering (Honours) from Universiti Putra Malaysia and a Master of Business Administration from Victoria University, Melbourne. He has 20 years experience in the consultancy and property development industry which includes 5 years in engineering consultancy service and 14 years in management of property development. He was the Vice President in the Property Development Division at See Hoy Chan Sdn. Berhad Group from 2016 to 2018, and played a key strategic role in leading the completion of the Starling Mall, Somerset Hotel, Uptown Residences and the Grade A office tower.

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 2021.*

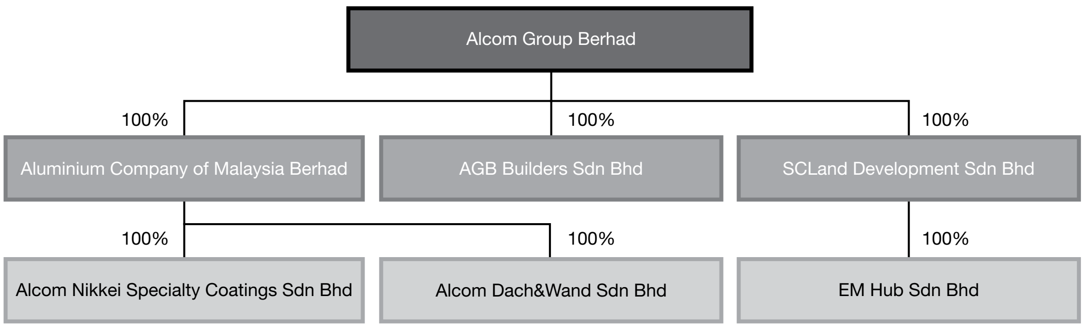
MANAGEMENT DISCUSSION AND ANALYSIS

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 2021 ("FY2021") which should be read in conjunction with the audited financial statements of the Group and of the Company as set out in pages 79 to 139. 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 62 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 80% of the total shipment volume of ALCOM/ANSC are exported with the remainder supplied to the domestic market.

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. This project is divided into two phases i.e. Hub 1 which was launched in October 2018 and Hub 2 which was launched in April 2021.

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 (CONTINUED)

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 FY2021 and Financial Year 2020 ("FY2020") 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 2021						Financial Year 2020					
	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	**444.88**	**150.40**	**101.69**	**6.18**	**(104.24)**	**598.91**	257.72	54.21	47.98	1.34	(44.85)	316.40
Profit/(Loss) Before Tax	**9.42**	**32.85**	**6.62**	**5.22**	**(8.88)**	**45.23**	(9.33)	10.94	2.48	0.43	(3.64)	0.88
Tax Income/(Expense)	**(3.04)**	**(8.77)**	**(1.58)**	**–**	**0.68**	**(12.71)**	1.71	(1.71)	(0.65)	–	0.54	0.43
Profit/(Loss) After Tax	**6.38**	**24.08**	**5.04**	**5.22**	**(8.20)**	**32.52**	(7.62)	9.77	1.83	0.43	(3.10)	1.31

- Statements of Financial Position	As At 31 December 2021						As At 31 December 2020					
	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	**348.81**	**219.21**	**44.12**	**109.25**	**(183.65)**	**537.74**	263.37	178.28	18.17	104.27	(155.93)	408.16
Total Liabilities	**226.26**	**195.07**	**35.55**	**0.56**	**(75.61)**	**381.83**	140.95	178.22	14.64	0.81	(49.91)	284.71
Equity	**122.55**	**24.15**	**8.57**	**108.68**	**(108.04)**	**155.91**	122.42	0.06	3.53	103.46	(106.02)	123.45

Revenue

The Group registered a revenue of RM598.91 million for FY2021 which was an increase of 89% or RM282.51 million over FY2020's revenue of RM316.40 million. This was accomplished despite the challenges of the prolonged Covid-19 pandemic, a resurgence of cases which significantly impacted the global and domestic economy with business operating restrictions due to multiple lockdowns to contain the spread of the virus. This achievement also exceeded the annual revenue attained by the Group in more than the 10 financial years prior to FY2021.

Of the total FY2021 recorded revenue for the Group, RM444.88 million was attributable to the manufacturing segment with the remaining RM154.03 million external revenue being generated from the property development and construction segments. No external revenue was recorded in the investment holding segment.

The manufacturing segment recorded an increase of RM187.16 million in revenue for FY2021 as compared to FY2020's attainment of RM257.72 million. This 73% increase was the result of higher shipment volumes across all product categories for both the domestic and export markets. In addition, higher base metal costs aided this revenue increase; it was 43% higher in FY2021 versus FY2020. Base metal costs is denominated in USD comprising aluminium prices quoted on the London Metal Exchange ("LME") and transport premium. This was partially offset by a stronger Ringgit Malaysia vis-à-vis the USD currency; the Ringgit Malaysia was approximately 2% stronger in FY2021 versus FY2020.

The property development segment registered a RM96.19 million increase in revenue for FY2021 when compared to FY2020's revenue of RM54.21 million. This 177% increase was generated not only from the sales of its Hub 2 which was launched in April 2021, but also from higher sales from its existing Hub 1 resulting mainly from strategic digital marketing efforts. The construction segment posted an increase in external revenue from RM4.47 million in FY2020 to RM5.02 million in FY2021, arising from its roofing and cladding business.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE (CONTINUED)

Profit Before Tax

The Group registered a profit before tax of RM45.23 million in FY2021 as compared to RM0.88 million in FY2020. This result also exceeded the annual profit before tax attained by the Group in more than the 10 financial years prior to FY2021.

The manufacturing segment achieved a profit before tax of RM9.42 million in FY2021 versus a loss before tax of RM9.33 million in FY2020. This substantially improved result was contributed from the significantly higher revenue and a metal price lag* gain as compared to a metal price lag loss in FY2020. In addition, there were higher dross savings, lower depreciation charges and reversals of general provisions for customers' complaints and for slow moving inventories. These were partially offset by higher costs incurred for external rerolls to supplement in-house production capacity, increased expenses incurred for repairs and maintenance, Covid-19 prevention, contract maintenance, finance costs and a higher provision for staff bonus. There was also an inventory adjustment loss in FY2021 compared to a gain registered in FY2020, following the annual physical metal stock count.

**metal price lag refers to timing differences experienced on the pass through of changing aluminium prices based on the price we pay for aluminium and the price we invoice our customers*

The property development segment's significantly improved profit before tax in FY2021 of RM32.85 million compared to RM10.94 million attained in FY2020 was the result of its EMHub project's substantially higher sales and higher construction progress achieved which have enabled more progressive profits to be recognised, coupled with lower staff costs but offset partially by higher finance costs and marketing expenses. Meanwhile, the construction segment recorded a profit before tax of RM6.62 million mainly generated from the construction progress at the Group's internal EMHub project.

Tax Expense

The effective tax rate of the Group for FY2021 was higher than the statutory tax rate mainly due to the difference between the accounting treatment and tax treatment in the recognition of property development revenue and certain marketing costs, as well as non-deductibility of certain expenses namely interest expense on a loan obtained to finance a non-trade transaction.

Total Assets

Total assets of the Group increased by RM129.58 million in FY2021 as compared to FY2020. Of this increase, approximately RM85.44 million was attributable to the manufacturing segment mainly due to higher inventory holding and the increase in accounts receivables with the corresponding revenue increase, whilst RM40.93 million was attributable to the property development segment resulting mainly from the increase in cash balance and higher accounts receivables, coupled with the increase in the development costs of the EMHub project under progress as substantial work was done in FY2021.

Total Liabilities

The increase in total liabilities in FY2021 compared to FY2020 of RM97.12 million was largely attributable to the manufacturing segment due to increased borrowings and higher trade payables. The property development segment also had higher trade payables, increased contract liabilities and borrowings. Additionally, the increase in total liabilities was also partially contributed by the construction segment due to higher contract liabilities.

Capital Expenditure

The Group incurred RM3.77 million mainly for the new acquisition and replacement of tangible property, plant and equipment in FY2021 as compared to RM3.69 million incurred in FY2020. 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 dividend policy has thus far aided in the Group's business growth without affecting its planned strategic direction. In this respect, the Board has recommended a first and final single-tier dividend of 2.5 sen per share amounting to approximately RM3.36 million in respect of FY2021. This aforesaid dividend is subject to approval by shareholders at the forthcoming Annual General Meeting of the Company.

REVIEW OF OPERATING ACTIVITIES

MANUFACTURING SEGMENT

Overview

The outbreak of the Covid-19 pandemic has had a devastating impact on the global economy. Emerging from a sluggish economic period of 2020, there is a fair degree of certainty that most countries would be reporting much higher growth rates for 2021 compared to the pre-pandemic levels. The opening up of economies and the unleashing of record high amounts of fiscal stimulus by various governments have created a surge in demand that culminated in supply-chain bottlenecks.

Stating the obvious, FY2021 has not been an easy year for most businesses more so for manufacturers. The manufacturing segment started the year 2021 filled with hope that the economic situation will get brighter and better with the Covid-19 vaccination as well as the opening up of economies around the world. Unfortunately, it was another year of greater disruption in every country that the segment was dealing with caused by the emergence of Covid-19 variants. This has contributed to a very unpredictable and challenging supply and demand situation from raw materials to logistics.

Most markets were experiencing a surge in demand as the segment began FY2021 with economies around the globe starting to gear up for normalisation. Before the end of Quarter 2, a lot of countries were facing another wave of Covid-19 surge which again disrupted the supply chain.

The demand from US and Europe was favourable yet challenging for the segment to supply as Malaysia had to be locked down in July 2021 which caused a 4-week setback. This caused a backlog position with outstanding orders for the most part of FY2021.

The shutdown of some of China's major aluminium plants affected their supply ability which in turn resulted in the manufacturing segment's favour. This has given the segment some supply opportunities with favourable terms.

With the recent global supply chain crisis, there has been shortages of containers as well as limited shipping allocation for certain destinations such as US and Europe. The freight cost to these destinations continue to increase and with limited availability, it worsens the shipping lead time to these destinations. The cost of supply to these destinations was greatly elevated by the freight cost and it was challenging in completing the delivery within the promised lead time to customers.

During the year under review, the LME price for aluminium increased by approximately 40%, breaching USD 3,000 per metric tonne and the Shanghai Futures Exchange ("SHFE") recording an all-time high price. The increases on metal price were mostly passed through to the customers except for the roofing segment which is priced differently and on a project to project basis. Other raw materials such as manganese and magnesium which are used in the alloying process also increased quite substantially albeit the quantity used was relatively small.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATING ACTIVITIES (CONTINUED)

MANUFACTURING SEGMENT (CONTINUED)

Commercial

The overall sales volume for manufacturing segment in FY2021 increased by 45% compared with FY2020 and 18% increase in comparison to Financial Year 2019 ("FY2019") i.e. pre-Covid-19 level. The increase was mainly from the US, Europe and Asia markets.

The penetration into the US region over the last few years has given a very good opportunity to strengthen the manufacturing segment's position in the US. While the core market for air conditioner was badly affected, the segment was able to pursue the US market for other product categories to fill its capacity. This opportunity has enabled the segment to thrive in a globally challenging environment.

As for Asia, the segment managed to increase its supply into Japan and it has been consistently increasing since FY2019. The volume from other countries were flat for the year under review against FY2020 as well as FY2019. However, countries such as Thailand and Malaysia have been very competitive and will remain to be so moving forward into Financial Year 2022 ("FY2022").

Similarly for Europe, the business development efforts put in a few years ago are now bringing in the volume from countries in which there was limited market exposure in the past. The Sales team will continue to build a strong base in Europe while expanding geographically into the Middle East.

As mentioned earlier, the prices from raw materials to freight had increased supply cost which was a real challenge for the Sales team to pass on the substantial increases to customers under such difficult times.

Customers

The major customer base remains to be from the fin stock product category which consists of major and leading manufacturers of the air-conditioner market across Asia and Europe. Moreover, the supply of this fin stock product category into the US market has already commenced. Some of the segment's other end product applications include building and construction, packaging, cables and for various other industries.

For the year under review, there was a further increase of supply into the US market, penetrating the building and construction market.

Costs

Direct Cost – For the year under review, the direct cost per tonne was much lower than FY2020 and also lower than the pre-pandemic level period. Compared with FY2020, the direct cost per tonne was lower by 22% and compared with FY2019, it was lower by 19%. This was mainly contributed by higher volume and on-going cost saving initiatives. There was also an attainment of higher recovery, a lower customer claim rate and also improved quality.

Period Cost – Period cost was higher by 11% for the year under review compared with the corresponding period of FY2020 mainly due to higher wages engaged in FY2021 with the correspondingly higher volume. The period cost was however, flat compared with FY2019.

Total Operating Cost – The total operating cost was marginally higher than FY2019 but 16% higher than FY2020. The total operating cost was higher as the segment produced and shipped 45% higher volume compared with FY2020 and 18% higher compared with FY2019.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATING ACTIVITIES (CONTINUED)

MANUFACTURING SEGMENT (CONTINUED)

Manufacturing

There was a much higher safety incident rate during the year under review as there was a shift of attention on combating the Covid-19 pandemic. In compliance with the physical distancing Standard Operating Practice (“SOP”), all training workshops were halted, including safety trainings and safety initiatives. All physical engagements and meetings were prohibited for most part of the year under review as a preventive measure to safeguard employees from contracting the Covid-19 virus. The lack of engagement has compromised the focus on plant safety during FY2021.

It has been a very challenging time to deliver the increased volume in the midst of MCO with a disrupted supply chain. Isolated cases of Covid-19 infections at the plant required quarantining affected teams of employees resulting in loss of production days due to a lack of manpower.

The plants were operating at a less than desirable condition as a result of the several mandatory shutdowns and restarts due to MCO directives. Maintaining quality during this period was a major challenge for the casting operations under a start/stop operating environment. This caused delays in the ability to fulfil customer delivery requirements.

In addition, there was a worldwide shortage of containers and the shipping liners were allocating preferential shipping space to premium paying customers. Both the in-coming supply of raw materials into the plants as well as out-going finished goods affected production and delivery schedules. This has also resulted in the segment carrying much higher inventory as buffer throughout FY2021.

A combination of all the above factors have badly affected delivery performance for the year under review. Despite all the challenges, FY2021 was a year which saw the lowest claim rate of 0.2% and also the highest overall recovery rate in recent years of 75% and above.

Human Capital

A stringent Covid-19 SOP was established in addition to the mandatory screening and testing requirements mandated by the Government. An internal Covid-19 flowchart and emergency response team were initiated to guide all employees in dealing with emerging cases. Periodic testing was undertaken more frequently than mandated to contain and prevent the spread of Covid-19. There was only 1 incident in July/August 2021 where there was a cross infection among the production workers that hampered productivity.

Safety and health remained the key priority during this difficult year. The plants remained in operation in compliance to the guidelines provided by authorities. Office staff were on rotation with some working from home and others in the office.

All physical training was temporarily postponed and was conducted virtually whenever possible.

Anticipated risks

The manufacturing segment is of the opinion that the risk of Covid-19 is manageable and is taking preventive measures in mitigating this particular risk going forward.

Globally, cybercrime is on the rise and on overdrive ever since the Covid-19 pandemic. Recognising this risk and ensuring that the employees are fully aware of the exposure that may occur within the segment, necessary training was provided to create awareness on cyber fraud. External experts have been engaged and deployed in patrolling and protecting systems against potential cyber fraud.

The supply chain risk continues to be a challenge as countries around the world adapt to the new operating norm. The segment is building new and wider customer base which will mitigate the risk of customer, segment and country concentration.

Impairment Review

A review of all assets have been undertaken and there is no requirement for any impairment in FY2021.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATING ACTIVITIES (CONTINUED)

MANUFACTURING SEGMENT (CONTINUED)

Forward-looking statement

Coming out of a pandemic, the lingering effects will still be felt. FY2022 will likely see unwinding of fiscal and monetary policy, high levels of debt and inflation will affect the prospect of 2022.

Covid-19 has disrupted the whole world, FY2022 is perhaps the most anticipated year despite all the challenges that lie ahead. There is no doubt that Covid-19 continues to cast a shadow over the growth prospect but the manufacturing segment remains cautiously optimistic for FY2022. The foray into new and uncharted territories such as the US and Europe is starting to bear fruits.

One of the Group's core values is agility. The ability to stay agile and adapt to the changes required during pandemic has been commendable; new segments and new geographical markets have been penetrated whilst thriving in chaos. As the dust settles, the manufacturing segment has emerged much stronger to face the future.

PROPERTY DEVELOPMENT SEGMENT

Overview

On 15 June 2021, the Government announced the National Recovery Plan ("NRP"). It is a strategy to exit the Covid-19 pandemic properly and safely. The NRP has 4 transitional phases and the whole country has moved to Phase 4 on 3 January 2022. The announcement to reopen the country's borders on 1 April 2022 and the transition from pandemic to endemic have enabled the reopening of more commercial activities and a less restrictive environment for consumers. This has provided clarity to business operators and increased sentiment towards financial security and consumer confidence. Other property sectors such as retail and hospitality have begun to show improvements towards the end of 2021.

Confidence in the Malaysian property market returned gradually in the fourth quarter of 2021. The property market is expected to recover strongly in 2022 as the Covid-19 pandemic appears to have been brought under control with increased vaccination rate and a reduction in serious infections. The industrial market will remain the best performing property sector and will continue to be driven by the e-commerce sector that has generated demand for distribution hubs, warehousing and logistics facilities. The property development segment also foresees that local e-commerce operators and small and medium enterprises ("SME") will be acquiring more space for storage and fulfilment services in strategic locations near high population areas that are served by good highway networks to enable fast point-to-point delivery to consumers.

This bodes well for the EMHub project ("EMHub") as it is an industrial property situated in a prominent location and is targeted at this category of buyers. EMHub's vibrant product offering has been designed to be versatile and utilised in a variety of ways; each unit is 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 also lorries to enter the building, drive up to the designated floor and load or unload goods before exiting.

Product Brand and Competitive Advantage

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, it is located along Persiaran Surian and connected to the New Klang Valley Expressway, Damansara-Puchong Expressway and the soon-to-be-completed Damansara-Shah Alam Elevated Expressway.

Nearby amenities include the Kota Damansara MRT station, Emporis Kota Damansara, Dataran Sunway, Tropicana Gardens Mall, Thomson Hospital Kota Damansara and various educational facilities such as SEGi University and Sri KDU International School.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATING ACTIVITIES (CONTINUED)

PROPERTY DEVELOPMENT SEGMENT (CONTINUED)

Product Brand and Competitive Advantage (continued)

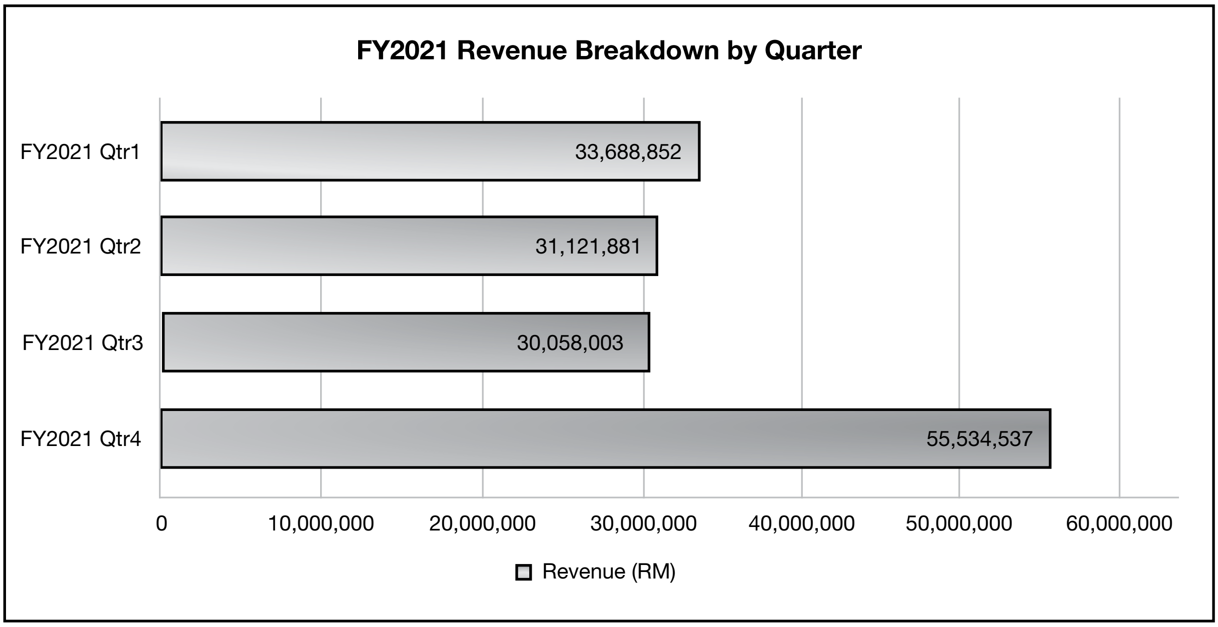
EMHub is the first-of-its-kind in Malaysia consisting of 2 blocks of stratified 6-storey ramp-up buildings. Each storey is accessible by ramp that allows both normal passenger cars and heavy vehicles weighing up to 5 tonnes to drive up to every unit. Vehicles can be parked at the doorstep of each unit for loading and unloading. EMHub consists of 468 units with unit sizes ranging from 2,200 sq ft to 5,000 sq ft. The idea for this stratified commercial hub is to target SME and that is why the built-up is smaller (compared with landed factories) and the price point is very affordable.

EMHub is a guarded strata development with dedicated space for lifestyle and common business facilities on its rooftop that is hard to find in commercial office buildings. Lifestyle facilities include a full-fledged gym, half basketball court, games room and an outdoor breakout area. Meeting rooms of various sizes and a multipurpose hall are part of the business facilities.

Additional car parks at the lower ground and basement have been built to solve any security, parking and loading/unloading issues. These car parks will be surrendered to the joint management committee as a common facility. In addition, up to 12 elevators, including 4 cargo lifts in each block, will also be provided to improve accessibility. CCTV monitoring and 24/7 security patrols will also be provided.

Reasonable pricing, prime location and product differentiation in terms of its unique selling proposition have given EMHub the competitive advantage over its rivals in the industrial real estate sector.

Strong Sales Delivered



Hub 1 (251 units) of EMHub was launched in the fourth quarter of FY2018. Hub 2 (217 units) was launched in the second quarter of FY2021 following the strong sales take-up rate in Hub 1. FY2021 was a remarkable year for EMHub. Despite the protracted challenges of the Covid-19 pandemic which have impacted the global and domestic economies due to multiple lockdowns to curb the spread of the virus, EMHub has achieved sales revenue of RM150.40 million in FY2021. This was markedly higher than actual revenue achieved in FY2020 of RM54.21 million.

The uptake rates for Hub 1 and Hub 2 have reached about 80% and 40% in 2021, respectively. The significant increase in sales in 2021 has proven that EMHub, a stratified commercial hub, gels well with e-commerce and logistics businesses. It is relevant to the current situation and interested parties can see that.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATING ACTIVITIES (CONTINUED)

PROPERTY DEVELOPMENT SEGMENT (CONTINUED)

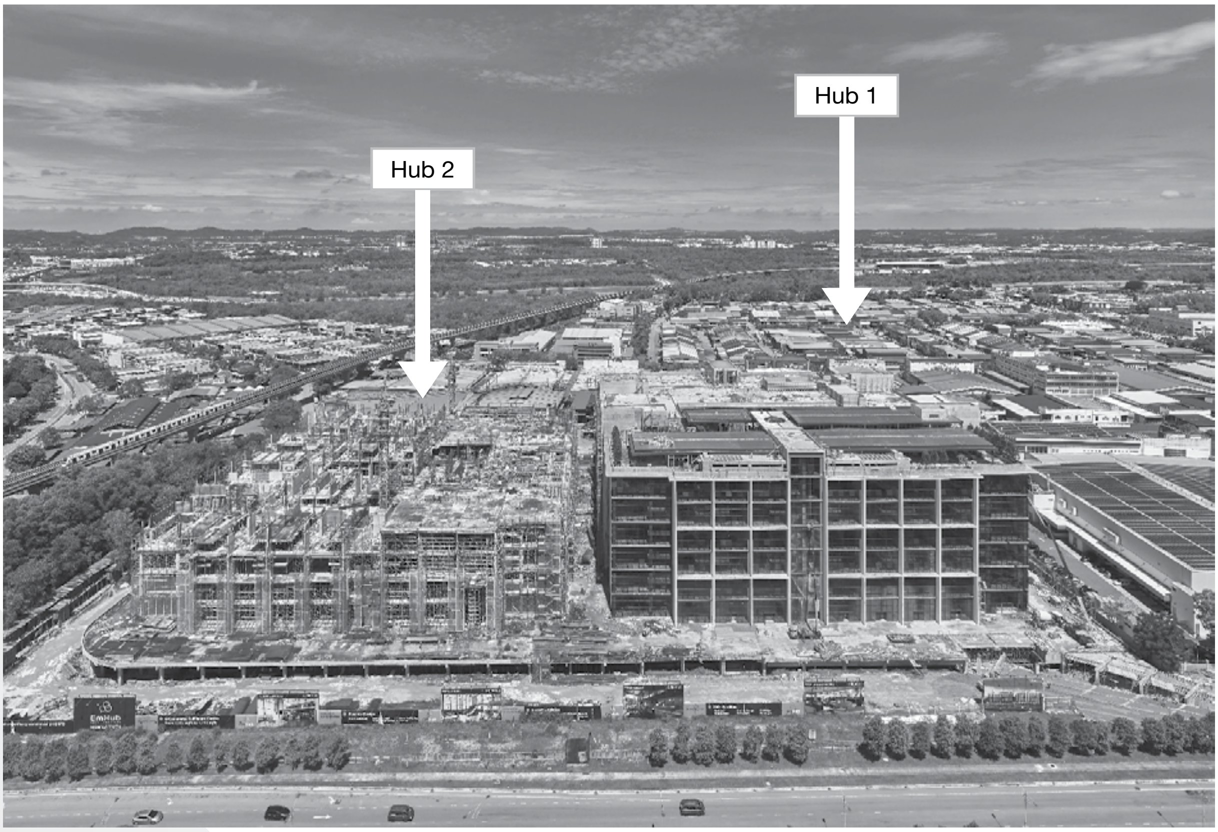
Strong Sales Delivered (continued)

Leveraging on technology and digitising the business is another key success factor that has helped to secure sales. The marketing team has engaged and collaborated with digital marketing agencies to develop, implement and monitor online marketing strategies. That has increased the overall awareness of the EMHub brand and generated quality leads from the online marketing channels. Sales consultants subsequently follow up on the leads for sales conversion purposes.

In addition, the team has developed more interactive marketing collateral such as 360 Degree Google Street View and Matterport Virtual Tours 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.

Site Progress and Cost of Doing Business

The physical work on site for Hub 1 and Hub 2 is progressing with almost 83% and 35% of work completed respectively as at 31 December 2021. After taking into account the extension of time granted by the project Consulting Architect, full completion for Hub 1 is expected in the first quarter of 2023 and Hub 2 is scheduled for completion by middle of 2023.



EMHub Project Progress as of March 2022

The spread of Covid-19 has disrupted and will continue to disrupt contractors' scheduling and supply of workers, goods and materials. Contractors must implement strict control over health and safety measures to mitigate overall site closures. According to the REHDA Property Industry Survey for the second half of FY2021, 79% of respondents stated that the overall cost of doing business had increased up to 18% in 2021, the highest in the past 5 years. The increase in material costs has had a direct impact on the cost of doing business, which has resulted in a 13% to 20% hike in construction costs. EMHub is no exception in this regard. However, the increase in construction costs is still within controllable levels as EMHub has started its construction work early in the first quarter of FY2019 and the additional costs can be offset by our past and ongoing efforts in value engineering implementation.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATING ACTIVITIES (CONTINUED)

PROPERTY DEVELOPMENT SEGMENT (CONTINUED)

Forward-looking Statement

The Group is strongly encouraged by the strong sales achieved in both Hub 1 and Hub 2 of EMHub as it demonstrates the breadth and depth of basic demand for the property development segment's project and products. The traction attained by the Group's property development segment in 2021 is expected to further improve in line with the reopening of all economic sectors and country borders on 1 April 2022. Strong market sentiment and consumer confidence will further enhance the economic recovery in 2022.

Based on the performance of the Group's property development segment since the EMHub brand first emerged, this segment will continue to seize opportunities in strategic new locations that may arise for future property developments as it intends to further expand its presence in the property market and continue to deliver sustainable growth for the Group's shareholders.

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 FY2021, 95% of this segment's total revenue was internally generated from the EMHub project, whilst the remaining 5% was from AD&W's external customers.

2021 was still a year greatly affected by the Covid-19 pandemic. Movement restriction throughout the first half of the year has again delayed the progress of all the projects in hand. Even when the construction works were allowed to resume, the strict SOPs at site have both slowed down the progress and increased the costs of operations.

The Covid-19 pandemic has caused a sudden upsurge in material cost in the country. All the roofing materials, especially metals, have increased in prices several times during the year which was unprecedented. The management had to take prudent measures to control project costs including contract renegotiations with the main contractors as a final resort.

Besides continuing the projects from year 2020 like the LRT3 Depot, Ryan&Miho Condominium, etc., several new projects were kicked off during this turbulent time, namely the Pinji Hospital, Top Glove F42 and F44, BNM Mint Factory, Greenville, and EMHub.

During the year, AD&W also successfully secured several big projects like Dexcom, Dynacare, Perkeso, and XME. These projects would substantially boost up its revenue in year 2022.

In the fourth quarter of FY2021, AD&W invested in new machinery to increase its product offering. This new roofing profile, named Alzip Standing Seam, is a versatile structural roofing system that can be curved and tapered. It is suitable for sizable roofing projects like stadiums, long-span factories, and office buildings. Management is confident that this added roofing profile will support AD&W's goal to obtain a bigger slice of the roofing market.

Forward-looking Statement

The Covid-19 pandemic has led to several challenges in recent times. Besides the escalated material prices, there has been a shortage of labour in the construction sector. With the Malaysian borders closed, foreign workers were unable to re-enter Malaysia after they had left. This has caused not only labour shortages but also rising wages. Roofing material manufacturers also require longer lead times due to the backlog of orders and lower production rate in meeting the SOPs. All these challenges have increased the project implementation risks in terms of cost overrun and delayed project delivery.

With the high vaccination rate in Malaysia, the government is set to relax the SOPs so that the economy can get back on track. The US-China tension has encouraged many multinational corporations to set up manufacturing bases in Malaysia. This can be seen from the numerous factory expansions and the increase of foreign direct investments especially into Penang. The construction segment is upbeat about its future outlook despite the challenges mentioned above.

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 2021 ("FY2021"). 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.

Towards the end of 2021, the Group had initiated a sustainability baseline assessment and a materiality reassessment is underway to meet the Group's reporting policy.

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 2021 to 31 December 2021.

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

SUSTAINABILITY REPORT

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 Management System, ISO 45001 : 2018

ALCOM/ANSC had successfully upgraded its Occupational Health and Safety Accreditation System OHSAS 18001 : 2007 to ISO 45001 : 2018 in the second quarter of 2021.

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, Quality and Energy ("EHSQE") is comprehensively spelt out within its EHSQE Policy.

EHSQE 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, quality and energy management.

In particular, it commits to provide financial and human resources for the continual improvement in its operations and business practices by:

- providing safe and healthy working conditions for the prevention of work-related injuries and illnesses;
- providing a framework for setting the EHSQE objectives towards continual improvement of its management systems;
- complying with legal requirements, ALCOM/ANSC's own internal standards and other applicable requirements;
- eliminating hazards and reducing EHS risks to achieve zero occupational injury and illness;
- minimising impact on the environment by reducing the use of natural resources, protecting the environment, preventing pollution and ensuring the efficient use of energy;
- enhancing the quality and benefits of products and services throughout their life cycle, especially through increased recycling initiatives;
- enhancing customers' satisfaction; driven by understanding customers' needs and exceeding their expectations;
- effectively managing electrical energy to continually improve energy efficiency usage;
- addressing and acting towards processes and activities that will enhance the performance of electrical energy usage;
- ensuring compliance with the Energy Act and regulations on efficient management of electrical energy.

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 2021 to determine the relevance and appropriateness of the issues.

The table below depicts the interests and expectations of each of the stakeholders, the types 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	- Performance Appraisals - Town Hall Meetings	- Annually - Quarterly
		Occupational safety and health ("OSH")	- OSH Committee Meeting - Internal Training	- 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
5	Industrial peers	Industry Stewardship	- Meetings	- Periodically

SUSTAINABILITY REPORT

MANUFACTURING SEGMENT (CONTINUED)

Stakeholder Engagement (continued)

No.	Stakeholder	Engagement Issues	Type of engagement	Frequency
6	Customers	Products/services transparency	- Visits - Meetings	- Ad Hoc - Ad Hoc
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 FY2021, all community engagements initiatives were conducted online due to the Covid-19 pandemic.*

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.

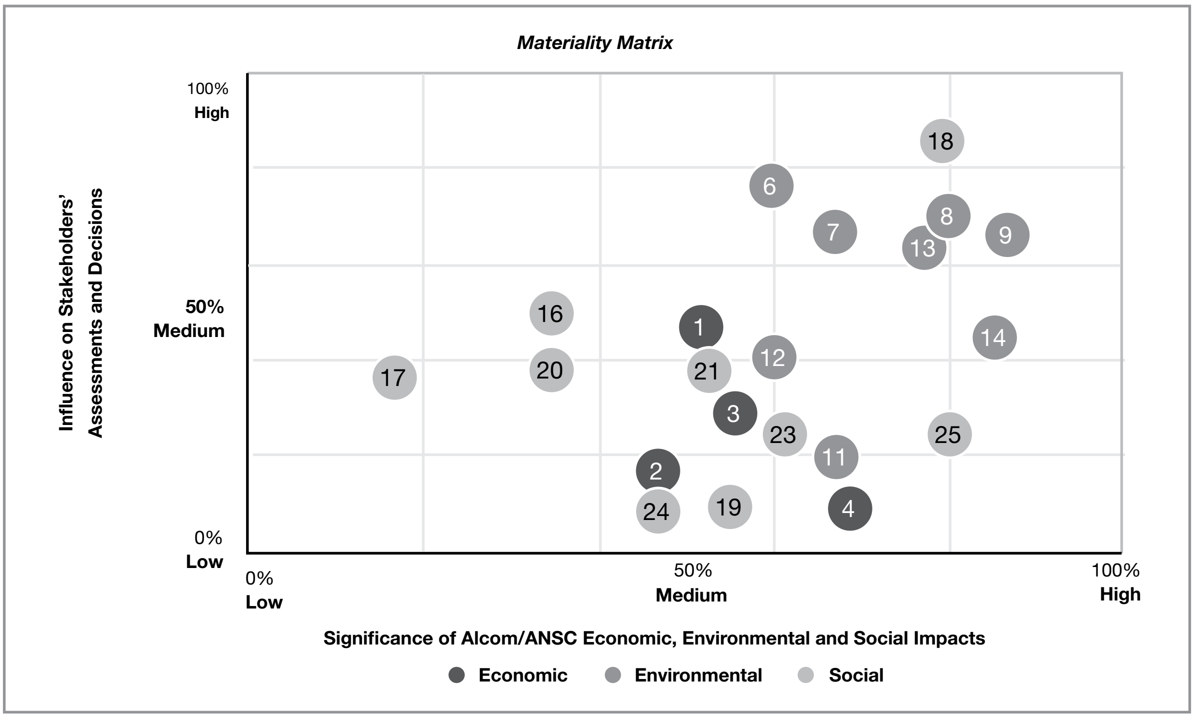
Materiality assessment reviews involving senior management representing all functional groups were held in FY2021. A total of 21 out of 25 themes with 34 indicators were identified as being relevant and applicable to ALCOM/ANSC's business and its stakeholders.

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	6	Emissions
	7	Waste and effluent
	8	Water
	9	Energy
	13	Materials
	18	Occupational Safety and Health
Medium/Low Materiality	1	Procurement practices
	3	Indirect economic impact
	4	Climate-related financial risks and opportunities
	11	Supply Chain (Environmental)
	12	Product and Services Responsibility (Environmental)
	14	Compliance (Environmental)
	19	Anti-competitive behaviour
	21	Labour practices
	23	Product and Services Responsibility (Social)
	25	Compliance (Social)
Not Material	2	Community investment
	5	Responsible / sustainable lending
	10	Biodiversity
	15	Land remediation, contamination, or degradation
	16	Diversity
	17	Human Rights
	20	Anti-corruption
	22	Society
	24	Supply Chain (Social)

SUSTAINABILITY REPORT

MANUFACTURING SEGMENT (CONTINUED)

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

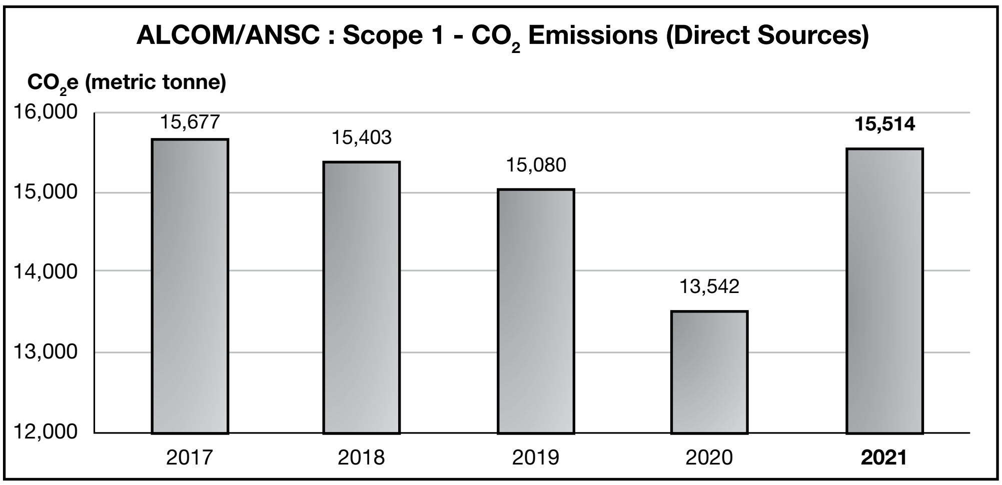
Note : Comparisons in 2021 have been made mostly against both 2020 and 2019 as 2020 was an exceptional year due to the Mandatory Control Order ("MCO") lockdowns. There are also certain circumstances when comparisons in 2021 are made only with 2019 i.e. excluding 2020.

2.1 Emissions

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

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

In 2021, Scope 1 – CO_2 emissions from direct sources reported a 2.9% increase as compared to 2019. This slight increase was mainly contributed by higher consumption of Natural Gas by 23.5% resulting from a higher process material volume and product mix registered in 2021 when compared to 2019.



SUSTAINABILITY REPORT

MANUFACTURING SEGMENT (CONTINUED)

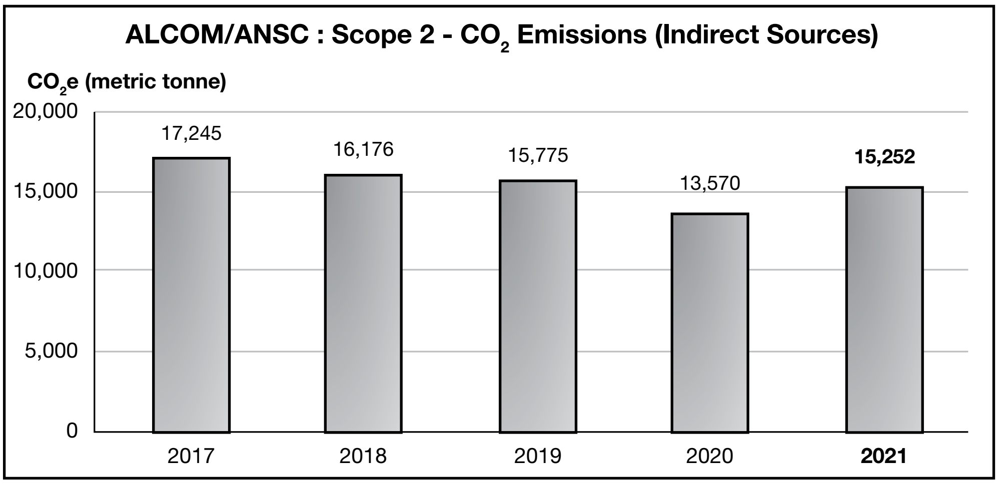
Sustainability Progress (continued)

2.0 Environmental (continued)

2.1 Emissions (continued)

2.1.2 Scope 2 - CO_2 Emissions from Indirect Sources

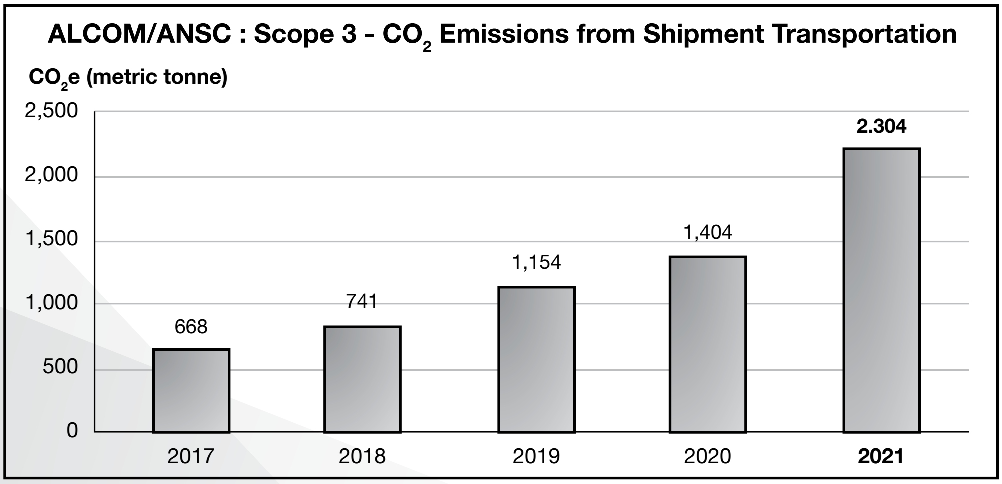
In 2021, Scope 2 – CO_2 emissions from indirect sources reported an increase of 12.4% when compared to 2020 due to the increase in processed material whilst it was lower by 3.3% compared to 2019. The emission rate per process production of per metric tonne of processed material was lower in both 2020 and 2019; it was lower by 6.9% and 2.3% respectively.



2.1.3 Scope 3 - CO_2 Emissions from Shipment Transportation

In 2021, ALCOM/ANSC recorded the highest CO_2 emission in the Scope 3 transportation category with the expansion of export customers based namely in the United States, requiring therefore increased geographical coverage for delivery of shipments by sea vessels.

Additionally, the increase of CO_2 emissions in 2021 was the result of a 2.0% increase in air shipments as compared to 2020; and a 128.0% increase as compared to 2019. The total shipment volume recorded an increase of 46.0% as compared to 2020; and an increase of 17.0% as compared to 2019.



SUSTAINABILITY REPORT

MANUFACTURING SEGMENT (CONTINUED)

Sustainability Progress (continued)

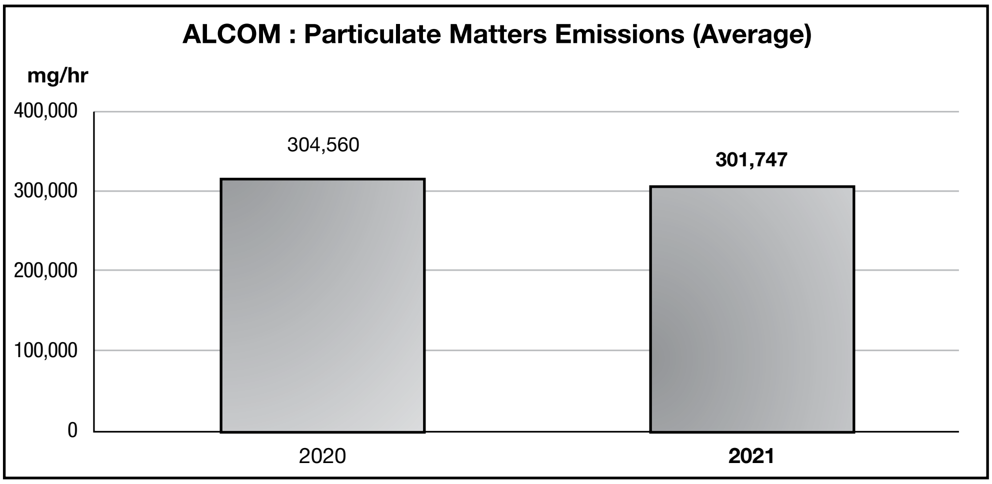
2.0 Environmental (continued)

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.

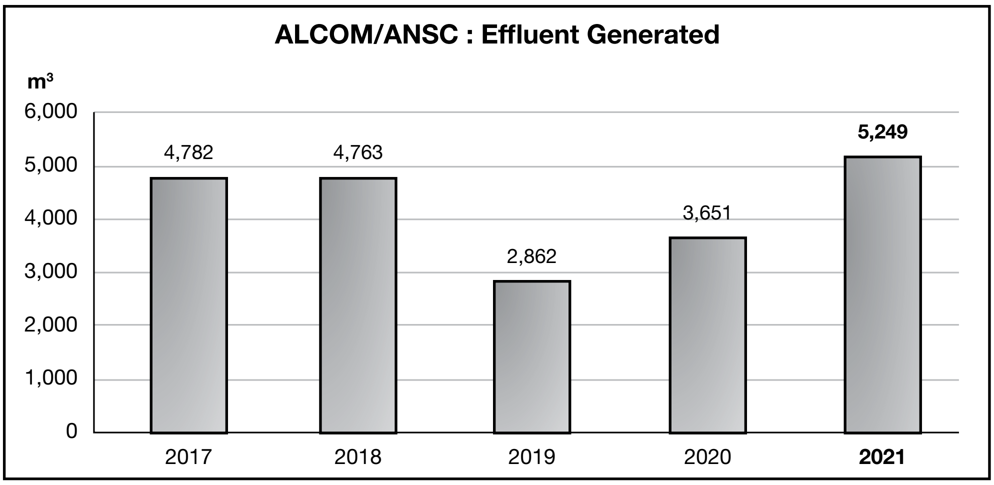
Particulate matters emission statistics derived from these 3 units in 2021 were as follows:



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 2021, 5,249 cubic meters (m^3) of effluent were treated by the in-house Industrial Effluent Treatment System ("IETS"), which was an increase of 43.8% as compared to 2020, mainly due to the increase of 46.0% in coating production. The effluents captured in IETS No. 2 is in line with the expansion project commissioned in 2020. IETS has been approved by the Department of Environment.



SUSTAINABILITY REPORT

MANUFACTURING SEGMENT (CONTINUED)

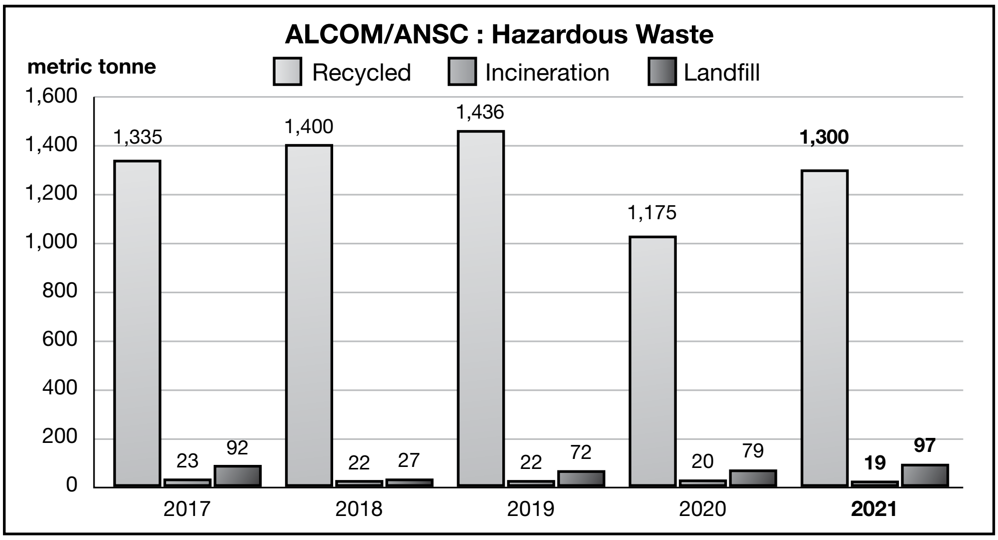
Sustainability Progress (continued)

2.0 Environmental (continued)

2.2 Waste and Effluent (continued)

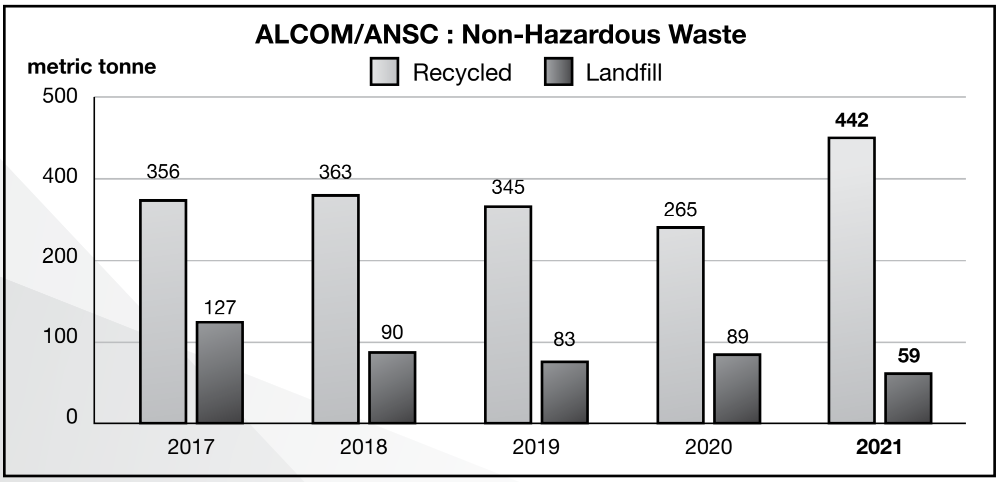
2.2.2 Hazardous Waste

Total hazardous waste generated in 2021 was higher by 11.1% as compared to 2020, but lower by 7.4% as compared to 2019. Production volume had rebounded in 2021 whereas it was lower in 2020 due to the Covid-19 lockdowns. The recycled waste category in 2021 was 91.8% of the total hazardous waste compared with 92.2% in 2020. The proportion of landfill and incineration categories were 6.9% and 1.3% respectively. However, the landfill was 0.7% higher; it registered an additional 18 metric tonnes in 2021 compared with 2020.



2.2.3 Non-Hazardous Waste

In 2021, a total of 501 metric tonnes of non-hazardous waste was generated, which was an increase of 41.3% when compared to 2020 and an increase of 17.1% when compared to 2019. The increase in non-hazardous waste was mainly due to packaging waste material that were purchased to meet customer requirements. On the other hand, the landfill waste of 59 metric tonnes in 2021 was the lowest in 20 years. The recycled waste category in 2021 had improved to 88.2% as compared to 74.9% in 2020. As in the past years, there was no incineration activity for non-hazardous waste in 2021.



SUSTAINABILITY REPORT

MANUFACTURING SEGMENT (CONTINUED)

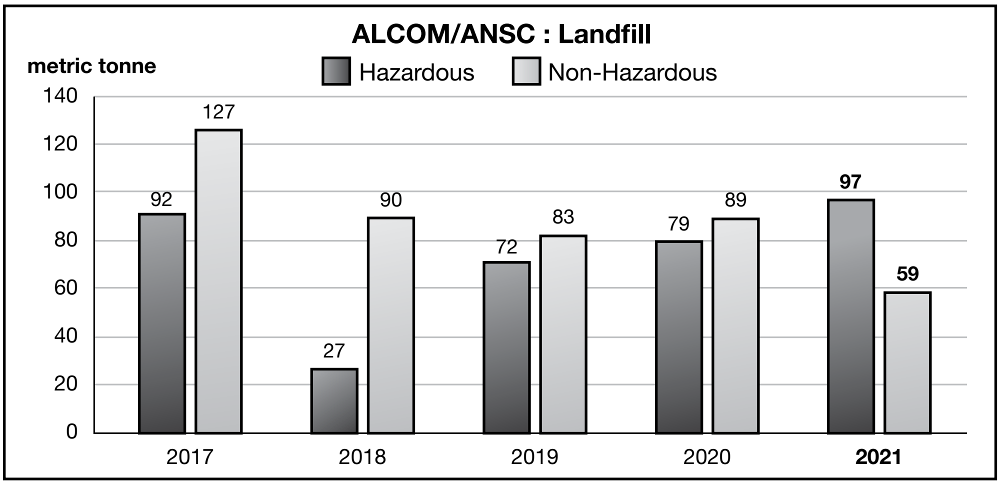
Sustainability Progress (continued)

2.0 Environmental (continued)

2.2 Waste and Effluent (continued)

2.2.4 Landfill

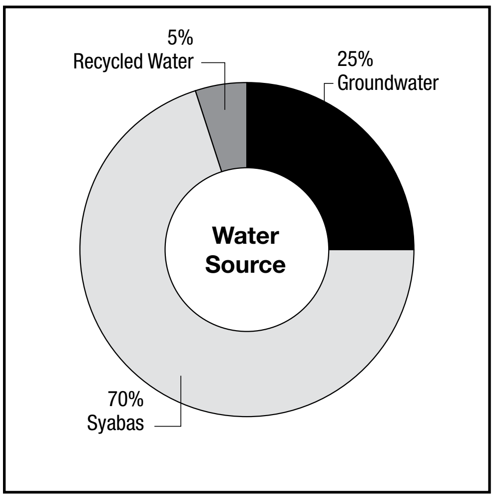
A total of 156 metric tonnes of landfill waste was generated in 2021 as compared to 168 metric tonnes in 2020 and 155 tonnes in 2019. There was an increase of 18 metric tonnes in landfill hazardous waste in 2021 compared with 2020 whilst the non-hazardous portion was lower by 30 metric tonnes. The increase in landfill hazardous waste was attributable mainly to furnaces maintenance in the ALCOM factory.

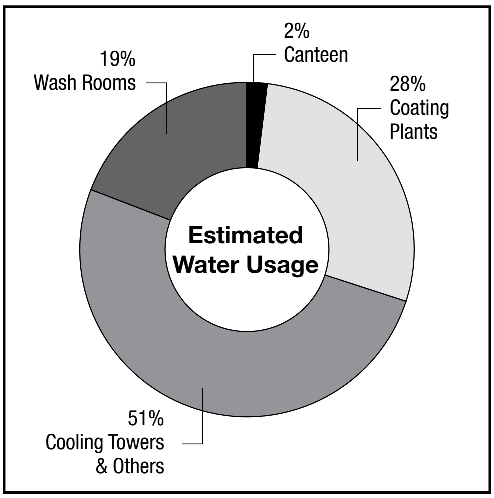


2.3 Water

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 the canteen.





SUSTAINABILITY REPORT

MANUFACTURING SEGMENT (CONTINUED)

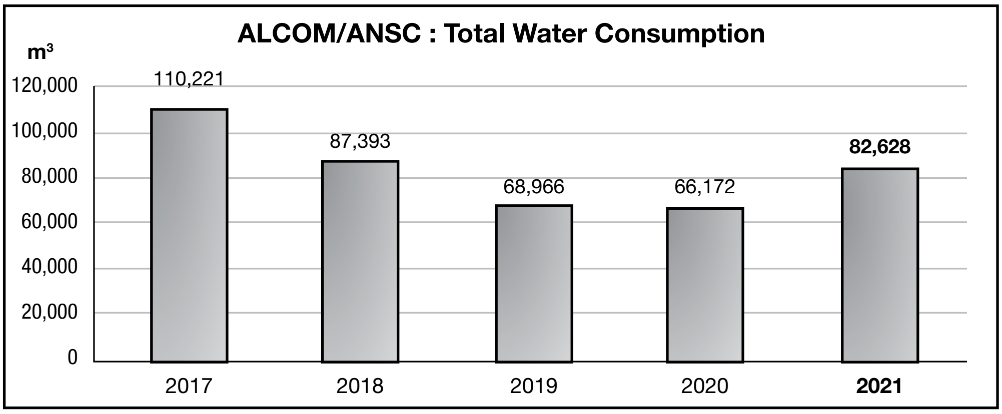
Sustainability Progress (continued)

2.0 Environmental (continued)

2.3 Water (continued)

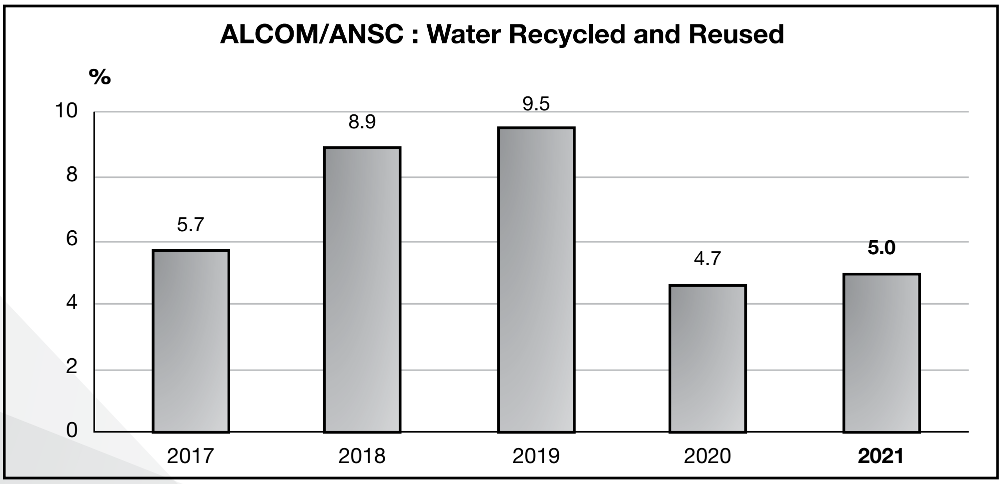
2.3.2 Total Volume of Water Used

Overall water consumption in 2021 was 24.9% higher compared with 2020 and 19.8% higher compared with 2019. In 2020, the mandatory shutdown during the MCO in March and April 2020 was the main contributor for the lower consumption. In 2021, there was a 21.0% increase in the production process volume which contributed to the increase in water consumption, including the new coating plant. In addition to that, towards the end of 2021, an underground pipe leakage was identified as one of the reasons for the increase in water consumption.



2.3.3 Water Recycled and Reused

In 2021, 5.0% of the water consumed in ALCOM/ANSC was recycled and reused, which represented an improvement of 6.4% as compared to 2020. This improvement was attributable mainly to the repair and maintenance that was conducted to restore the recycling delivering system in early 2021.



SUSTAINABILITY REPORT

MANUFACTURING SEGMENT (CONTINUED)

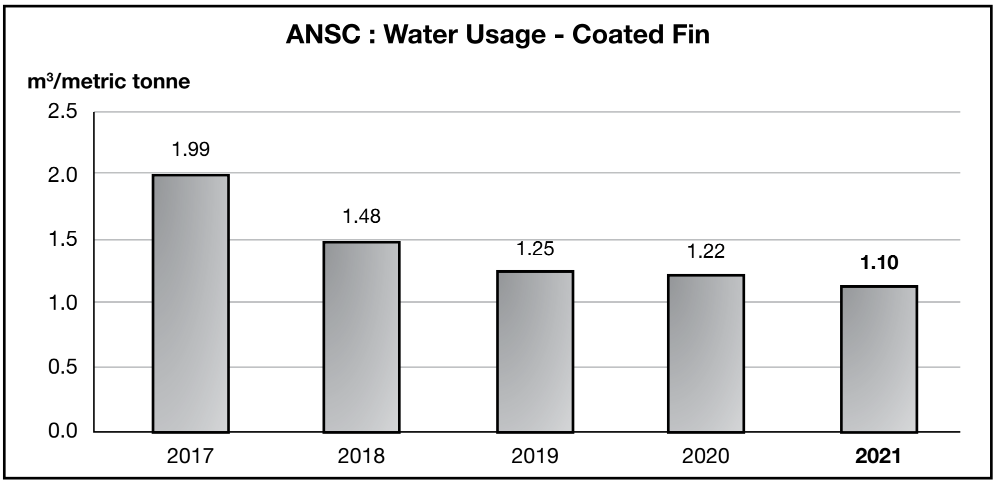
Sustainability Progress (continued)

2.0 Environmental (continued)

2.3 Water (continued)

2.3.4 Water Usage

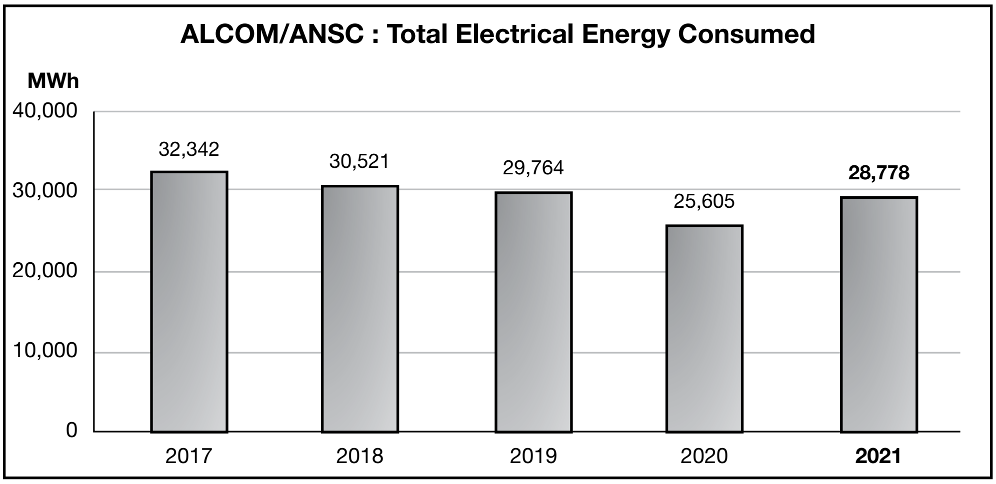
One of the main uses of water in ALCOM/ANSC is for the production process of the coated finstock product where water is used to clean the aluminium surface of coils. Coated finstock is the main product manufactured in ANSC. Water is also used to mix the components for the coating materials as ANSC uses 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. 2021 recorded the lowest water consumption per meter cube of production for coated finstock which reduced by 10.0% from the 2019 consumption rate.



2.4 Energy

2.4.1 Total Electrical Energy Consumed

Electrical energy consumed in 2021 was 12.4% higher i.e. an increase of 3,173 megawatt-hours ("MWh") as compared to 2020. The increase in the electrical energy used was mainly due to higher production volume in 2021. Besides that, in 2020, the mandatory shutdown during the MCO in March and April 2020 was the main contributor for the lower energy consumption.



SUSTAINABILITY REPORT

MANUFACTURING SEGMENT (CONTINUED)

Sustainability Progress (continued)

2.0 Environmental (continued)

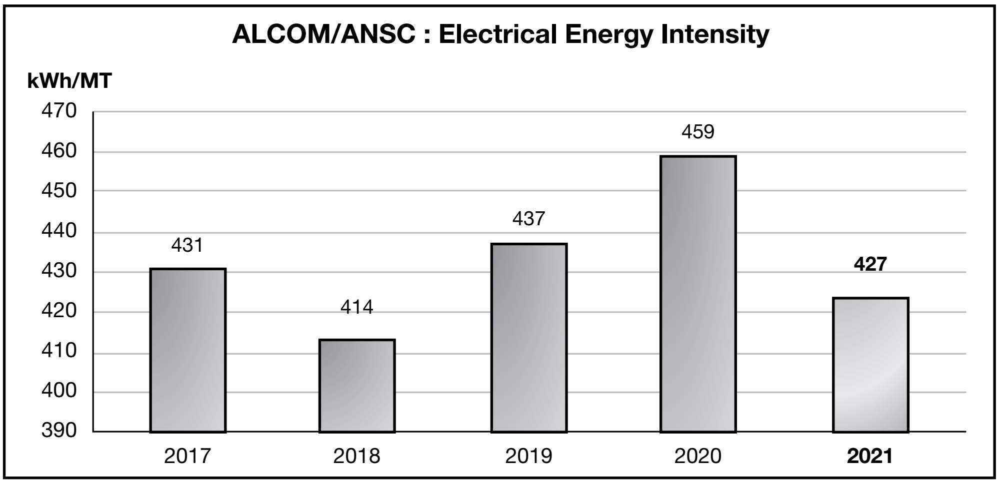
2.4 Energy (continued)

2.4.2 Electrical Energy Consumption Reduction

Electrical energy consumed in 2021 was 3.3% lesser i.e. a reduction of 986 MWh when compared to 2019. There has been a consistent reduction of electrical energy consumption in the last 3 years (excluding 2020, which was an exceptional year due to the MCO lockdown). One of the main contributory factors for the reduction in electrical energy consumption was the on-going energy saving initiatives through monitoring schedules, and shutting down and switching off idle motors and hydraulic pumps.

2.4.3 Electrical Energy Intensity

Electrical energy intensity was 32.0% of the annual overall energy consumption. This has always been a major challenge in ALCOM/ANSC's manufacturing operations. In 2021, the intensity improved by 7.0% to 427 kilowatt-hours per metric tonne ("kWh/MT") as compared to 2020, and 2.3% as compared to 2019.



SUSTAINABILITY REPORT

MANUFACTURING SEGMENT (CONTINUED)

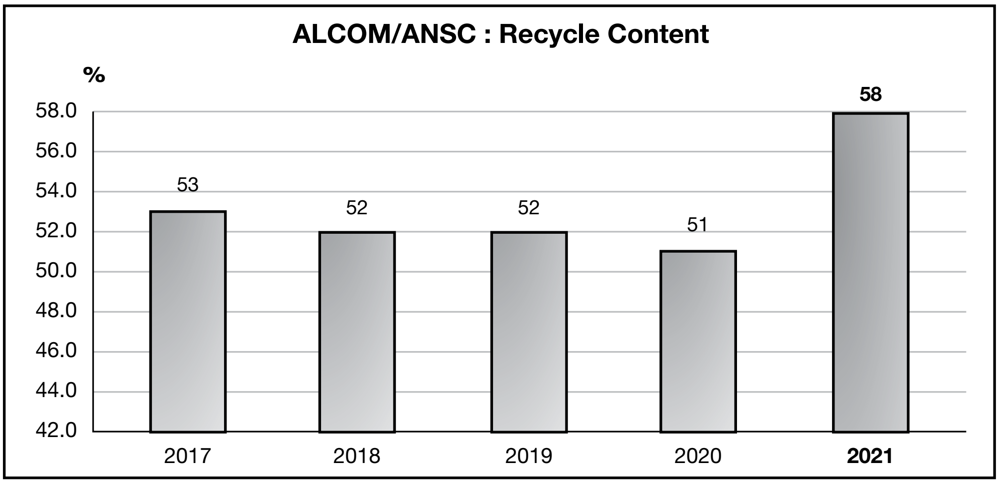
Sustainability Progress (continued)

2.0 Environmental (continued)

2.5 Materials

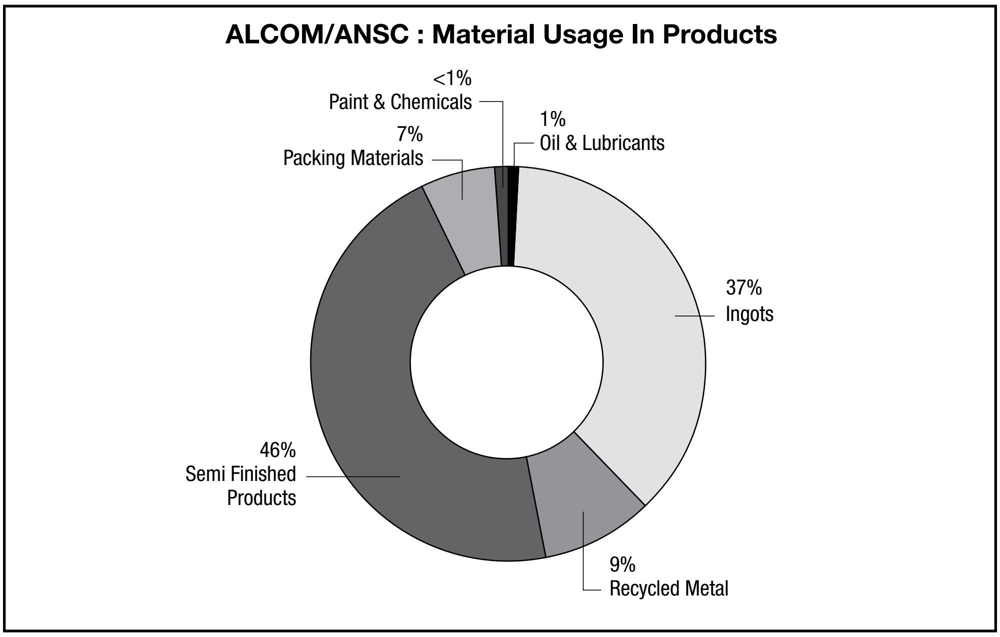
2.5.1 Sustainable Sources for Raw Materials

ALCOM/ANSC continues to maintain marginally above 50.0% of recycled content 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 2021, a total amount of 37,539 metric tonnes of various materials were used for production as compared to 25,549 metric tonnes in 2020. This 52.0% increase in materials used as compared to 2020, and 20.0% increase as compared to 2019, was attributable to the increase in customer demand and production volume. The breakdown was as follows:



SUSTAINABILITY REPORT

MANUFACTURING SEGMENT (CONTINUED)

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.

Besides the traditional Environmental, Health and Safety activities, ALCOM/ANSC has also established a Serious Injury & Fatality procedure. In this procedure, both management and employees are involved in assessing daily routine and non-routine activities, and identifying 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.

In 2021, there were 4 accidents reported. Each accident had been investigated to determine the root cause and specific corrective and preventive measures have been put in place to avoid a recurrence. In addition, the management had organised a Safety Intervention Day to reinforce safety core values and improve awareness among employees and the management team with the aim of preventing accidents. All employees participated in an online safety discussion session led by management. Participants were divided into 50 groups and information on past accidents was discussed and reviewed, and a brainstorming session was conducted within each group. Feedback from these sessions were recorded and action plans for improvement was initiated.

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 and 2021, various restrictions were implemented under the various MCOs by the authorities due to the Covid-19 pandemic. Physical meetings and trainings were restricted, resulting in lower training hours being recorded. However, critical trainings involving safety have been conducted in an approved and restricted manner. Most of the related trainings have been conducted online. Consequently, an average of 2.86 manhours safety and health training per employee was registered in 2021 as compared to 6.93 manhours in 2020.

SUSTAINABILITY REPORT

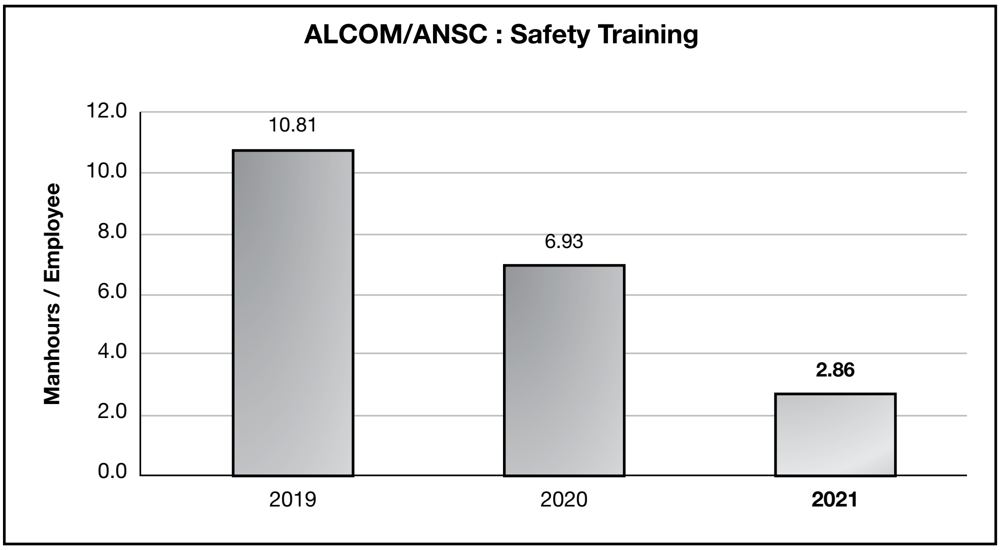
MANUFACTURING SEGMENT (CONTINUED)

Sustainability Progress (continued)

3.0 Social (continued)

3.1 Occupational Safety and Health (continued)

3.1.1 Safety and Health Training (continued)



Safety related training conducted covered the following areas:

1. Forklift's Operator Re-Certification;
2. Crane's Operator Re-Certification;
3. HIRARC*;
4. Chemical Spill Response;
5. ISO 45001;
6. Radiation Safety;
7. Behavioral Based Safety (BBS);
8. Serious Injury & Fatality (SIF) Prevention Program;
9. Safety Meeting And Accident Prevention Training; and
10. Chemical Handling & PPE.

**Hazard Identification, Risk Assessment and Risk Control*

MANUFACTURING SEGMENT (CONTINUED)

Sustainability Progress (continued)

3.0 Social (continued)

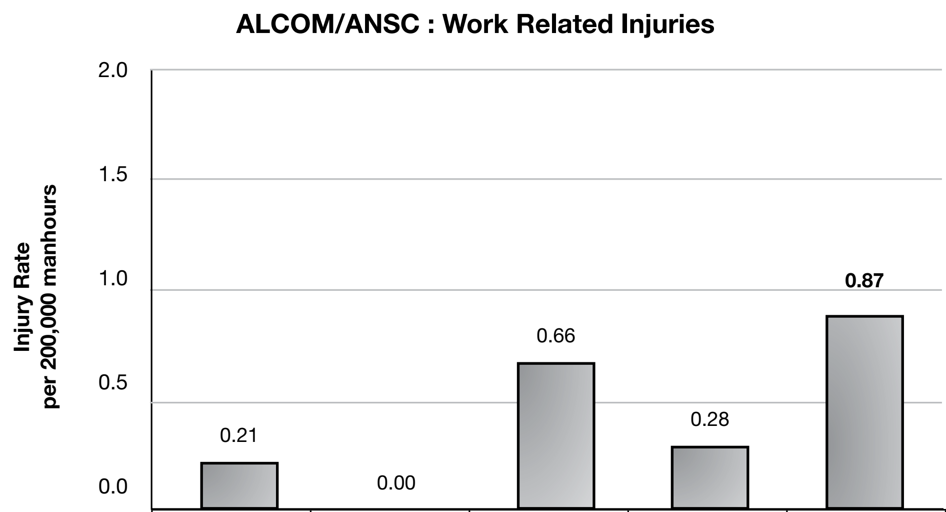
3.1 Occupational Safety and Health (continued)

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.

In 2021, a total of 4 cases of days away from work was reported.



	2017	2018	2019	2000	**2021**
Injury Rate	0.21	0.00	0.66	0.28	**0.87**
No. of Cases	1	0	3	1	**4**

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 2021.

SUSTAINABILITY REPORT

MANUFACTURING SEGMENT (CONTINUED)

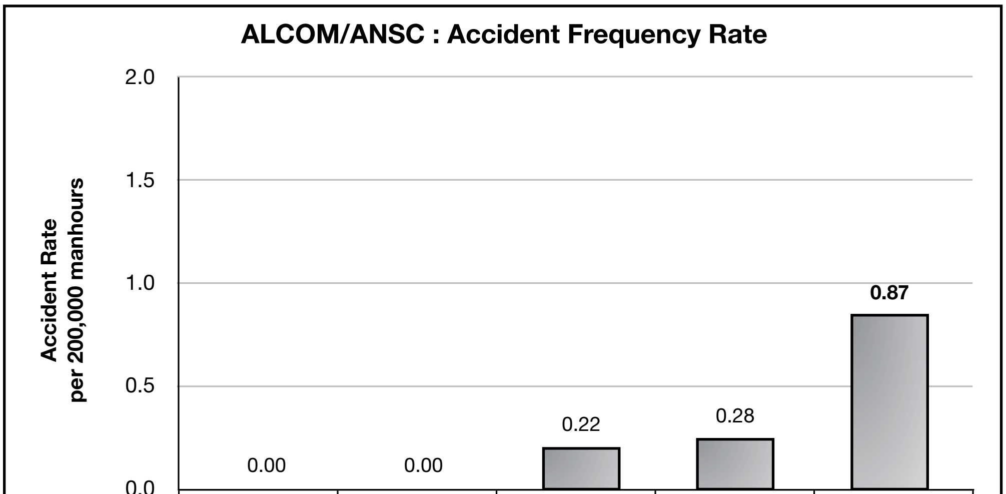
Sustainability Progress (continued)

3.0 Social (continued)

3.1 Occupational Safety and Health (continued)

3.1.4 Accident Frequency Rate

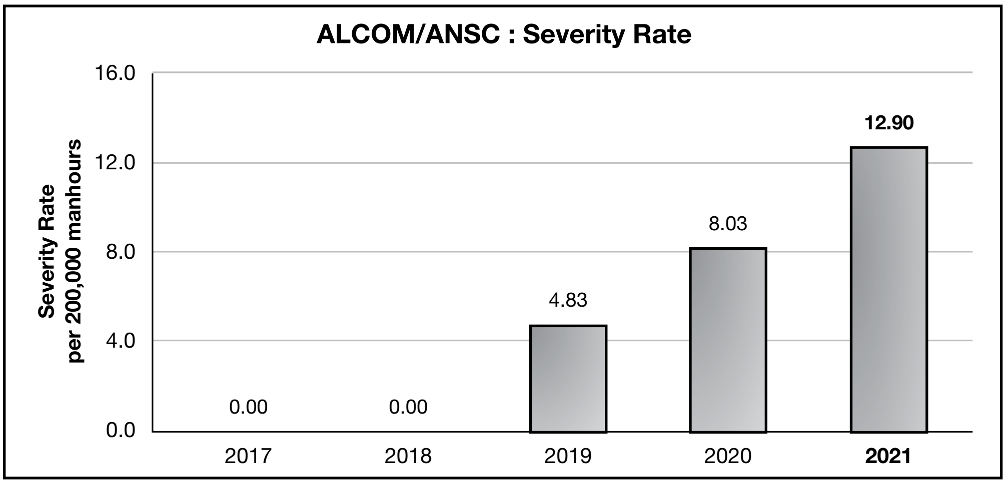
Accident frequency rate is based on the number of cases where an employee had an accident and did not return to work. This rate is calculated based on accidents met per 200,000 manhours. There were 4 such cases in 2021 in ALCOM/ANSC. The trend of the accident frequency rate statistics is depicted in the chart below:



	2017	2018	2019	2020	**2021**
Accident Rate	0.00	0.00	0.22	0.28	**0.87**
No. of Cases	0	0	1	1	**4**

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 man hours and the trend is depicted in the chart below:



SUSTAINABILITY REPORT

MANUFACTURING SEGMENT (CONTINUED)

Sustainability Progress (continued)

3.0 Social (continued)

3.1 Occupational Safety and Health (continued)

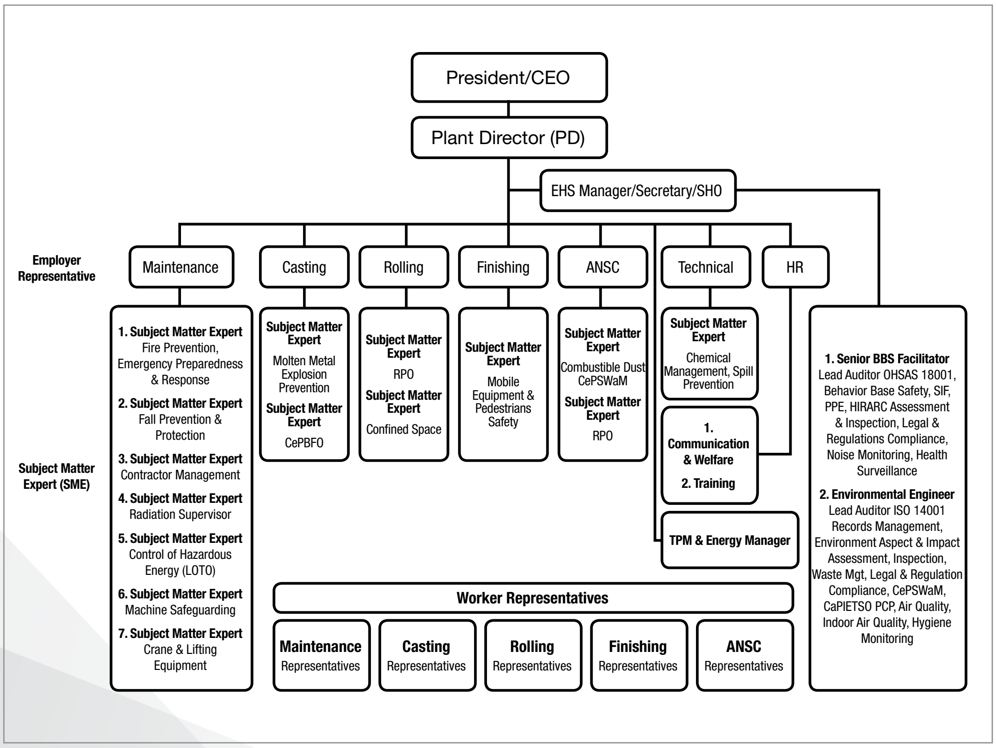
3.1.6 Health Surveillance

In 2021, 173 employees were identified and included in a health surveillance program. Due to the restriction for physical distancing and relevant procedures to prevent the spread of Covid-19, only 93 employees (53.8% of identified employees) were able to complete the 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.

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.



SUSTAINABILITY REPORT

MANUFACTURING SEGMENT (CONTINUED)

Sustainability Progress (continued)

3.0 Social (continued)

3.1 Occupational Safety and Health (continued)

3.1.7 ALCOM/ANSC's EHS Organisation (continued)

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.

ALCOM/ANSC has established the Subject Matter Expert ("SME") system for non-EHS personnel. The SMEs underwent training that was supervised by the EHS Manager. Each SME is assigned to ensure the following objectives are achieved:

1. implementing individual programs;
2. conducting a site survey to identify and recommend improvements;
3. ensuring that the programs' procedures are developed; and
4. acting in advisory capacity on all matters pertaining to the program.

PROPERTY DEVELOPMENT SEGMENT

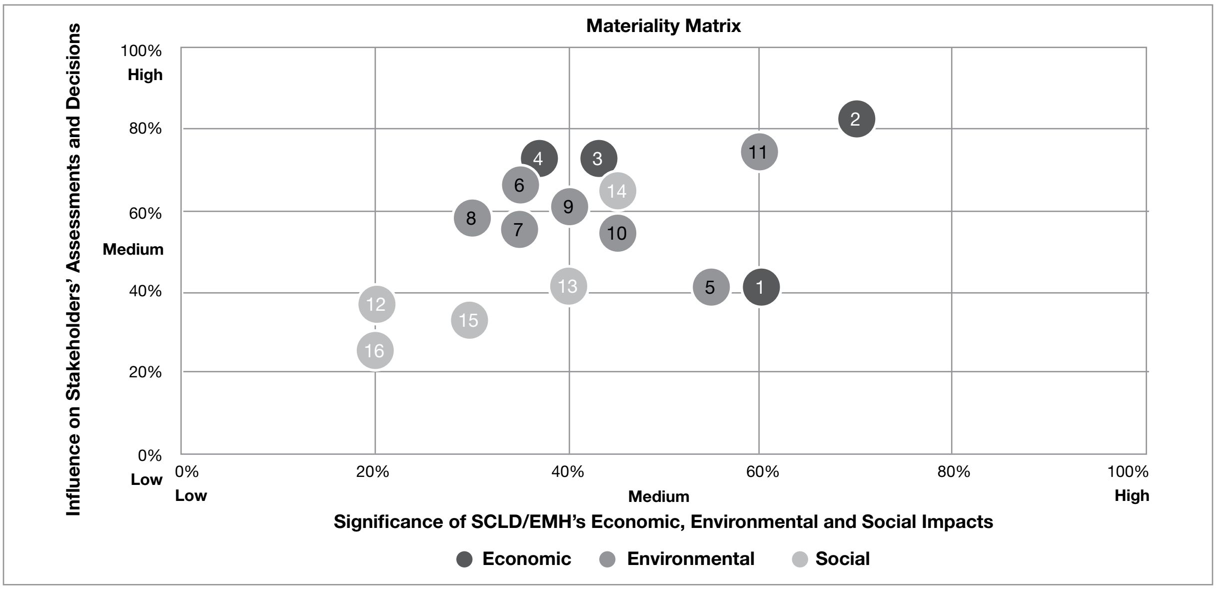
The Group's property development segment's business units comprise SCLand Development Sdn. Bhd. ("SCLD") and its wholly-owned subsidiary, EM Hub Sdn. Bhd. ("EMH") which was established in November 2017 to develop its maiden industrial property project at Kota Damansara, Selangor ("EMHub").

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.

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:



SUSTAINABILITY REPORT

PROPERTY DEVELOPMENT SEGMENT (CONTINUED)

Materiality Assessment (continued)

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

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 2021, amidst the challenging market due to the ongoing Covid-19 outbreak, EMHub still received 93 new order units during the year. The bulk of the sales were contributed from the launch of Hub 2 (the second phase of its EMHub project) in April 2021.

In line with the Group's Integrity and Anti-Corruption Policy, the property development segment 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. Briefings on the Anti-Corruption Policy for all new employees were held during the year to create awareness on ethical practices as well as consequences of corruption. In addition, all employees have signed the statement of pledge; all service providers and suppliers for the property development segment are also required to declare and comply with the Anti-Corruption Policy by signing the declaration form. The property development segment is proud to announce that no misconduct cases were recorded in 2021.

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 2021, there were no fines nor non-monetary sanctions for non-compliance with environmental laws and regulations.

SUSTAINABILITY REPORT

PROPERTY DEVELOPMENT SEGMENT (CONTINUED)

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 and 2021, 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, current strategies for managing Covid-19 and customer management. The training in digital marketing 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 2021, its gender diversity ratio was 64:36 (Male : Female).

As part of the Group's social responsibility, this segment has donated RM10,000 to Epic Society in 2021 for their donation event (Fundraising for Hospital Equipment).

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 dedicated towards achieving outstanding job completion, exceptional customer service and superior safety performance. With regards to the segment's materiality matrix on sustainability matters, 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.

Commitments

The construction segment is passionate in adhering to its Health, Safety, Security and Environment ("HSSE") policies and the continuous improvement of its HSSE performance:

HEALTH AND SAFETY

The segment aspires to achieve "Zero Harm" to people. Its fundamental belief is that all injuries can be prevented.

ENVIRONMENT

The segment cares for the environment. It is committed to the efficient use of resources, preventing pollution and reducing the environmental impacts of its operations and services.

COMMUNITY

The segment strives to be a valued corporate citizen in the community. It respects the values and cultural heritage of the local people.

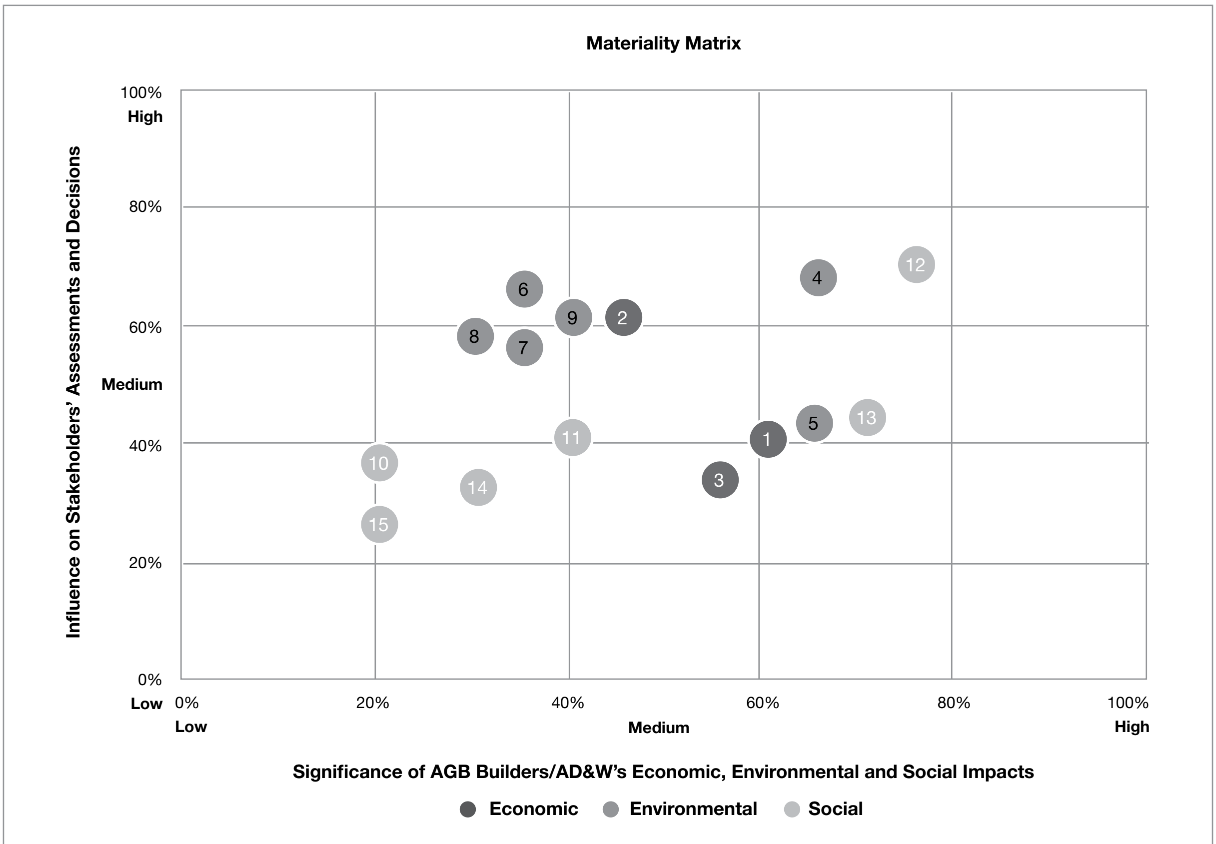
SUSTAINABILITY REPORT

CONSTRUCTION SEGMENT (CONTINUED)

Materiality Assessment

Materiality assessment is a robust way to establish sustainability standards and to further integrate sustainability into existing strategies. The 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 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 customers' satisfaction in its work, whilst at the same time to 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.

This segment also provides synergy to the Group's business by promoting the use of ALCOM's aluminium for roof and cladding. Successful specification of aluminium or conversion of other roofing materials to ALCOM's aluminium not only increases revenue but also enhances the value of the Group. By promoting the use of ALCOM's aluminium as the roof and cladding material, it also supports the government's call for using "Made in Malaysia" products.

In line with the Group's Integrity and Anti-Corruption Policy, the construction segment, with the exception of AD&W, 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. Briefings on the Anti-Corruption Policy for all new employees were held during the year to create awareness on ethical practices as well as consequences of corruption. In addition, all employees have signed the statement of pledge; all service providers and suppliers are also required to declare and comply with the Anti-Corruption Policy by signing the declaration form. No misconduct cases were recorded in 2021. AD&W will be adopting this policy in its entirety by 2022.

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.

In 2021, AD&W successfully secured the use of aluminium for 85,000 m^2 of roof & cladding area which would otherwise use steel material. Since aluminium is a recyclable material, AD&W's activity helps to preserve the environment. Aluminium is also a light-weight material compared to steel or other materials. This property is important when it comes to re-roofing projects where a new aluminium roof is installed over the existing roof covering (without dismantling the old roof). The weight of the aluminium does not require adjustment to the existing structure as the new roof adds only a little load to the structure.

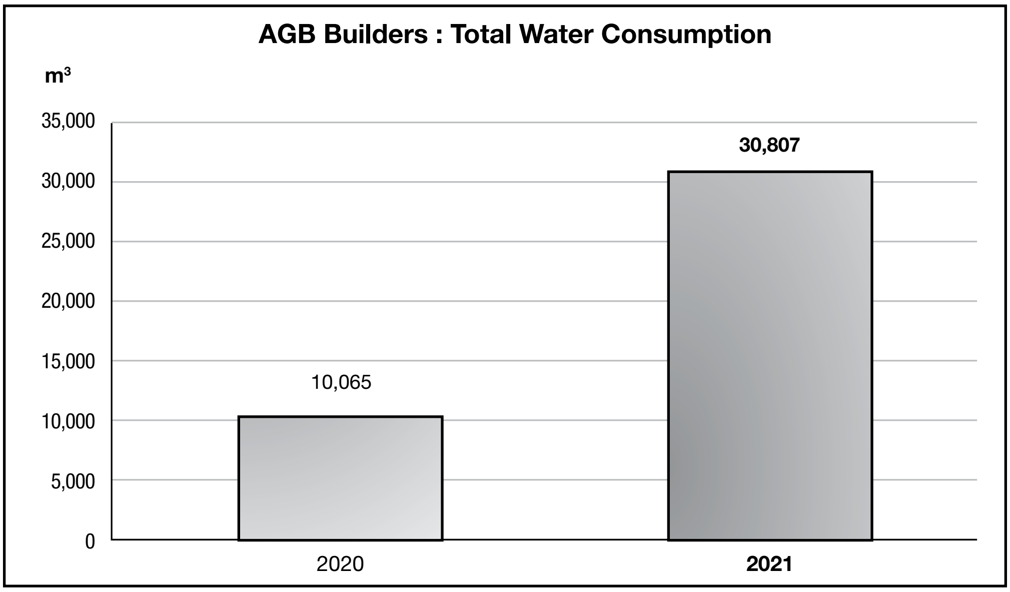
Both water and electricity supply are critical to ensure the smooth running of construction projects. At AGB Builders, water and electricity consumption are being constantly monitored for future improvement and to develop more ways to reduce usage. As a measure to save water, AGB Builders has installed 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. Besides that, scrap iron has been sent for recycling to reduce wastage and cost.

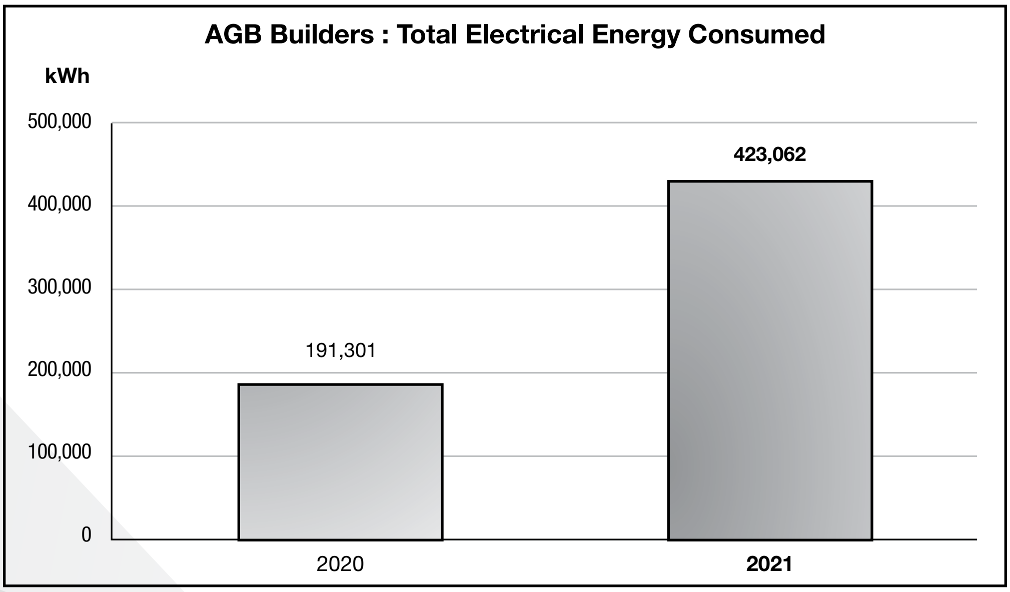
SUSTAINABILITY REPORT

CONSTRUCTION SEGMENT (CONTINUED)

Environmental (continued)

AGB Builders' water, electricity and recycling records correspond with the significantly increased operational activity in FY2021 over FY2020 as follows:

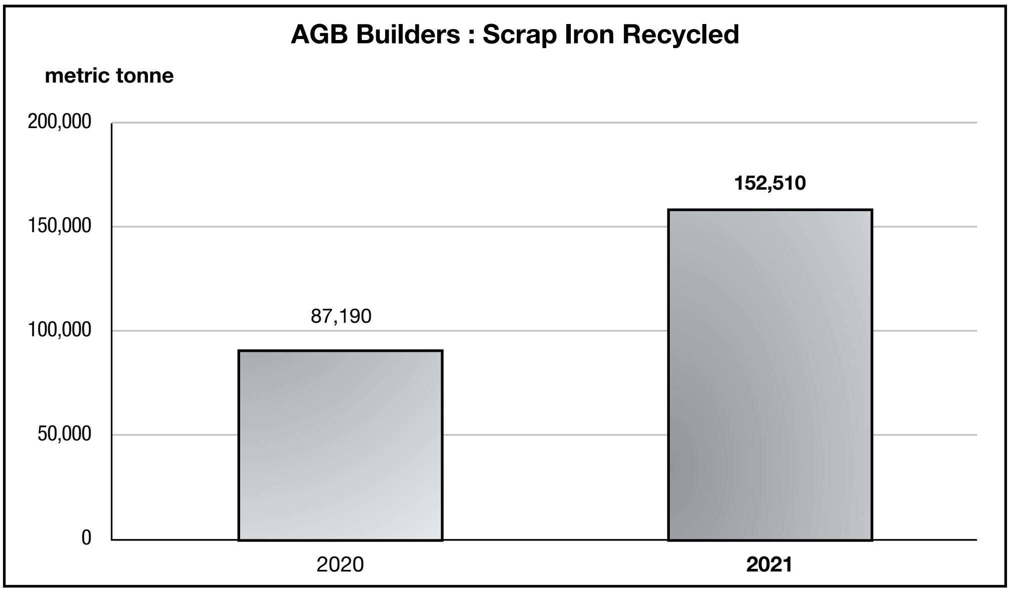




SUSTAINABILITY REPORT

CONSTRUCTION SEGMENT (CONTINUED)

Environmental (continued)



Social

The construction segment has embraced safety and health as one of the cornerstones of sustainability. 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. A strong awareness on safety and health has not only benefitted workers by decreasing the number of illnesses and injuries, but also the business in the form of higher productivity and lower medical cost.

Among the safety related trainings which AGB Builders' personnel have attended in year 2021 were as follows:

1. Perkongsian kes penyakit pekerjaan dan amalan terbaik industri;
2. Occupational safety and health week and fall prevention training; and
3. Training on industry code of practice on indoor air quality.

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.

As for AD&W, its business is expanding and thus creating more job opportunities. New employees are provided with on-site training where they learn the specialized skills and knowledge of trade.

The Board has reviewed and approved this Sustainability Report at the Board meeting held on 12 April 2022.

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 which was updated and took effect on 28 April 2021 ("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 2021 ("FY2021"):

(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 considerations 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 and sound 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 to identify, analyse, evaluate, manage and monitor significant financial, non-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 the Group are fairly stated and otherwise conform with the relevant regulations including acceptable accounting policies that result in balanced and understandable financial statements;

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Clear Roles and Responsibilities of the Board (continued)

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

(ix) Ensuring that the Group adheres to high standards of ethics and corporate behaviour in accordance with the Group's Code of 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 committee 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 and transparent 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-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 1 December 2021 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 FY2021 are set out in the Sustainability Report in pages 22 to 47 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 FY2021 included the following information:

- Environment, Health & Safety ("EHS") Performance Review
- Financial Review
- Plant Operations: Productivity and Quality
- Commercial Review
- Operations Review
- Strategic Activities Updates
- 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
- Sustainability

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, 4 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 accounting and audit, corporate finance, investment banking, legal, civil engineering, manufacturing, trading, property development and investment, building and construction.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Composition of the Board (continued)

Paragraph 15.02 of the Main Market Listing Requirements ("MMLR") of Bursa Securities stipulates that at least 2 Directors or one-third 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 5 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.

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 FY2021 are set out in the ARMC Report on page 66 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)*
Wong Choon Shein *(Member)*
Gong Wooi Teik *(Member – appointed on 1 December 2021)*
Dato' Seri Subahan Bin Kamal *(Member – vacated office on 1 December 2021)*

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 Remuneration Policy for Directors and Senior Management are available on the Company's website at www.alcom.com.my.

The RC held 2 meetings in FY2021 and full attendance of its members was recorded at both meetings, as follows:

Member	Number of meetings attended in FY 2021	Percentage of attendance
Lam Voon Kean	2 out of 2 meetings	100
Dato' Seri Subahan Bin Kamal*	2 out of 2 meetings	100
Wong Choon Shein	2 out of 2 meetings	100
Gong Wooi Teik#	0 out of 0 meeting	–

Notes:
* *Vacated office on 1 December 2021*
\# *Appointed on 1 December 2021*

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Board Committees (continued)

B. Remuneration Committee (continued)

The remuneration of the Directors of AGB (comprising remuneration received and/or receivable from AGB and its subsidiaries) during FY2021 were categorised as follows:

	Executive Directors			Alternate Director	Non-Executive Directors					TOTAL
	Heon Chee Shyong	Yeoh Jin Hoe	Ang Loo Leong(3)	Marc Francis Yeoh Min Chang(4)	Dato' Seri Subahan Bin Kamal	Wong Choon Shein	Lam Voon Kean	Datin Shelina Binti Razaly Wahi(5)	Gong Wooi Teik(5)	
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Fees	–	–	–	–	105	94	96	8	8	311
Allowances	–	–	–	–	8	8	10	–	–	26
Salaries(1)	1,158	302	413	332	–	–	–	–	–	2,205
Bonuses	524	96	75	105	–	–	–	–	–	800
Benefits-in-kind(2)	28	–	–	–	–	–	–	–	–	28
Other Emoluments	*	*	–	*	–	–	–	–	–	–
Total	**1,710**	**398**	**488**	**437**	**113**	**102**	**106**	**8**	**8**	**3,370**
Company	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Fees	–	–	–	–	105	94	96	8	8	311
Allowances	–	–	–	–	8	8	10	–	–	26
Salaries(1)	–	–	–	–	–	–	–	–	–	–
Bonuses	–	–	–	–	–	–	–	–	–	–
Benefits-in-kind(2)	–	–	–	–	–	–	–	–	–	–
Other Emoluments	–	–	–	–	–	–	–	–	–	–
Total	**-**	**-**	**-**	**-**	**113**	**102**	**106**	**8**	**8**	**337**

Notes:
(1) Salaries comprised basic salary, EPF, SOCSO and EIS.
(2) Benefits-in-kind comprised provision of company motor vehicle, petrol expenses, driver, medical reimbursement, insurance and phone bill.
(3) Resigned on 9 November 2021.
(4) Alternate Director to Executive Director, Yeoh Jin Hoe and Director of subsidiary company, Alcom Nikkei Specialty Coatings Sdn. Bhd.
(5) Appointed on 1 December 2021.
** Negligible*

Executive Director of AGB, Dato' Eng Kim Liong did not receive any remuneration from the Company nor the Group during the FY2021.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Board Committees (continued)

B. Remuneration Committee (continued)

The number of Directors of AGB who served during FY2021 whose total remuneration falls within the following bands, were as follows:

Range of Remuneration	Number of Directors
Non-Executive Directors	
Between RM1 – RM50,000	2
Between RM100,001 – RM150,000	3
Executive Directors	
Between RM350,001 – RM400,000	1
Between RM400,001 – RM450,000	1
Between RM450,001 – RM500,000	1
Between RM1,700,001 – RM1,750,000	1

The remuneration package for the Executive Directors and Non-Executive Directors included 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").

(iii) Allowances

Travelling allowance for Board meetings and Board Committees meetings are paid to the Non-Executive Directors.

(iv) 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.

(v) 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 was of the view that it would not be in its interest to make such disclosure on a named basis because of the competitive nature of the human resource market and to support the Group's efforts to attract and retain executive talent.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Board Committees (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 FY2021 were categorised as follows:

Category	Group (RM'000)	Company (RM'000)
Salaries(1)	1,813	453
Allowances	–	–
Bonuses	477	144
Benefits-in-kind(2)	136	–
Other emoluments	*	*
Total	**2,426**	**597**

Notes:
(1) Salaries comprised basic salary, EPF, SOCSO and EIS.
(2) Benefits-in-kind comprised provision of company motor vehicle, petrol expenses, insurance and phone bill.
** Negligible*

The number of top 5 Senior Management personnel of the Group whose total remuneration falls within the following bands in FY2021, were as follows:

Remuneration Range	Number of Senior Management personnel
Between RM450,001 – RM500,000	1
Between RM500,001 – RM550,000	1
Between RM550,001 – RM600,000	1
Between RM700,001 – RM750,000	2

C. Nomination Committee

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

Wong Choon Shein *(Chairman)*
Lam Voon Kean *(Member)*
Datin Shelina Binti Razaly Wahi *(Member – appointed on 1 December 2021)*
Dato' Seri Subahan Bin Kamal *(Member – vacated office on 1 December 2021)*

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Board Committees (continued)

C. Nomination Committee (continued)

During FY2021, the NC held 2 meetings and full attendance of its members was recorded at both meetings, as follows:

Member	Number of meetings attended in FY 2021	Percentage of attendance
Wong Choon Shein	2 out of 2 meetings	100
Dato' Seri Subahan Bin Kamal*	2 out of 2 meetings	100
Lam Voon Kean	2 out of 2 meetings	100
Datin Shelina Binti Razaly Wahi #	0 out of 0 meeting	-

Notes:
* *Vacated office on 1 December 2021*
# *Appointed on 1 December 2021*

A summary of the key activities undertaken by the NC in the discharge of its duties for FY2021 were as follows:

(i) Discussed and reviewed the updated Practices in the MCCG, the status of application by the Company of the Practices and recommended proposed action to be taken, if any;

(ii) Recommended to the Board to appoint female Director(s) on the Board to increase the female representation;

(iii) Recommended to the Board to appoint another Independent Non-Executive Director so at least half of the Board comprises independent directors, in line with Practice 5.2 of the MCCG;

(iv) Recommended to the Board to limit the tenure of Independent Director to 9 years without further extension, in line with Practice 5.4 – Step Up of the MCCG;

(v) Recommended to the Board to consider having a policy on gender diversity for senior management;

(vi) Reviewed and approved the Due Diligence Checklist for Candidates for Directorship and revised Directors'/Key Officers' Evaluation Form;

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Board Committees (continued)

C. Nomination Committee (continued)

(x) Endorsed the re-election of Directors, Dato' Seri Subahan Bin Kamal, Heon Chee Shyong and Yeoh Jin Hoe who will be up for retirement pursuant to Clause 82 of the Constitution of the Company at the close of the Fourth Annual General Meeting ("AGM") of the Company to be held on 23 June 2022;

(xi) Assessed the suitability of Datin Shelina Binti Razaly Wahi and Gong Wooi Teik for appointment on the Board and recommended their appointment as Independent Non-Executive Directors of the Company with effect from 1 December 2021;

(xii) Reviewed and endorsed the proposed changes to the Board and Board Committees of the Company; and

(xiii) Recommended to the Board the revised Board Charter and Board Diversity Policy of the Company.

The NC, after having conducted the abovementioned evaluation and assessment on 30 November 2021, 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. The NC endorsed the re-election of Directors, Dato' Seri Subahan Bin Kamal, Heon Chee Shyong and Yeoh Jin Hoe who will be retiring at the Fourth AGM in 2022.

(iii) the Board and the Board Committees' 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 30 November 2021, conducted an assessment on the independence of the Independent Directors of the Board, using the Independent Directors' Self- Assessment Checklist. The Board has determined, from the annual assessment carried out, that all the 3 Independent Non-Executive Directors viz., Dato' Seri Subahan Bin Kamal, Wong Choon Shein and Lam Voon Kean who had served on the Board during FY2021, had remained objective and independent in expressing their views and in participating in deliberations and decision making of the Board and the Board Committees.

Tenure of Independent Directors

The Company has implemented a cumulative 9 year-term limit for Independent Directors. The Board Charter has adopted Step Up Practice 5.4 of the MCCG on 1 December 2021 where the tenure of Independent Directors is limit to 9 years without further extension. After 9 years, such Independent Director may continue to serve on the Board subject to his re-designation as a Non-Independent Director.

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, balance, composition, mix of skills, qualification, 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 Company's Constitution provides that an election of Directors shall take place each year and at the AGM, one-third of the Directors for the time being or, if their number is not 3 or a multiple of 3, then the number nearest to one-third shall retire from office and 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.

A Director seeking re-election shall abstain from all deliberations regarding his/her re-election to the Board. Directors, Dato' Seri Subahan Bin Kamal, Heon Chee Shyong and Yeoh Jin Hoe are due to retire by rotation at the conclusion of the Fourth AGM of the Company to be held on 23 June 2022 pursuant to Clause 82 of the Company's Constitution and have offered themselves for re-election at the said AGM.

The Board members had, at the Board meeting on 30 November 2021 with Dato' Seri Subahan Bin Kamal, Heon Chee Shyong and Yeoh Jin Hoe abstaining from deliberation and voting, endorsed all the aforesaid Directors for re-election at the Fourth AGM of the Company to be held on 23 June 2022.

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.

The 3 newly appointed Directors of the Company viz., Datin Shelina Binti Razaly Wahi, Gong Wooi Teik and Goh Teck Hong are due to retire at the conclusion of the Fourth AGM of the Company on 23 June 2022 pursuant to Clause 86 of the Company's Constitution. They have offered themselves for re-election at the aforesaid AGM.

Gender Diversity Policy

The Board had on 1 December 2021 adopted the revised Board Diversity Policy to set the target and timeframe for the Company to achieve at least 30% woman participation on the Board by 2023.

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

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 FY2021, 4 Board meetings detailed below were held and full attendance of the Directors were recorded at all the meetings, as follows:

Director	Number of meetings attended in FY 2021	Percentage of attendance
Dato' Seri Subahan Bin Kamal	4 out of 4 meetings	100
Heon Chee Shyong	4 out of 4 meetings	100
Yeoh Jin Hoe	4 out of 4 meetings	100
Dato' Eng Kim Liong	4 out of 4 meetings	100
Ang Loo Leong *	3 out of 3 meetings	100
Wong Choon Shein	4 out of 4 meetings	100
Lam Voon Kean	4 out of 4 meetings	100
Datin Shelina Binti Razaly Wahi#	0 out of 0 meeting	–
Gong Wooi Teik#	0 out of 0 meeting	–

Notes:
* *Resigned on 9 November 2021*
\# *Appointed on 1 December 2021*

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 FY2021 were as follows:

Director	Topics of Programs/Seminars/Dialogues	Date
Dato' Seri Subahan Bin Kamal	Audit Oversight Board Conversation with Audit Committees	6 December 2021
Heon Chee Shyong	Are you ready for a Capital Statement review?	8 July 2021
	The Comprehensive and Progressive Agreement for Trans-Pacific Partnership	9 August 2021
	Section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act 2009") - Online Training	10 September 2021
Yeoh Jin Hoe	Corporate Liability on Corruption under the MACC Act 2009: Implications of Section 17A & Developing Adequate Procedures	7 July 2021
	The updated MCCG: Implications to the Company, its Directors, Management, Company Secretaries & Auditors	29 September 2021
Dato' Eng Kim Liong	Corporate Liability on Corruption under the MACC Act 2009: Implications of Section 17A & Developing Adequate Procedures	7 July 2021

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Meetings and Time Commitment (continued)

Director	Topics of Programs/Seminars/Dialogues	Date
Wong Choon Shein	Corporate Liability on Corruption under the MACC Act 2009: Implications of Section 17A & Developing Adequate Procedures	7 July 2021
	Audit Oversight Board Conversation with Audit Committees	6 December 2021
Lam Voon Kean	KPMG Board Leadership Center Exclusive – Sustainable Finance: Making better financial decisions	9 April 2021
	Integrated Reporting: The ASEAN Experience	19 April 2021
	Corporate Liability on Corruption under the MACC Act 2009: Implications of Section 17A & Developing Adequate Procedures	7 July 2021
	KPMG Board Leadership Center Exclusive – The New Reality of Cyber Hygiene	21 July 2021
	Virtual Public Forum: International Accounting Standards Board Exposure Draft (ED/2021/3) Disclosure Requirements in International Financial Reporting Standards – A Pilot Approach	26 July 2021
	Transfer Pricing War Stories	18 August 2021
	KPMG Board Leadership Center Exclusive – US Forced Labour Legislation: Impact on Corporate Malaysia	15 September 2021
	The updated MCCG: Implications to the Company, its Directors, Management, Company Secretaries & Auditors	29 September 2021
	The 2022 Budget: Insights From Dr. Veerinderjeet	18 November 2021
	Audit Oversight Board Conversation with Audit Committees	6 December 2021
	Institute of Corporate Directors Malaysia (“ICDM”) PowerTalk Global Series 2021 – 2022 ASEAN Board Trends: What keeps you awake at night?	13 December 2021
	ICDM PowerTalk Global Series 2021 – Your biggest “S” in Environment, Social and Governance (“ESG”): Sustainable Human Capital Management & Workplace Transformation	14 December 2021
	ICDM PowerTalk Global Series 2021 – Demystifying Investors’ ESG Expectations, the Do’s & Don’ts	15 December 2021
	Special Voluntary Disclosure and Amnesty Program for Indirect Taxes	22 December 2021

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Meetings and Time Commitment (continued)

Director	Topics of Programs/Seminars/Dialogues	Date
Datin Shelina Binti Razaly Wahi	Bank Negara Dialogue on the High-tech Fund: National Infrastructure Aspirations	26 January 2021
	Human Resources Development Fund Webinar 2021: Series 1 – The Current Workforce Scenario	25 February 2021
	Ethics & Integrity: Preparations for corporate liability under Section 17A of MACC Act 2009	10 March 2021
	Economic Outlook 2021	17 March 2021
	Asian Business Aviation Association Malaysia Virtual Safety Forum	31 March 2021 & 1 April 2021
	Corporate Training on Understanding of Listing Requirements & Guidance on Corporate Disclosure Policy	25 June 2021
	Permodalan Nasional Berhad ("PNB") Knowledge Forum 2021 - Rising above Covid-19: Reimagining Work in Malaysia and Beyond	14 July 2021
	PNB Knowledge Forum 2021 – Climate Change: A New Green Deal for Malaysia	25 October 2021
	PNB Knowledge Forum 2021 - Shariah Awareness: Strengthening Shariah Culture	11 November 2021
	Fraud Risk Management Workshop	13 December 2021
Gong Wooi Teik	Going Concern Assessment (Impact of Covid-19)	14 June 2021
	Corporate Liability on Corruption under the MACC Act 2009: Implications of Section 17A & Developing Adequate Procedures	7 July 2021
	National Tax Conference 2021	27 July 2021 & 28 July 2021
	Audit Completion Stage and Auditing Disclosures with special emphasis on Covid-19 audit procedures and disclosures	4 August 2021
	The updated MCCG: Implications to the Company, its Directors, Management, Company Secretaries & Auditors	29 September 2021
	International Standard on Quality Control 1 versus International Standard on Quality Management 1	21 October 2021
	2022 Budget Seminar	30 November 2021

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

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 key features of the Risk Management Framework are set out in the Directors' Statement on Risk Management and Internal Control as presented on pages 69 and 70 of this Annual Report.

Internal Audit Function

The internal audit function is set out in the ARMC Report on page 67 and Directors' Statement on Risk Mangement and Internal Control on pages 70 to 72 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.

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 FY2021, 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Effective Communication and Proactive Engagement

The Company recognises the importance of communication with its shareholders. The President cum CEO, Executive Directors 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.

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 AGM to facilitate easy review by the shareholders. In respect of items on Special Business, the notice of meeting will be accompanied by a full explanation of the effects of the proposed resolution.

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

Shareholders shall have the option to submit their hard copy proxy forms to the Registered Office of the Company or their electronic proxy forms via Vote2U Online pursuant to Clause 76 of the Constitution of the Company for the Fourth AGM to be held on 23 June 2022.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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 THE MCCG

The Board considers that the Company has complied and applied the key principles of the MCCG throughout FY2021 except for the below where the explanations for departure are disclosed in the Corporate Governance Report:

Practice 5.9	:	The Board comprises at least 30% women directors.
Practice 8.2	:	The Board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.
Practice 13.6	:	Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

The Board has reviewed and approved this Corporate Governance Overview Statement at the Board meeting held on 12 April 2022. 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 FY2021, 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 2021, 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	287	52
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 2021 or, if not then subsisting, which were entered into since the end of the previous financial year.

Recurrent Related Party Transactions

At the Third Annual General Meeting of the Company held on 28 June 2021, 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 Fourth 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 2021 pursuant to the aforesaid shareholders' mandate were as follows:

Provider of products/ services	Recipient of products/ services	Nature of Transaction	Actual value transacted from 28 June 2021 up to 31 December 2021 (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	1,550	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 108,858,800 Can-One Shares representing 56.65% 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.

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 2021 ("FY2021"). 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:

Lam Voon Kean *(Chairperson)*
Datin Shelina Binti Razaly Wahi *(Member – appointed on 1 December 2021)*
Gong Wooi Teik *(Member – appointed on 1 December 2021)*
Dato' Seri Subahan Bin Kamal *(Member – vacated office on 1 December 2021)*
Wong Choon Shein *(Member – resigned on 1 December 2021)*

The profile of the ARMC members can be found on pages 7 and 8 of this Annual Report.

During FY2021, 4 ARMC meetings were held and full attendance of its members was recorded at all the 4 meetings, as follows:

Member	Number of meetings attended in FY 2021	Percentage of attendance
Lam Voon Kean	4 out of 4 meetings	100
Dato' Seri Subahan Bin Kamal*	4 out of 4 meetings	100
Wong Choon Shein@	4 out of 4 meetings	100
Datin Shelina Binti Razaly Wahi #	0 out of 0 meeting	–
Gong Wooi Teik#	0 out of 0 meeting	–

Notes:
* *Vacated office on 1 December 2021*
@ *Resigned on 1 December 2021*
\# *Appointed on 1 December 2021*

The Director, Finance 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 23 February 2021 and 30 November 2021. 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 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 FY2021.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

SUMMARY OF ACTIVITIES

The ARMC carried out its duties in accordance with its Terms of Reference. The summary of activities carried out in FY2021 were as follows:-

- Overseeing financial reporting and practices;
- Reviewing and approving the Internal Audit and External Audit scope and plans;
- Receiving the quarterly internal audit reports of the Group as well as the quarterly risk management reports prepared by the Internal Auditors and findings by the aforesaid Auditors and Management's responses thereon;
- Reviewing with the External Auditors, the audit report and their findings arising from the final audit of the financial statements of the Group and of the Company for the financial year ended 31 December 2020 ("FY2020");
- Reviewing the quarterly announcements on interim financial results and the audited financial statements for FY2020 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 2020 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's ("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 FY2021 and their judgment of the items that may affect the financial statements;
- Recommending to the Board the revised Internal Audit Charter and External Auditors' Assessment Policy;
- Providing oversight, direction and counsel to the Group's risk management and control process;
- Evaluating the management and audit processes within the Group;
- Evaluating the performance of the internal audit function for FY2020; and
- Evaluating the performance of the External Auditors and making recommendation to the Board for their re-appointment for the financial year ending 31 December 2022.

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 FY2021 is presented in the Directors' Statement on Risk Management and Internal Control. The Group incurred a total fee of RM76,000 for the internal audit services rendered by the third party service provider during FY2021.

The Board has reviewed and approved this ARMC Report at the Board meeting held on 12 April 2022.

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 2021 ("FY2021") 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 2021.

The Board of Directors of AGB ("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 ("ARMC"), 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 ARMC 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. This risk management coverage includes the compliance with guidelines on adequate procedures pursuant to Section 17A under the Malaysian Anti-Corruption Commission Act ("MACCA") 2009.

Manufacturing Segment

In FY2021, all Unit/Section Leads, Managers and Departmental Heads reviewed and provided signed certifications of assurance on a quarterly basis that weaknesses in controls and risks identified during the review were adequately addressed.

For selected departments where the perceived risk is higher, 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 approvals 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 Risk Management 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. An anticipated construction cost relative to the total contract awarded has been presented in the quarterly project financial report submitted by the Consulting Quantity Surveyor.

  The spread of Covid-19 has disrupted and will continue to disrupt contractors' scheduling and supply of workers, goods and materials. Contractors must implement strict control over health and safety measures to mitigate the risk of site closures. For these reasons, the EMHub contractor has applied for additional time to complete the project, of which an extension of time has been granted by the Consulting Architect.

DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT FRAMEWORK (CONTINUED)

Property Development Segment (continued)

- **Marketing and Sales Monitoring**

  Sales is a whole-company effort, aligning marketing and sales is key to increasing the sales speed. When marketing introduces leads coming through the sales funnel, it can help the sales team prioritise its follow-up interactions with potential customers. Marketing collateral is reviewed periodically to ensure consistency while sales representatives are more focused on identifying high-value leads. To reduce sales risk, strategic plans and sales strategies are reviewed consistently to ensure we are moving in the right direction and still on target, new order units against target are closely monitored. Other key performance indicators such as sales appointments and booking cancellations have also been well managed.

  EMHub has leveraged on the right technology to maximise its return on investment. Interactive marketing plans such as 360 Degree Google Street View and Matterport Virtual Tours for the completed mock-up unit were developed during the pandemic. This technology tool has allowed EMHub sales representatives to 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. In addition, the marketing team has developed innovative promotional packages to market EMHub products. All of 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 FY2021, all Departmental Heads and staff have conducted reviews on a quarterly basis 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 addition, the Risk Management Working Group has performed quarterly reviews to identify, assess and manage the risks specific to each functional area within this segment with planned actions to mitigate and manage such risks. This Risk Management Working Group also raises issues of concern and provides feedback for Management's action on a timely manner.

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 ARMC.

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 ARMC, 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 ARMC 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 ARMC 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.

The ARMC reviews and approves the scope of the internal audit. The results of the audit findings and recommendations for improvements are reported to the ARMC 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.

DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL AUDIT (CONTINUED)

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:
  - ➢ Customer concentration
  - ➢ Sales transactions and pricing
  - ➢ Accounts receivable and credit control

- Factory Operations with focus on:
  - ➢ Dross reclaim
  - ➢ Natural gas

- Finance function with focus on:
  - ➢ Treasury

Property development business

- Property development function with focus on:
  - ➢ Project sales and marketing
  - ➢ Development expenditure

Construction business

- Construction function with focus on:
  - ➢ Construction expenditure

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 2022 in the November 2021 ARMC meeting. This Plan was reviewed and approved by the ARMC.

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;

DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

KEY ELEMENTS OF THE INTERNAL CONTROL ENVIRONMENT (CONTINUED)

- 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 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 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's assurance on risk management and that the systems of internal controls are in place to ensure financial reporting accuracy.

During FY2021, 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.

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 FY2021, 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.

DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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.

The Board has reviewed and approved this Directors' Statement on Risk Management and Internal Control at the Board meeting held on 12 April 2022.

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 2021 and of the results of the business and cash flows of the Group and of the Company for the financial year ended 31 December 2021.

In preparing the financial statements for the financial year ended 31 December 2021, 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.

The Board has reviewed and approved this Statement at the Board meeting held on 12 April 2022.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021.

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	32,526	5,221

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 are recommending a first and final dividend of 2.5 sen per share amounting to RM3,358,271 in respect of the financial year under review. The aforesaid dividend is subject to approval by shareholders at the forthcoming Annual General Meeting of the Company.

DIRECTORS OF THE COMPANY

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

Dato' Seri Subahan Bin Kamal
Heon Chee Shyong
Yeoh Jin Hoe
Dato' Eng Kim Liong
Wong Choon Shein
Lam Voon Kean
Marc Francis Yeoh Min Chang (Alternate Director to Yeoh Jin Hoe)
Datin Shelina Binti Razaly Wahi (Appointed on 1 December 2021)
Gong Wooi Teik (Appointed on 1 December 2021)
Goh Teck Hong (Appointed on 1 March 2022)
Ang Loo Leong (Resigned on 9 November 2021)

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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				✓	✓	✓

(*) 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 as recorded in the Register of Directors' shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2021	Bought	Sold	At 31.12.2021
Interests in the Company:				
Dato' Eng Kim Liong	–	11,902,666	–	11,902,666
Deemed interests in the Company:				
Yeoh Jin Hoe	42,531,698	–	–	42,531,698
Dato' Eng Kim Liong	39,675,554	–	(39,675,554)	–

By virtue of his interests in the shares of the Company, Yeoh Jin Hoe is 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 2021 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 2021

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.

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

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

OTHER STATUTORY INFORMATION (CONTINUED)

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 2021 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: 12 April 2022

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Assets					
Property, plant and equipment	3	**52,875**	57,922	**–**	–
Right-of-use assets	4	**16,248**	14,805	**–**	–
Intangible assets	5	**2,558**	2,722	**–**	–
Investments in subsidiaries	6	**–**	–	**102,917**	102,917
Deferred tax assets	7	**3,399**	1,979	**–**	–
Total non-current assets		**75,080**	77,428	**102,917**	102,917
Inventories	8	**300,783**	213,899	**–**	–
Contract assets	9	**3,233**	1,628	**–**	–
Contract costs	10	**17,511**	22,233	**–**	–
Trade receivables	11	**53,272**	26,095	**–**	–
Other receivables and prepayments	12	**20,362**	14,980	**6,179**	1,343
Current tax assets		**2,304**	3,227	**–**	–
Derivative financial instruments	13	**512**	570	**–**	–
Cash and cash equivalents	14	**64,682**	48,109	**154**	11
Total current assets		**462,659**	330,741	**6,333**	1,354
Total assets		**537,739**	408,169	**109,250**	104,271
Equity					
Share capital	15	**104,778**	104,778	**104,778**	104,778
Retained earnings/ (Accumulated losses)		**51,136**	18,676	**3,906**	(1,315)
Total equity		**155,914**	123,454	**108,684**	103,463
Liabilities					
Loans and borrowings	16	**136,246**	140,311	**–**	–
Provision for gratuity scheme	17	**3,756**	4,105	**–**	–
Lease liabilities		**2,422**	1,087	**–**	–
Deferred tax liabilities	7	**1,116**	1,019	**–**	–
Total non-current liabilities		**143,540**	146,522	**–**	–
Loans and borrowings	16	**105,181**	32,131	**–**	–
Lease liabilities		**1,297**	999	**–**	–
Provision for gratuity scheme	17	**1,014**	516	**–**	–
Trade payables	18	**70,976**	59,028	**–**	–
Other payables and accruals	19	**21,131**	16,890	**312**	312
Contract liabilities	9	**35,253**	28,342	**–**	–
Amount due to a subsidiary	20	**–**	–	**254**	496
Derivative financial instruments	13	**–**	146	**–**	–
Current tax liabilities		**3,433**	141	**–**	–
Total current liabilities		**238,285**	138,193	**566**	808
Total liabilities		**381,825**	284,715	**566**	808
Total equity and liabilities		**537,739**	408,169	**109,250**	104,271

The notes on pages 86 to 139 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Revenue	21	**598,911**	316,402	**6,179**	1,343
Other operating income	22	**2,485**	2,219	**4**	2
Changes in inventories of raw materials, work-in-progress and finished goods		**80,792**	5,857	**–**	–
Raw materials and consumables used		**(432,464)**	(197,973)	**–**	–
Property development and construction costs		**(108,211)**	(37,825)	**–**	–
Staff costs	23	**(37,229)**	(32,462)	**(471)**	(463)
Utilities and fuel		**(19,690)**	(19,577)	**–**	–
Depreciation of:					
- property, plant and equipment	3	**(8,758)**	(9,022)	**–**	–
- right-of-use assets	4	**(1,578)**	(1,486)	**–**	–
Amortisation of intangible assets	5	**(181)**	(734)	**–**	–
Upkeep, repairs and maintenance of assets		**(9,283)**	(7,442)	**–**	–
Allowance for inventory write-down	25	**(396)**	(1,023)	**–**	–
Environmental costs		**(459)**	(500)	**–**	–
Interest expenses	24	**(7,906)**	(5,219)	**–**	–
Net reversal of/(loss on) impairment of financial instruments	25	**172**	(109)	**–**	–
Other operating expenses		**(10,973)**	(10,223)	**(491)**	(448)
Profit before tax	25	**45,232**	883	**5,221**	434
Tax (expense)/income	26	**(12,706)**	433	**–**	–
Profit for the year		**32,526**	1,316	**5,221**	434
Other comprehensive expense, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Actuarial loss on gratuity scheme		**(87)**	–	**–**	–
Taxation relating to the actuarial loss on gratuity scheme		**21**	–	**–**	–
Other comprehensive expense for the year, net of tax		**(66)**	–	**–**	–
Total comprehensive income for the year		**32,460**	1,316	**5,221**	434

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Profit for the year attributable to owners of the Company		**32,526**	1,316	**5,221**	434
Total comprehensive income for the year attributable to owners of the Company		**32,460**	1,316	**5,221**	434
Basic earnings per ordinary share (sen)	27	**24.21**	0.98		

The notes on pages 86 to 139 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Group		
	Share capital RM'000	Retained earnings RM'000	Total equity RM'000
At 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 2020/1 January 2021	**104,778**	**18,676**	**123,454**
Actuarial loss on gratuity scheme, net of tax	**–**	**(66)**	**(66)**
Total other comprehensive expense for the year, net of tax	**–**	**(66)**	**(66)**
Profit for the year	**–**	**32,526**	**32,526**
Total comprehensive income for the financial year	**–**	**32,460**	**32,460**
At 31 December 2021	**104,778**	**51,136**	**155,914**
	Note 15		

	Company		
	Share capital RM'000	(Accumulated losses)/ Retained earnings RM'000	Total equity RM'000
At 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 2020/1 January 2021	**104,778**	**(1,315)**	**103,463**
Profit for the year	**–**	**5,221**	**5,221**
Total comprehensive income for the year	**–**	**5,221**	**5,221**
At 31 December 2021	**104,778**	**3,906**	**108,684**
	Note 15		

The notes on pages 86 to 139 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Cash flows from operating activities					
Profit before tax:		**45,232**	883	**5,221**	434
Adjustments for:					
Allowance for inventory write-down	8	**396**	1,023	**–**	–
Amortisation of intangible assets	5	**188**	742	**–**	–
Depreciation of:					
- property, plant and equipment	3	**8,811**	9,071	**–**	–
- right-of-use assets	4	**1,578**	1,486	**–**	–
Dividend income	21	**–**	–	**(6,179)**	(1,343)
Gain on disposal of property, plant and equipment	22	**(2)**	(46)	**–**	–
Interest expenses	24	**7,906**	5,219	**–**	–
Interest income	22	**(348)**	(580)	**(4)**	(2)
Net fair value gain on forward foreign exchange contracts	25	**(88)**	(90)	**–**	–
Provision for gratuity scheme	17	**382**	408	**–**	–
Net (reversal of)/loss on impairment of financial assets	25	**(172)**	109	**–**	–
Unrealised foreign exchange loss/(gain)	25	**32**	(407)	**–**	–
Operating profit/(loss) before changes in working capital		**63,915**	17,818	**(962)**	(911)
Changes in working capital:					
Inventories		**(86,450)**	(29,122)	**–**	–
Receivables		**(32,189)**	(12,119)	**–**	–
Payables		**15,903**	9,612	**–**	(254)
Contract assets		**(1,605)**	430	**–**	–
Contract costs		**4,722**	1,130	**–**	–
Contract liabilities		**6,911**	5,614	**–**	–
Subsidiary		**–**	–	**(242)**	(1,523)
Cash used in operations		**(28,793)**	(6,637)	**(1,204)**	(2,688)

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Gratuity paid	17	**(320)**	(888)	**–**	–
Interest paid		**(102)**	(160)	**–**	–
Tax paid		**(9,793)**	(4,788)	**–**	–
Net cash used in operating activities		**(39,008)**	(12,473)	**(1,204)**	(2,688)
Cash flows from investing activities					
Purchase of:					
- property, plant and equipment		**(3,768)**	(3,688)	**–**	–
- intangible assets		**(20)**	(24)	**–**	–
Proceeds from disposal of property, plant and equipment		**2**	162	**–**	–
Dividends received		**–**	–	**1,343**	2,687
Interest received		**348**	580	**4**	2
Net cash (used in)/from investing activities		**(3,438)**	(2,970)	**1,347**	2,689
Cash flows from financing activities					
Net drawdown of loans and borrowings		**68,985**	21,390	**–**	–
Payment of lease liabilities		**(1,388)**	(1,311)	**–**	–
Interest paid		**(8,634)**	(8,186)	**–**	–
Net cash from financing activities		**58,963**	11,893	**–**	–
Net increase/(decrease) in cash and cash equivalents		**16,517**	(3,550)	**143**	1
Foreign exchange differences		**56**	(270)	**–**	–
Cash and cash equivalents at beginning of the financial year		**46,961**	50,781	**11**	10
Cash and cash equivalents at end of the financial year		**63,534**	46,961	**154**	11

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Deposits placed with licensed banks		**1,445**	1,421	**–**	–
Bank balances		**63,237**	46,688	**154**	11
	14	**64,682**	48,109	**154**	11
Less: Pledged deposits	14	**(1,148)**	(1,148)	**–**	–
		63,534	46,961	**154**	11

(ii) Cash outflows for leases as a lessee

	Note	Group 2021 RM'000	Group 2020 RM'000
Included in net cash from operating activities:			
Interest paid in relation to lease liabilities	24	**102**	160
Included in net cash from financing activities:			
Payment of lease liabilities		**1,388**	1,311
Total cash outflows for leases		**1,490**	1,471

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

Group	At 1.1.2020 RM'000	Addition of new leases RM'000	Net changes from financing cash flows RM'000	At 31.12.2020/ 1.1.2021 RM'000	Additions of new leases RM'000	Net changes from financing cash flows RM'000	At 31.12.2021 RM'000
Term loans	114,493	–	(19,978)	**94,515**	**–**	**(13,992)**	**80,523**
Hire purchase liabilities	417	–	(60)	**357**	**–**	**317**	**674**
Revolving credits	35,318	–	21,682	**57,000**	**–**	**25,000**	**82,000**
Trade finances	–	–	–	**–**	**–**	**42,962**	**42,962**
Bridging loans	–	–	20,565	**20,565**	**–**	**14,698**	**35,263**
Corporate credit card facility from a financial institution	824	–	(819)	**5**	**–**	**–**	**5**
Lease liabilities	2,399	998	(1,311)	**2,086**	**3,021**	**(1,388)**	**3,719**
Total liabilities from financing activities	153,451	998	20,079	**174,528**	**3,021**	**67,597**	**245,146**

The notes on pages 86 to 139 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 2021 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 2021 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 12 April 2022.

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

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 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information**
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*

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 2023 (continued)

- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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

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

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments, 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.

(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 8 – Inventories written down to net realisable value
iii) Note 8 and Note 21 – Estimation of revenue and budgeted costs for property development and construction projects

NOTES TO THE FINANCIAL STATEMENTS

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

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

Financial assets (continued)

(b) Fair value through 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)).

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.

NOTES TO THE FINANCIAL STATEMENTS

2. *SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*

(c) Financial instruments (continued)

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

Financial liabilities (continued)

(a) Fair value through profit or loss (continued)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(iii) Depreciation (continued)

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

(ii) Recognition and initial measurement (continued)

As a lessee (continued)

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.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Employee benefits (continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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 makers, which in this case are the President cum Chief Executive Officer 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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 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/ 1 January 2021	**42,591**	**291,789**	**12,051**	**2,246**	**566**	**349,243**
Additions	**37**	**2,449**	**395**	**–**	**887**	**3,768**
Disposals	**–**	**–**	**(101)**	**–**	**–**	**(101)**
Written-off	**–**	**–**	**(75)**	**–**	**–**	**(75)**
Reclassifications	**–**	**179**	**–**	**–**	**(179)**	**–**
Reclassifications to intangible assets	**–**	**–**	**–**	**–**	**(4)**	**(4)**
At 31 December 2021	**42,628**	**294,417**	**12,270**	**2,246**	**1,270**	**352,831**

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
Depreciation and impairment loss						
At 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/ 1 January 2021						
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**
Depreciation for the year	**1,240**	**6,580**	**542**	**449**	**–**	**8,811**
Disposals	**–**	**–**	**(101)**	**–**	**–**	**(101)**
Written-off	**–**	**–**	**(75)**	**–**	**–**	**(75)**
At 31 December 2021						
Accumulated depreciation	**27,634**	**258,989**	**11,138**	**1,384**	**–**	**299,145**
Accumulated impairment loss	**–**	**811**	**–**	**–**	**–**	**811**
	27,634	**259,800**	**11,138**	**1,384**	**–**	**299,956**
Carrying amounts						
At 1 January 2020	17,676	42,299	1,787	1,761	258	63,781
At 31 December 2020/ 1 January 2021	**16,197**	**38,569**	**1,279**	**1,311**	**566**	**57,922**
At 31 December 2021	**14,994**	**34,617**	**1,132**	**862**	**1,270**	**52,875**

3.1 As at 31 December 2021, the net carrying amount of plant and machinery and equipment and vehicles under hire purchase arrangements is RM753,000 (2020: RM318,000).

3.2 During the financial year, depreciation expense amounting to RM53,000 (2020: RM49,000) is recognised in property development and construction costs.

NOTES TO THE FINANCIAL STATEMENTS

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 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/ 1 January 2021	**12,780**	**930**	**702**	**393**	**14,805**
Additions	**–**	**858**	**70**	**2,093**	**3,021**
Depreciation for the year	**(190)**	**(579)**	**(282)**	**(527)**	**(1,578)**
At 31 December 2021	**12,590**	**1,209**	**490**	**1,959**	**16,248**

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 2021 and 31 December 2020, 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 2020	2,293	713	2,520	130	5,656
Additions	–	–	24	–	24
Written-off	–	–	(1)	–	(1)
At 31 December 2020/ 1 January 2021	2,293	713	2,543	130	5,679
Additions	–	–	20	–	20
Reclassifications from property, plant and equipment	–	–	4	–	4
At 31 December 2021	2,293	713	2,567	130	5,703

NOTES TO THE FINANCIAL STATEMENTS

5. INTANGIBLE ASSETS (CONTINUED)

	Group				
	Goodwill RM'000	Construction contracts RM'000	Computer Software RM'000	Projects-in-progress RM'000	Total RM'000
Amortisation					
At 1 January 2020	–	404	1,812	–	2,216
Amortisation for the year	–	309	433	–	742
Written-off	–	–	(1)	–	(1)
At 31 December 2020/ 1 January 2021	**–**	**713**	**2,244**	**–**	**2,957**
Amortisation for the year	**–**	**–**	**188**	**–**	**188**
At 31 December 2021	**–**	**713**	**2,432**	**–**	**3,145**
Carrying amounts					
At 1 January 2020	2,293	309	708	130	3,440
At 31 December 2020/ 1 January 2021	**2,293**	**–**	**299**	**130**	**2,722**
At 31 December 2021	**2,293**	**–**	**135**	**130**	**2,558**

5.1 During the financial year, RM7,000 (2020: RM8,000) of amortisation is recognised in property development and construction costs.

5.2 Goodwill arose from the acquisition of Alcom Dach&Wand Sdn. Bhd. ("ADW") during financial year 2019. The recoverable amount of cash-generating unit ("CGU") allocated to ADW was based on its value in use which was estimated based on the present value of the future cash flows, determined based on the discounted future cash flows to be generated 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 approximately RM26,000,000 for 2022 with an increase of 5% per annum thereafter till 2026;

- Profit margin was projected at 22% for each financial year from 2022 to 2026; and

- Pre-tax discount rate applied by the Group is 10% (2020: 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.

NOTES TO THE FINANCIAL STATEMENTS

6. INVESTMENTS IN SUBSIDIARIES

	Company 2021 RM'000	Company 2020 RM'000
Cost of investments	**102,917**	102,917

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 2021 %	Effective ownership interest and voting interest 2020 %
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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Property, plant and equipment	**–**	–	**(8,175)**	(8,152)	**(8,175)**	(8,152)
Right-of-use assets	**–**	–	**(2,480)**	(2,647)	**(2,480)**	(2,647)
Provisions	**3,995**	3,760	**–**	(105)	**3,995**	3,655
Lease liabilities	**2,607**	2,767	**–**	–	**2,607**	2,767
Tax loss carry forwards	**1,928**	1,713	**–**	–	**1,928**	1,713
Capital allowances carry-forwards	**1,963**	1,862	**–**	–	**1,963**	1,862
Other items	**2,485**	1,794	**(40)**	(32)	**2,445**	1,762
Tax assets/(liabilities)	**12,978**	11,896	**(10,695)**	(10,936)	**2,283**	960
Set off of tax	**(9,579)**	(9,917)	**9,579**	9,917	**–**	–
Net tax assets/(liabilities)	**3,399**	1,979	**(1,116)**	(1,019)	**2,283**	960

Pursuant to the latest tax legislation, the period to carry forward the tax losses carry-forwards has been extended to ten years of assessment effective from the year of assessment 2019. Tax losses carry forwards of RM191,000 and RM1,772,000 will expire in 10 years and 9 years respectively (2020: RM1,713,000 will expire in 10 years) under the current tax legislation.

Unabsorbed capital allowances carry-forwards and other temporary differences do not expire under the current tax legislation.

Movement of deferred tax assets comprise deferred tax income amounting to RM1,302,000 (2020: RM3,201,000) recognised in profit or loss and RM21,000 (2020: Nil) recognised in other comprehensive expense.

8. INVENTORIES

	Note	Group	
		2021 RM'000	2020 RM'000
Trading and manufacturing inventories	8.1	**160,317**	79,525
Properties under development	8.2	**140,466**	134,374
		300,783	213,899

NOTES TO THE FINANCIAL STATEMENTS

8. INVENTORIES (CONTINUED)

8.1 Trading and manufacturing inventories

	Group	
	2021 RM'000	**2020 RM'000**
Metal inventories		
Raw materials	**55,872**	10,926
Work-in-progress	**42,193**	32,567
Finished goods	**50,762**	24,404
	148,827	67,897
Non-metal inventories		
Operating supplies and spare parts	**11,490**	11,628
	160,317	79,525
Recognised in profit or loss:		
Inventories recognised in profit or loss	**422,265**	255,858
Allowance for inventory write-down	**396**	1,023

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

Allowance for inventory write-down is determined based on future estimated utilisation rate and the estimated scrap value. Reviews are made periodically by management on the allowance for inventory write-down. These reviews require judgement and estimates to determine the provisional rate and scrap value written down. Possible changes in these estimates could result in revisions to the valuation of inventories.

8.2 Properties under development

	Group	
	2021 RM'000	**2020 RM'000**
Land	**48,747**	66,871
Development costs	**91,719**	67,503
	140,466	134,374

During the financial year, interest amounting to RM830,000 (2020: RM3,126,000) was capitalised to the development costs. The capitalisation rate applied to capitalised interest costs is 4.25% to 4.84% (2020: 4.25% to 6.08%).

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
- 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 2021 RM'000	Group 2020 RM'000
Contract assets	9.1	**3,233**	1,628
Contract liabilities	9.2	**(35,253)**	(28,342)

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 2021 RM'000	Group 2020 RM'000
Cost to obtain a contract	10.1	**4,235**	6,864
Cost to fulfil a contract	10.2	**13,276**	15,369
		17,511	22,233

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.

	2021 RM'000	2020 RM'000
Cost to obtain a contract recognised as property development and construction costs in profit or loss	**(7,627)**	(1,082)

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.

	2021 RM'000	2020 RM'000
Cost to fulfill a contract recognised as property development and construction costs in profit or loss	**(96,096)**	(33,289)

11. TRADE RECEIVABLES

	Note	Group	
		2021 RM'000	2020 RM'000
Trade receivables	11.1	**52,636**	25,518
Companies that a substantial shareholder of the Company has interests	11.2	**636**	577
		53,272	26,095

11.1 The credit terms of trade receivables range from 7 days to 90 days (2020: 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 RM20,790,000 (2020: RM15,400,000) 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 (2020: 30 days to 60 days).

NOTES TO THE FINANCIAL STATEMENTS

12. OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Dividends receivable	**–**	–	**6,179**	1,343
Other receivables	**906**	2,499	**–**	–
Advance payments to suppliers	**14,566**	10,090	**–**	–
Prepayments	**3,466**	1,432	**–**	–
Deposits	**1,073**	822	**–**	–
Staff advances	**351**	137	**–**	–
	20,362	14,980	**6,179**	1,343

Included in other receivables is Goods and Services Tax receivable of RM Nil (2020: RM1,462,000).

13. DERIVATIVE FINANCIAL INSTRUMENTS

	Group					
	<--------------- 2021 -------------->			<--------------- 2020 --------------->		
	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)	**66,274**	**480**	**–**	54,532	570	–
- Forward exchange contracts (Note b)	**25,196**	**32**	**–**	24,043	–	(146)
	91,470	**512**	**–**	78,575	570	(146)

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 2 months (2020: 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 is within 1 month (2020: 1 month).

NOTES TO THE FINANCIAL STATEMENTS

14. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deposits placed with licensed banks	**1,445**	1,421	**–**	–
Bank balances	**63,237**	46,688	**154**	11
	64,682	48,109	**154**	11

Included in deposits placed with licensed banks of the Group is RM1,148,000 (2020: RM1,148,000) pledged for bank facilities granted to the Group (see Note 16.1).

15. SHARE CAPITAL

	Group and Company			
	Number of shares 2021 '000	Amount 2021 RM'000	Number of shares 2020 '000	Amount 2020 RM'000
Issued and fully paid shares				
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	
	2021 RM'000	2020 RM'000
Non-current		
Secured or guaranteed:		
Term loans	**73,522**	87,514
Hire purchase liabilities	**461**	232
Revolving credits	**27,000**	32,000
Bridging loans	**35,263**	20,565
	136,246	140,311
Current		
Secured or guaranteed:		
Term loans	**7,001**	7,001
Hire purchase liabilities	**213**	125
Revolving credits	**55,000**	25,000
Trade finances	**42,962**	–
Unsecured:		
Corporate credit card facility from a financial institution	**5**	5
	105,181	32,131
	241,427	172,442

NOTES TO THE FINANCIAL STATEMENTS

16. LOANS AND BORROWINGS (CONTINUED)

16.1 Security and guarantee

The term loans, revolving credits, trade finances 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 (see Note 14); and/or

iv) corporate guarantee from the Company.

16.2 Hire purchase liabilities

	Group		
	Future minimum hire purchase liabilities RM'000	Interest RM'000	Present value of minimum hire purchase liabilities RM'000
2021			
Less than one year	**241**	**28**	**213**
Between one and five years	**499**	**38**	**461**
	740	**66**	**674**
2020			
Less than one year	138	13	125
Between one and five years	241	9	232
	379	22	357

The hire purchase liabilities are secured over the respective assets acquired or 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 2021 RM'000	Group 2020 RM'000
Defined benefit gratuity scheme			
At beginning of financial year		**4,621**	5,101
Charged to the profit or loss:			
- Current service cost		**196**	211
- Interest cost		**186**	197
	23	**382**	408
Debited to other comprehensive income:			
Actuarial (gain)/loss arising from:			
- Financial assumptions		**(23)**	–
- Experience adjustments		**110**	–
		87	–
Gratuity paid		**(320)**	(888)
At the end of financial year		**4,770**	4,621
Represented by:			
Non-current		**3,756**	4,105
Current		**1,014**	516
		4,770	4,621

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

	Group 2021 %	Group 2020 %
Discount rate	**4.3**	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	
	2021 RM'000	2020 RM'000
Discount rate - 1%		
- effect an increase of	**236**	257
Discount rate + 1%		
- effect a decrease of	**(212)**	(232)
Salary increment rate - 1%		
- effect a decrease of	**(192)**	(254)
Salary increment rate + 1%		
- effect an increase of	**209**	276

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

18. TRADE PAYABLES

	Note	Group	
		2021 RM'000	2020 RM'000
Trade payables	18.1	**47,219**	56,906
Trade related accruals	18.2	**23,757**	2,122
		70,976	59,028

The credit terms of trade payables granted to the Group range from 7 days to 90 days (2020: 7 days to 90 days).

18.1 Included in trade payables are retention sums amounting to RM4,088,000 (2020: RM775,000). The retention sums are interest free, unsecured and expected to be payable within 1 year to 4 years.

18.2 Included in trade related accruals are accruals for metal in transit of RM22,385,000 (2020: Nil).

19. OTHER PAYABLES AND ACCRUALS

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Payroll related accruals - salaries, benefits and allowances		**4,815**	801	**186**	186
Other accruals and sundry payables		**16,316**	16,089	**126**	126
		21,131	16,890	**312**	312

Included in other accruals and sundry payables are refundable excess payments from purchasers of RM1,012,000 (2020: RM1,152,000).

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 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Revenue from contracts with customers					
Aluminium products					
Sales of manufactured goods	21.1	**443,913**	257,629	**–**	–
Sales of scraps	21.1	**153**	91	**–**	–
Property development and construction					
Sales of properties	21.2	**150,403**	54,208	**–**	–
Construction contracts	21.3	**4,442**	4,474	**–**	–
Other revenue					
Investment holding					
Dividend income		**–**	–	**6,179**	1,343
Total revenue		**598,911**	316,402	**6,179**	1,343

	2021 RM'000	2020 RM'000
Timing of recognition		
At a point in time	**444,066**	257,720
Over time	**154,845**	58,682
	598,911	316,402

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 (2020: 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 development costs incurred for work performed to-date to the estimated total development costs. The payment terms are 14 days from invoice date. The Group is required to fulfil 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, 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 fulfil warranty obligation over a defect liability period up to 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.

	2022 - 2023 RM'000
2021	
Sales of properties	**95,747**
Construction contracts	**942**
	96,689

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

21.5 Significant judgements and assumptions arising from revenue recognition

The Group applied the following judgements and assumptions that 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 collectability of the consideration from these customers is probable. In making this judgement, the Group has considered the likelihood and trend of collections from similar customers.

NOTES TO THE FINANCIAL STATEMENTS

22. OTHER OPERATING INCOME

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest income of financial assets calculated using the effective interest method that are at amortised cost:				
- Interest income from financial institutions	**285**	48	**4**	–
- Interest income on short-term deposits	**63**	511	**–**	2
- Interest income from customers	**–**	21	**–**	–
Gain on disposal of property, plant and equipment	**2**	46	**–**	–
Miscellaneous income	**2,135**	1,593	**–**	–
	2,485	2,219	**4**	2

23. STAFF COSTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Wages, salaries and bonuses	**33,174**	28,448	**410**	408
Defined contribution retirement plan	**3,166**	3,237	**56**	52
Defined benefit gratuity scheme	**382**	408	**–**	–
Other employee benefits	**507**	369	**5**	3
	37,229	32,462	**471**	463

NOTES TO THE FINANCIAL STATEMENTS

24. INTEREST EXPENSES

	Group 2021 RM'000	Group 2020 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:		
- term loans	**3,664**	4,960
- revolving credits	**2,541**	2,425
- bridging loans	**1,351**	315
- trade finances	**652**	43
- hire purchase liabilities	**17**	9
- overdraft	**16**	1
Interest expense on lease liabilities	**102**	160
Interest expense on receivable financing	**393**	433
	8,736	8,346
Recognised in profit or loss	**7,906**	5,219
Interest expense of financial liabilities that are not at fair value through profit or loss capitalised into qualifying assets:		
- Inventories	**830**	3,127
	8,736	8,346

25. PROFIT BEFORE TAX

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before tax is arrived at after charging/(crediting):				
Auditors' remuneration				
- Audit fees	**287**	277	**52**	50
- Non-audit fees	**6**	6	**6**	6
Material expenses/(income)				
Allowance for inventory write-down	**396**	1,023	**–**	–
Amortisation of intangible assets	**188**	742	**–**	–
Depreciation of:				
- property, plant and equipment	**8,811**	9,071	**–**	–
- right-of-use assets	**1,578**	1,486	**–**	–
Dividend income from a subsidiary	**–**	–	**6,179**	1,343
Government grants on wage subsidy	**(1,134)**	(868)	**–**	–
(Gain)/Loss on foreign exchange				
- realised	**(451)**	381	**–**	–
- unrealised	**32**	(407)	**–**	–
Net fair value gain on forward foreign exchange contracts	**(88)**	(90)	**–**	–
Net (reversal of)/loss on impairment of financial instruments				
Financial assets at amortised cost	**(172)**	109	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

26. TAX EXPENSE/(INCOME)

Recognised in profit or loss

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current tax expense				
Current year	**14,600**	3,738	**–**	–
Over provision in prior year	**(592)**	(970)	**–**	–
Total current tax recognised in profit or loss	**14,008**	2,768	**–**	–
Deferred tax expense/(income)				
Origination of temporary differences	**(2,742)**	(3,383)	**–**	–
Under provision in prior year	**1,440**	182	**–**	–
Total deferred tax recognised in profit or loss	**(1,302)**	(3,201)	**–**	–
Total tax expense/(income)	**12,706**	(433)	**–**	–
Reconciliation of tax expense/(income)				
Profit before tax	**45,232**	883	**5,221**	434
Income tax calculated using Malaysian tax rate of 24%	**10,856**	212	**1,253**	104
Non-deductible expenses	**1,412**	1,208	**230**	218
Income not subject to tax	**(344)**	(275)	**(1,483)**	(322)
Double deduction claims	**(66)**	(129)	**–**	–
Tax benefits arising from previously unrecognised temporary differences	**–**	(661)	**–**	–
Under/(Over) provided in prior year	**848**	(788)	**–**	–
	12,706	(433)	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

27. EARNINGS PER ORDINARY SHARE

Basic earnings per share is calculated by dividing the Group's 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	
	2021	**2020**
Profit attributable to shareholders (RM'000)	**32,526**	1,316
Weighted average number of ordinary shares in issue ('000)	**134,331**	134,331
Basic earnings per ordinary share (sen)	**24.21**	0.98

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 four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Chief Operating Decision Makers ("CODMs") review 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 CODMs. 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 CODMs. 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**
2021						
Segment profit before tax, interest, depreciation and amortisation	**21,671**	**38,246**	**7,125**	**5,217**	**(8,892)**	**63,367**
Included in the measure of segment profit before tax, interest, depreciation and amortisation are:						
Revenue from external customers	**444,878**	**150,403**	**5,057**	**–**	**(1,427)**	**598,911**
Allowance of inventory write-down	**(396)**	**–**	**–**	**–**	**–**	**(396)**
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)

NOTES TO THE FINANCIAL STATEMENTS

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	
	2021 RM'000	**2020 RM'000**
Revenue		
Malaysia	**239,482**	120,617
United States of America	**97,132**	27,899
Thailand	**41,307**	27,575
India	**66,444**	48,969
Asia (excludes Malaysia, Thailand and India)	**41,691**	23,775
Europe	**100,115**	59,785
Middle East	**11,889**	7,105
Others	**851**	677
	598,911	316,402

Included in sales to customers in Malaysia are sales to customers in the Licensed Manufacturing Warehouse and Free Trade Zone areas amounting to RM4,823,000 (2020: RM4,311,000).

28.2 Major customer

The Group has a customer with revenue equal or more than 10% of the Group's total revenue amounting to RM81,500,000 (2020: RM49,914,000) from the 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**
2021			
Financial assets			
Trade receivables	**53,272**	**–**	**53,272**
Other receivables (excluding prepayments and advance payments to suppliers)	**2,330**	**–**	**2,330**
Cash and cash equivalents	**64,682**	**–**	**64,682**
Derivative financial instruments	**512**	**512**	**–**
	120,796	**512**	**120,284**
Financial liabilities			
Trade payables	**(70,976)**	**–**	**(70,976)**
Other payables and accruals	**(21,131)**	**–**	**(21,131)**
Loans and borrowings	**(241,427)**	**–**	**(241,427)**
	(333,534)	**–**	**(333,534)**

	Company		
	Carrying amount RM'000	**FVTPL RM'000**	**AC RM'000**
2021			
Financial assets			
Other receivables	**6,179**	**–**	**6,179**
Cash and cash equivalents	**154**	**–**	**154**
	6,333	**–**	**6,333**
Financial liabilities			
Amount due to a subsidiary	**(254)**	**–**	**(254)**
Other payables and accruals	**(312)**	**–**	**(312)**
	(566)	**–**	**(566)**

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
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	(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	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	(312)	–	(312)
	(808)	–	(808)

NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS (CONTINUED)

29.2 Net gains and losses arising from financial instruments

	Group	
	2021 RM'000	2020 RM'000
Net gains/(losses) on:		
- Fair value through profit or loss	**88**	90
- Financial assets at amortised cost	**1,067**	(894)
- Financial liabilities at amortised cost	**(8,104)**	(3,559)
	(6,949)	(4,363)

	Company	
	2021 RM'000	2020 RM'000
Net gain on financial assets at amortised cost	**4**	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 and 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 through credit insurance purchased from insurance companies, trade receivables financing from financial institutions and credit evaluations performed on customers requiring credit terms.

For trade receivables under the property development segment, credit risks are minimised by primarily securing purchasers whom 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 is 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	
	2021 RM'000	**2020 RM'000**
Malaysia	**36,515**	15,118
United States of America	**8,798**	3,547
Thailand	**792**	954
India	**3,789**	5,968
Asia (excludes Malaysia, Thailand and India)	**1,017**	265
Europe	**3,926**	762
Middle East	**1,668**	1,109
	56,505	27,723

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.

29. FINANCIAL INSTRUMENTS (CONTINUED)

29.4 Credit risk (continued)

Trade receivables and contract assets (continued)

Recognition and measurement of impairment loss (continued)

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.

	Group		
	Gross carrying amount RM'000	**Loss allowance RM'000**	**Net balance RM'000**
2021			
Current (not past due)	**33,377**	**(5)**	**33,372**
1-30 days past due	**11,428**	**(5)**	**11,423**
31-60 days past due	**2,144**	**–**	**2,144**
61-90 days past due	**2,350**	**–**	**2,350**
More than 90 days past due	**7,296**	**(80)**	**7,216**
	56,595	**(90)**	**56,505**
Trade receivables	**53,362**	**(90)**	**53,272**
Contract assets	**3,233**	**–**	**3,233**
	56,595	**(90)**	**56,505**
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
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

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 2020	3	150	153
Net remeasurement of loss allowance	145	(36)	109
Balance at 31 December 2020/ 1 January 2021	**148**	**114**	**262**
Net remeasurement of loss allowance	**(88)**	**(84)**	**(172)**
Balance at 31 December 2021	**60**	**30**	**90**

Decrease in the Group's loss allowance during 2021 is mainly contributed by the decrease in credit impaired trade receivable balances and improved collections from long outstanding trade receivables balances.

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 RM152,786,000 (2020: 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:

2021	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	80,523	3.89% - 5.54%	90,682	10,084	24,823	37,443	18,332
Hire purchase liabilities	674	2.31% - 3.98%	740	241	206	293	–
Revolving credits	82,000	3.11% - 4.25%	84,639	56,312	7,094	21,233	–
Trade finances	42,962	2.49% - 2.58%	44,051	44,051	–	–	–
Bridging loans	35,263	4.25%	38,389	1,499	6,199	30,691	–
Corporate credit card facility from a financial institution	5	–	5	5	–	–	–
Lease liabilities	3,719	3.89% - 6.00%	3,931	1,406	1,206	1,319	–
Trade and other payables	92,107	–	92,107	92,107	–	–	–
	337,253		354,544	205,705	39,528	90,979	18,332
Company							
Non-derivative financial liabilities							
Financial guarantees	–	–	359,015	359,015	–	–	–
Other payables and accruals	312	–	312	312	–	–	–
Amount due to a subsidiary	254	–	254	254	–	–	–
	566		359,581	359,581	–	–	–

29. FINANCIAL INSTRUMENTS (CONTINUED)

29.5 Liquidity risk (continued)

Maturity analysis (continued)

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	–	–	–

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 forward foreign exchange contracts 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 forward foreign exchange contracts 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 is as follows:

	USD RM'000	SGD RM'000	EUR RM'000	JPY RM'000	Others RM'000
2021					
Trade and other receivables	**32,194**	**273**	**–**	**–**	**–**
Trade and other payables	**(34,868)**	**(14)**	**(32)**	**(54)**	**(39)**
Cash and cash equivalents	**18,038**	**172**	**–**	**–**	**–**
Derivative financial instruments	**512**	**–**	**–**	**–**	**–**
Exposure in the statements of financial position	**15,876**	**431**	**(32)**	**(54)**	**(39)**
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)

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% (2020: 10%) strengthening of Ringgit Malaysia against the following currencies at the end of the reporting period would have increased/(decreased) equity and 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			
	2021		2020	
	Equity RM'000	Profit or loss RM'000	Equity RM'000	Profit or loss RM'000
USD	**(1,207)**	**(1,207)**	(1,659)	(1,659)
SGD	**(33)**	**(33)**	(36)	(36)
EUR	**2**	**2**	5	5
JPY	**4**	**4**	–	–
Others	**3**	**3**	2	2

A 10% (2020: 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	
	2021 RM'000	**2020 RM'000**
Fixed rate instruments		
Financial assets	**1,445**	1,421
Financial liabilities	**(4,393)**	(2,443)
	(2,948)	(1,022)
Floating rate instruments		
Financial liabilities	**(240,748)**	(172,080)

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			
	2021		2020	
	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)	**(1,830)**	**1,830**	(1,308)	1,308

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
2021										
Financial assets										
Derivative financial instruments	**–**	**512**	**–**	**512**	**–**	**–**	**–**	**–**	**512**	**512**
2020										
Financial assets										
Derivative financial instruments	–	570	–	570	–	–	–	–	570	570
Financial liabilities										
Derivative financial instruments	–	(146)	–	(146)	–	–	–	–	(146)	(146)

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 (2020: 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 Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group's debt-to-equity ratios are as follows:

	Note	Group 2021 RM'000	Group 2020 RM'000
Loans and borrowings	16	**241,427**	172,442
Less: Cash and cash equivalents	14	**(64,682)**	(48,109)
Net debt		**176,745**	124,333
Total equity		**155,914**	123,454
Debt-to-equity ratio		**1.13**	1.01

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

NOTES TO THE FINANCIAL STATEMENTS

31. CAPITAL COMMITMENTS

	Group	
	2021 RM'000	**2020 RM'000**
Capital expenditure commitments		
Property, plant and equipment		
Contracted but not provided for	**2,865**	988

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 and a subsidiary 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	
	2021 RM'000	**2020 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	**662**	408
- AJCan Sdn. Bhd.	**–**	183
- Kian Joo Can Factory Berhad	**869**	314
- KJ Can (Selangor) Sdn. Bhd.	**747**	783
- Federal Metal Printing Factory, Sdn. Berhad	**21**	10
Expenditure		
Transactions with a company that certain Directors of the Company and a subsidiary have interests		
Purchase of construction materials		
- Emglobal Builders Sdn. Bhd.	**69**	496
Transactions with a company that certain Directors of a subsidiary have interests		
Dach&Wand Sdn. Bhd.		
- Payment on behalf for site labour costs	**–**	88

NOTES TO THE FINANCIAL STATEMENTS

32. RELATED PARTIES (CONTINUED)

32.2 Significant related party transactions (continued)

	Company	
	2021 RM'000	2020 RM'000
Income		
Transactions with Aluminium Company of Malaysia Berhad, a subsidiary		
Dividend income	**6,179**	1,343

32.3 Key management personnel compensation

The key management personnel compensations are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Directors of the Company:				
- fees	**311**	300	**311**	300
- salaries, bonuses and other remunerations	**3,031**	2,572	**26**	25
- estimated monetary value of benefits-in-kind	**28**	29	**–**	–
	3,370	2,901	**337**	325
Other Directors of the Group entities:				
- salaries, bonuses and other remunerations	**2,510**	2,994	**–**	–
- estimated monetary value of benefits-in-kind	**8**	11	**–**	–
	2,518	3,005	**–**	–
Other key management personnel:				
- salaries, bonuses and other remunerations	**3,631**	2,686	**–**	–
- estimated monetary value of benefits-in-kind	**148**	112	**–**	–
	3,779	2,798	**–**	–
	9,667	8,704	**337**	325

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.

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 79 to 139 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 2021 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: 12 April 2022

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 79 to 139 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 12 April 2022.

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

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 2021 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 79 to 139.

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 2021, 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 hav*e fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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 2021, the Group held RM160,317,000 of trading and manufacturing inventories. These inventories comprise metal and non-metal inventories and represent 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 reasonableness and adequacy of the allowance for inventory write-down of slow moving trading and manufacturing inventories.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ALCOM GROUP BERHAD

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 IT Specialist. 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 investigated variances arising from metal quantities counted during stock count conducted against quantities recorded in the accounting system and checked that such variances have been properly adjusted for;

iii) We checked the cost of raw materials by comparing suppliers' invoices on a sampling basis;

iv) We assessed that finished goods are carried at the lower of cost and net realisable value by testing to selling prices; and

v) We challenged the reasonableness and adequacy of the Group's policy on allowance of inventory write-down for trading and manufacturing inventories by assessing the ageing of non-metal inventories and comparing the provisional rate applied against actual losses, and evaluating the reasonableness of the scrap value used in allowance of inventory write-down for 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

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

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: 03473/11/2023 J
Chartered Accountant

Petaling Jaya

Date: 12 April 2022

PROPERTIES HELD BY THE GROUP

AS AT 31 DECEMBER 2021

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	40 years	RM27.6 million	1985
PN 119947, Lot 67506 (formerly held under 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 2022

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	7.23	4,819	*
100 to 1,000 shares	736	18.95	529,391	0.39
1,001 to 10,000 shares	1,997	51.42	10,139,922	7.55
10,001 to 100,000 shares	792	20.39	24,151,142	17.98
100,001 to 6,716,541 shares	76	1.96	45,071,212	33.55
6,716,542 shares and above	2	0.05	54,434,364	40.52
Total	**3,884**	**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

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
Goh Teck Hong	–	–	–	–	–	–
Wong Choon Shein	–	–	–	–	–	–
Lam Voon Kean	–	–	–	–	–	–
Datin Shelina Binti Razaly Wahi	–	–	–	–	–	–
Gong Wooi Teik	–	–	–	–	–	–
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 2022

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.	Ang Loo Leong	5,257,173	3.91
4.	Dato' Yong How Choong	5,237,173	3.90
5.	Tan Han Chuan	4,539,800	3.38
6.	Low Bibo	3,447,166	2.57
7.	Alleyways Sdn. Bhd.	2,953,000	2.20
8.	Kam Choo Keng	2,713,300	2.02
9.	Kenanga Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Goh Ching Mun*	1,339,600	1.00
10.	HLIB Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Taipanmatics Sdn. Bhd. (MG0170-199)*	1,085,000	0.81
11.	iFAST Nominees (Tempatan) Sdn. Bhd. *- Chong Chee Ming*	1,046,500	0.78
12.	Teo Kwee Hock	803,000	0.60
13.	Toh Ying Choo	800,000	0.60
14.	Addeen Consultancy & Management Sdn. Bhd.	715,600	0.53
15.	Lau Soo Chin	715,000	0.53
16.	UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Teo Siew Lai*	710,000	0.53
17.	Ng Beng Lay	664,000	0.50
18.	Choy Cheng Choong	579,800	0.43
19.	Choy Cheng Choong	460,100	0.34
20.	Tang Yet Siong @ Tang Yik Siong	439,500	0.33
21.	Goh Ching Mun	420,000	0.31
22.	Ng Eng Hong	412,300	0.31
23.	Chee See Giap @ Sin Chien	393,900	0.29
24.	Yeoh Beng Hooi	390,000	0.29
25.	Loh Loon Teik Sdn. Bhd.	380,000	0.28
26.	RHB Nominees (Tempatan) Sdn. Bhd. *- OSK Trustees Berhad for The Divine Vision Trust*	369,000	0.27
27.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Low Hang Leong (MY3881)*	338,400	0.25
28.	HLIB Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Khor Boon Hong*	326,400	0.24
29.	Khor Tang Boey	302,000	0.22
30.	Public Invest Nominees (Asing) Sdn. Bhd. *- Exempt An for Phillip Securities Pte. Ltd. (Clients)*	294,000	0.22
	Total	**91,566,076**	**68.16**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourth 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 Thursday, 23 June 2022 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 2021 and the Reports of the Directors and Auditors thereon. **Please refer to Note E of this Agenda**

2. To declare a first and final single-tier dividend of 2.5 sen per share in respect of the financial year ended 31 December 2021. **Resolution 1**

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

   a. Dato' Seri Subahan Bin Kamal **Resolution 2**

   b. Heon Chee Shyong **Resolution 3**

   c. Yeoh Jin Hoe **Resolution 4**

4. To re-elect the following directors who retire pursuant to Clause 86 of the Company's Constitution:

   a. Datin Shelina Binti Razaly Wahi **Resolution 5**

   b. Gong Wooi Teik **Resolution 6**

   c. Goh Teck Hong **Resolution 7**

5. To approve and ratify the additional payment of Directors' Fees amounting to RM10,000 which was in excess of the earlier approved amount of RM300,000 for the financial year ended 31 December 2021. **Resolution 8**

6. To approve the 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 2022. **Resolution 9**

7. 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 10**

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

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

Proposed authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016 **Resolution 11**

"THAT subject to the Companies Act 2016, the Constitution of the Company and the approvals of the relevant governmental and/or regulatory authorities, if applicable, the Board of Directors of the Company ("Board") be and is hereby empowered pursuant to Sections 75 and 76 of the Companies Act 2016, to allot and issue shares in the Company at any time at such issue price which is at a not more than a ten per centum (10%) discount to the 5-day volume weighted average market price of the shares of the Company immediately before the relevant price fixing date to such Qualified Placee(s) as the Board may in its absolute discretion deem fit or appropriate, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares in the Company for the time being (excluding treasury shares), and upon such other additional terms and conditions (if any) to be determined by the Board. For the purposes of this resolution, "Qualified Placee(s)" shall refer to persons who are not (in accordance with Paragraph 6.04(c) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad) (a) a director, major shareholder or chief executive of the Company or a holding company of the Company (if applicable), or person(s) connected with such director, major shareholder or chief executive; or (b) nominee corporations, unless the names of the ultimate beneficiaries are disclosed. Qualified Placees shall also be person(s) or party(ies) who/which qualify under Schedules 6 and 7 of the Capital Markets and Services Act 2007;

THAT such authority if/when passed shall constitute an authority for the issue of shares with prior shareholders' approval in a general meeting of the precise terms and conditions of the issue;

THAT such authority shall continue to be in force until:

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

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

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

whichever occurs first;

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

NOTICE OF ANNUAL GENERAL MEETING

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

Proposed renewal of authority for the Company to purchase its own shares **Resolution 12**

"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;

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

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

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

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

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

Proposed renewal of mandate for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature **Resolution 13**

"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 27 April 2022 provided that:

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

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

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

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

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

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

whichever is earlier;

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

11. To transact any other business of which due notice shall have been given in accordance with the Company's 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
27 April 2022

NOTICE OF ANNUAL GENERAL MEETING

Notes:

(A) GENERAL MEETING RECORD OF DEPOSITORS

Only a depositor whose name appears on the General Meeting Record of Depositors as at 16 June 2022 shall be entitled to participate at the Fourth 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 Fourth AGM of the Company is strictly a Broadcast Venue as the conduct of the Fourth 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 Fourth 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 Fourth AGM of the Company via the Remote Participation and Voting facilities ("RPV") provided by Agmo Digital Solutions Sdn. Bhd. ("Agmo") through its Vote2U Online website at https://web.vote2u.my. Please follow the Procedures for RPV in the Administrative Details for the Fourth AGM.

(ii) A member of the Company entitled to participate at the Fourth AGM of the Company is entitled to appoint not more than 2 proxies of his/her own choice to participate in his/her stead. A proxy may but need not be a member of the Company. Where a member appoints more than 1 proxy, the member shall specify the proportion of his/her shareholding to be represented by each proxy, failing which, the appointment shall be invalid.

(iii) Where a member of the Company is an Authorised Nominee, as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than 2 proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said Securities Account to participate at the Fourth 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) 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 or Agmo not less than 48 hours before the time appointed for holding the Fourth AGM of the Company or any adjournment thereof, and in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, otherwise the person so named shall not be entitled to vote in respect thereof.

(vi) In the case of an appointment made in hard copy form, the Proxy Form, together with the power of attorney (if any) under which it is signed or a notarially certified copy of that power or authority, must be deposited with the Company at No. 3, Persiaran Waja, Bukit Raja Industrial Estate, 41050 Klang, Selangor Darul Ehsan, Malaysia.

(vii) In the case of appointment by electronic form, the Proxy Form must be electronically lodged with Agmo via Vote2U Online at https://web.vote2u.my. Please refer to the Administrative Details for the Fourth AGM on the procedures for electronic lodgement of proxy form via Vote2U Online.

(C) 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.

NOTICE OF ANNUAL GENERAL MEETING

(D) PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the forthcoming Fourth AGM of the Company and/or any adjournment thereof, a member of the Company:

(i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the Fourth AGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Fourth AGM of the Company (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");

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

(iii) agrees that the member will indemnify the Company in respect of any penalty, claim, demand, loss and damage as a result of the member's breach of warranty.

(E) 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.

(F) EXPLANATORY NOTES FOR ITEMS 3 AND 4 OF THE AGENDA

The profiles of the retiring Directors are set out in the Profiles of Directors on pages 5, 6 and 8 of the Company's Annual Report 2021. For the purpose of determining the eligibility of the Directors, Dato' Seri Subahan Bin Kamal, Heon Chee Shyong and Yeoh Jin Hoe who are standing for re-election at the Fourth AGM, the Board through its Nomination Committee ("NC") had assessed them using the Independent Directors' Self-Assessment Checklist, Directors'/Key Officers' Evaluation Form, Board & Board Committee Evaluation Form, Audit & Risk Management Committee Evaluation Form and Performance Evaluation Sheet in order to assess each of their calibre and ability to understand the requirements, risk and management of the Group's business; contribution and performance; character, integrity and professional conduct in dealing with conflict of interest situations; ability to critically challenge and ask the right questions; commitment and due diligence, confidence to stand up for a point of view; interaction at meetings and training records for the financial year ended 31 December 2021.

Based on the evaluation results, the aforesaid retiring Directors, Dato' Seri Subahan Bin Kamal, Heon Chee Shyong and Yeoh Jin Hoe met the performance criteria required of an effective member of the Board.

The recommendations for the re-election of Datin Shelina Binti Razaly Wahi, Gong Wooi Teik and Goh Teck Hong were based on the prior assessments of the NC and the Board before their appointment as Directors. During the Directors' selection process, all 3 Directors' qualifications, skills, experience, knowledge, character, integrity, other attributes, time commitment and potential contribution were assessed.

The Board of Directors of the Company, with the recommendation of the NC, endorsed the re-election of the Directors named under Resolutions 2, 3, 4, 5, 6 and 7 who are due to retire in accordance with the Company's Constitution and are eligible to stand for re-election.

(G) EXPLANATORY NOTES FOR ITEM 5 OF THE AGENDA

At the Third AGM of the Company held on 28 June 2021, the shareholders had approved RM300,000 as total Directors' Fees to the Non-Executive Directors of the Company and its subsidiaries for the financial year ended 31 December 2021. The total Directors' Fees incurred was RM310,000. The request on the additional fee of RM10,000 is required for 2 new Independent Non-Executive Directors viz., Datin Shelina Binti Razaly Wahi and Gong Wooi Teik who were appointed on 1 December 2021.

NOTICE OF ANNUAL GENERAL MEETING

(H) EXPLANATORY NOTES ON SPECIAL BUSINESS

Ordinary Resolution 11 – Proposed authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016

Ordinary Resolution 11 proposed, if passed, will give a mandate to the Board, from the date of the forthcoming Fourth AGM of the Company, to allot and issue ordinary shares of the Company at any time at such issue price which is at a not more than a 10% discount to the 5-day volume weighted average market price of the shares of the Company immediately before the relevant price fixing date, to such Qualified Placee(s) as the Board may in its absolute discretion, consider to be in the interest of the Company and upon such other additional terms and conditions (if any) to be determined by the Board, without having to convene a general meeting provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares in the Company for the time being ("Mandate"). The Mandate from the shareholders will be effective immediately upon passing of the Ordinary Resolution and shall continue to be in force until:

(i) the conclusion of the next AGM of the Company; or

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

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

whichever occurs first.

The Mandate will provide flexibility to the Company to raise more capital expeditiously and efficiently during this challenging time, to meet its funding requirements including but not limited to working capital, operational expenditures, future investment(s), and/or acquisition(s).

The Board, having considered the current and prospective financial position, needs and capacity of the Group, is of the opinion that the Mandate is in the best interests of the Company and its shareholders.

As at the date of this notice, no new ordinary shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM of the Company held on 28 June 2021. Hence, no proceeds were raised.

Ordinary Resolution 12 – Proposed renewal of authority for the Company to purchase its own shares

Ordinary Resolution 12 proposed, if passed, will renew the authority for the Company to purchase through Bursa Securities such number of ordinary shares in the Company up to an aggregate amount not exceeding 10% of the total number of issued shares in the Company. The renewed authority from the shareholders will be effective immediately upon passing of the Ordinary Resolution and shall continue to be in force until:

(i) the conclusion of the next AGM of the Company; or

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

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

whichever occurs first.

For further information, please refer to the Share Buy-Back Statement dated 27 April 2022 which is made available together with the Company's Annual Report 2021 at https://alcom.com.my/main/investor/.

Ordinary Resolution 13 – 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 13 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 27 April 2022.

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 27 April 2022 which is made available together with the Company's Annual Report 2021 at https://alcom.com.my/main/investor/.

ADMINISTRATIVE DETAILS
FOR THE FOURTH ANNUAL GENERAL MEETING

Date	:	Thursday, 23 June 2022
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
Virtual meeting accessible at	:	https://web.vote2u.my

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 Fourth Annual General Meeting ("AGM") in person at the Broadcast Venue on the day of the meeting.

REMOTE PARTICIPATION AND VOTING ("RPV") FACILITIES

The RPV facilities is provided by Agmo Digital Solutions Sdn Bhd ("Agmo") via its Vote2U Online website at https://web.vote2u.my.

Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the Fourth AGM using RPV facilities from Agmo.

Kindly refer to Procedures for RPV facilities 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 Fourth AGM using the RPV facilities:

STEP 1: BEFORE THE DAY OF THE FOURTH AGM		
Registration as User (for first-time registration only) Note: If you have already signed up with Vote2U previously, you may proceed to Step 2		
Procedures		**Action**
(a)	Individual shareholders to register with Vote2U Online	• Access website at https://web.vote2u.my • Click the "**Sign Up**" button to sign up as a user. • Read and indicate your acceptance of the "Privacy Policy" and "Terms & Conditions" on the small box ☐. Then click the "**Next**" button. • Fill in your details [(i) ensure email address is valid and (ii) create your own password]. Then click the "**Continue**" button. • For Malaysians, upload your MyKad (front only) while Non-Malaysians, upload your Passport. Then click the "**Submit**" button. • Your registration will be verified and an email notification will be sent to you. Please check your email.

ADMINISTRATIVE DETAILS
FOR THE FOURTH ANNUAL GENERAL MEETING

PROCEDURES FOR RPV FACILITIES (CONTINUED)

STEP 2: ON THE DAY OF THE FOURTH AGM		
Procedures		**Action**
(b)	Login to Vote2U Online and watch live streaming	• Login to https://web.vote2u.my with your email address and password at any time from **9.00 a.m.** i.e. 1 hour before the commencement of the Fourth AGM on **Thursday, 23 June 2022 at 10.00 a.m.** • For a Proxy, login with the temporary credentials in the email that you have received from Vote2U. • Select the General Meeting event: "**ALCOM GROUP BERHAD 4TH AGM**" • Check your details. • Click "**Watch Live**" button to engage in the proceedings of the Fourth AGM remotely.
(c)	Ask questions during AGM (real-time)	• Click the "**Ask Question**" button to post questions. • Type in your question and click "**Submit**". • The Chairman/Board will endeavor to respond to questions submitted by remote participants during the Fourth AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.
(d)	Online remote voting	• Voting session commences **from 10.00 a.m. on Thursday, 23 June 2022** until a time when the Chairman announces the end of the voting session of the Fourth AGM. • On the main page, scroll down and click the "**Confirm Details & Start Voting**" button. • To vote, select your voting choice from the options provided. A confirmation screen will appear to show your selected vote. Click the "**Next**" button to continue voting for all resolutions. • To change your vote, click the "**Back**" button and select another voting choice. • After you have completed voting, a Voting Summary page will appear to show all the resolutions with your voting choices. Click the "**Confirm**" button to submit your votes. Once you have confirmed and submitted your votes, you will not be able to change your voting choices.
(e)	View voting results	• On the main page, scroll down and click the "**View Voting Results**" button.
(f)	End of remote participation	• Upon the announcement by the Chairman on the closure of the Fourth AGM, the live streaming will end. • You may log out from Vote2U Online.

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 Vote2U Online on the day of the Fourth AGM 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 Agmo Digital Solutions Sdn. Bhd. at +603-7664 8520 / +603-7664 8521 or e-mail to vote2u@agmostudio.com for assistance.

ADMINISTRATIVE DETAILS
FOR THE FOURTH ANNUAL GENERAL MEETING

ENTITLEMENT TO PARTICIPATE AND APPOINTMENT OF PROXY

Only shareholders whose names appear on the Record of Depositors as at 16 June 2022 shall be eligible to participate at the Fourth 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 Fourth 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 Fourth AGM yourself, please do not submit any Proxy Form for the Fourth AGM. You will not be allowed to participate in the Fourth 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 Fourth AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than Tuesday, 21 June 2022 at 10.00 a.m:

(i) In hard copy:

By hand or post to the Registered Office of Alcom Group Berhad at No. 3, Persiaran Waja, Bukit Raja Industrial Estate, 41050 Klang, Selangor Darul Ehsan, Malaysia;

(ii) By electronic form (for Individual Shareholders only):

All individual shareholders can have the option to submit their Proxy Forms electronically after registering with Vote2U Online. The steps to submit are summarised below:

Procedure	Action
Submission of Proxy Form	• Individual shareholders to login to https://web.vote2u.my with your email address and password that you have registered with Vote2U. • Click "**Register Proxy Now**" for e-Proxy registration. • Select the General Meeting event: "**ALCOM GROUP BERHAD 4TH AGM**" • Select/add your Central Depository System ("CDS") account number and number of shares. • Click the "**Appoint Proxy**" button. • Fill-in the details of your proxy(ies) [ensure email address(es) of proxy(ies) is/are valid] or appoint the Chairman as your proxy. • Indicate your voting instructions should you prefer to do so, otherwise your proxy(ies) will decide on your votes. • Thereafter, click the "**Submit**" button. • Your submission will be verified. • After verification, the proxy(ies) will receive an email notification with temporary credentials i.e. email address and password to login to Vote2U. *Note*: *You need to register as a shareholder before you can register a proxy and submit the e-Proxy Form. Please refer to the above 'Step 1: Before the day of the Fourth AGM'.*

ADMINISTRATIVE DETAILS
FOR THE FOURTH ANNUAL GENERAL MEETING

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

Shareholders may submit questions for the Board in advance of the Fourth AGM. The steps are as follows:

Procedure	Action
Pre-meeting submission of questions to the Board	• Login to https://web.vote2u.my with your email address and password. • Select the General Meeting event: "**ALCOM GROUP BERHAD 4TH AGM**" *(Please note that the event will only be made available on 17 June 2022)* • Check your details. • Click the "**Ask Question**" button to post questions. • Type in your question and click "**Submit**". • 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 Fourth 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 Agmo Digital Solutions Sdn. Bhd. at +603-7664 8520 / +603-7664 8521 or e-mail to vote2u@agmostudio.com during office hours on Mondays to Fridays from 9.00 a.m. to 5.00 p.m. (except on public holidays).

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**
Telephone No.	**Email Address**		

and

Full Name (in Block Letters)	**NRIC/Passport No.**	**No. of Shares**	**% of Shareholdings**
Telephone No.	**Email Address**		

or failing him/her, THE CHAIRMAN OF THE MEETING as *my/our proxy to vote for *me/us on *my/our behalf at the Fourth 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 Thursday, 23 June 2022 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	To declare a first and final single-tier dividend of 2.5 sen per share in respect of the financial year ended 31 December 2021		
2	Re-election of Dato' Seri Subahan Bin Kamal as Director		
3	Re-election of Heon Chee Shyong as Director		
4	Re-election of Yeoh Jin Hoe as Director		
5	Re-election of Datin Shelina Binti Razaly Wahi as Director		
6	Re-election of Gong Wooi Teik as Director		
7	Re-election of Goh Teck Hong as Director		
8	Approval and ratification of the additional payment of Directors' Fees amounting to RM10,000 which was in excess of the earlier approved amount of RM300,000 for the financial year ended 31 December 2021		
9	Approval of 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 2022		
10	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		
11	Proposed authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016		
12	Proposed renewal of authority for the Company to purchase its own shares		
13	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)*	No. of Shares held: ____________________ Securities Account No. : ____________________ *(CDS Account No.) (Compulsory)* Date:____________________

Signed this ____________ day of ____________ 2022.

**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 16 June 2022 shall be entitled to participate in the Fourth AGM of the Company or appoint proxy(ies) to participate and vote in his/her stead.*

(ii) *The venue of the Fourth AGM of the Company is strictly a Broadcast Venue as the conduct of the Fourth 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.*

(iii) *Members will not be allowed to attend the Fourth AGM of the Company in person at the Broadcast Venue on the day of the Meeting.*

(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 Fourth AGM of the Company via the Remote Participation and Voting facilities ("RPV") provided by Agmo Digital Solutions Sdn. Bhd. ("Agmo") through its Vote2U Online website at https://web.vote2u.my. Please follow the Procedures for RPV in the Administrative Details for the Fourth AGM.*

(v) *A member of the Company entitled to participate at the Fourth AGM of the Company is entitled to appoint not more than 2 proxies of his/her own choice to participate in his/her stead. A proxy may but need not be a member of the Company. Where a member appoints more than 1 proxy, the member shall specify the proportion of his/her shareholding to be represented by each proxy, failing which, the appointment shall be invalid.*

(vi) *Where a member of the Company is an Authorised Nominee, as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than 2 proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said Securities Account to participate at the Fourth 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) *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 or Agmo, not less than 48 hours before the time appointed for holding the Fourth AGM of the Company or any adjournment thereof, and in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, otherwise the person so named shall not be entitled to vote in respect thereof.*

(ix) *In the case of an appointment made in hard copy form, the Proxy Form, together with the power of attorney (if any) under which it is signed or a notarially certified copy of that power or authority, must be deposited with the Company at No. 3, Persiaran Waja, Bukit Raja Industrial Estate, 41050 Klang, Selangor Darul Ehsan, Malaysia.*

(x) *In the case of appointment by electronic form, the Proxy Form must be electronically lodged with Agmo via Vote2U Online website at https://web.vote2u.my. Please refer to the Administrative Details for the Fourth AGM on the procedure for electronic lodgement of Proxy Form via Vote2U Online.*

(xi) *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.*

(xii) *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 Fourth AGM of the Company dated 27 April 2022.*

1st Fold Here

AFFIX
STAMP

The Company Secretaries
ALCOM GROUP BERHAD
Registration No. 201701047083 (1261259-V)
No. 3, Persiaran Waja
Bukit Raja Industrial Estate
41050 Klang
Selangor Darul Ehsan
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

www.alcom.com.my