alcom

ALCOM GROUP BERHAD

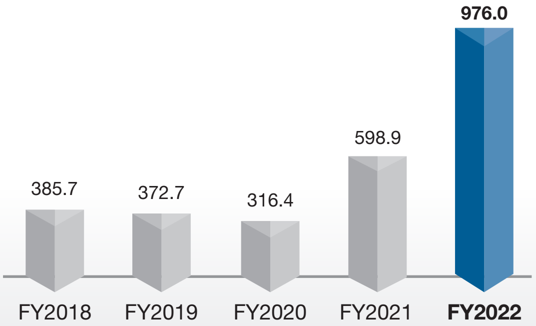
201701047083 (1261259-V)

ANNUAL REPORT 2022

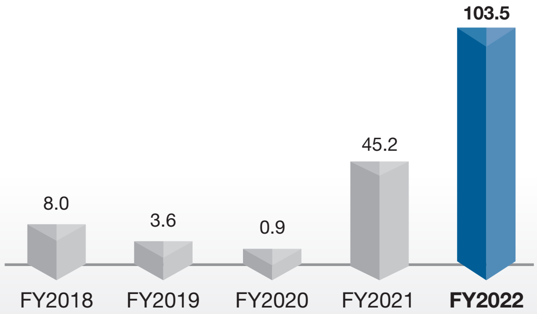
FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

	Alcom Group Berhad				
	Financial Year Ended ("FY") 31 December				
	2018	2019	2020	2021	2022
Revenue (RM'Million)	385.7	372.7	316.4	598.9	**976.0**
Profit from Ordinary Activities Before Tax (RM'Million)	8.0	3.6	0.9	45.2	**103.5**
Net Profit Attributable to Shareholders (RM'Million)	3.4	0.3	1.3	32.5	**77.6**
Earnings Before Interest, Taxes, Depreciation and Amortisation (RM'Million)	19.5	19.4	16.8	63.4	**123.6**
Shareholders' Equity (RM'Million)	122.4	122.1	123.5	155.9	**230.3**
Total Assets (RM'Million)	332.7	374.0	408.2	537.7	**500.6**
Earnings Per Share (Sen)	2.56	0.24	0.98	24.21	**57.70**
Net Assets Per Share (RM)	0.91	0.91	0.92	1.16	**1.72**

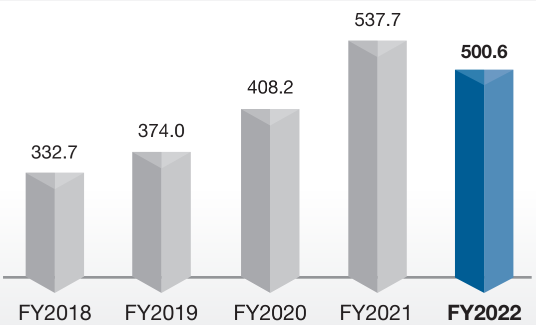
REVENUE
(RM'Million)



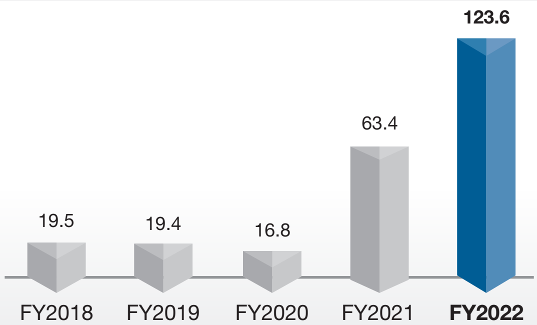
PROFIT FROM ORDINARY ACTIVITIES BEFORE TAX
(RM'Million)



TOTAL ASSETS
(RM'Million)



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



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CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Heon Chee Shyong
President cum Chief Executive Officer

Yeoh Jin Hoe
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 (Chairman)
Lam Voon Kean
Datin Shelina Binti Razaly Wahi

REMUNERATION COMMITTEE

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

COMPANY SECRETARIES

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

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
Al Rajhi Banking & Investment Corporation (Malaysia) Berhad

STOCK EXCHANGE LISTING

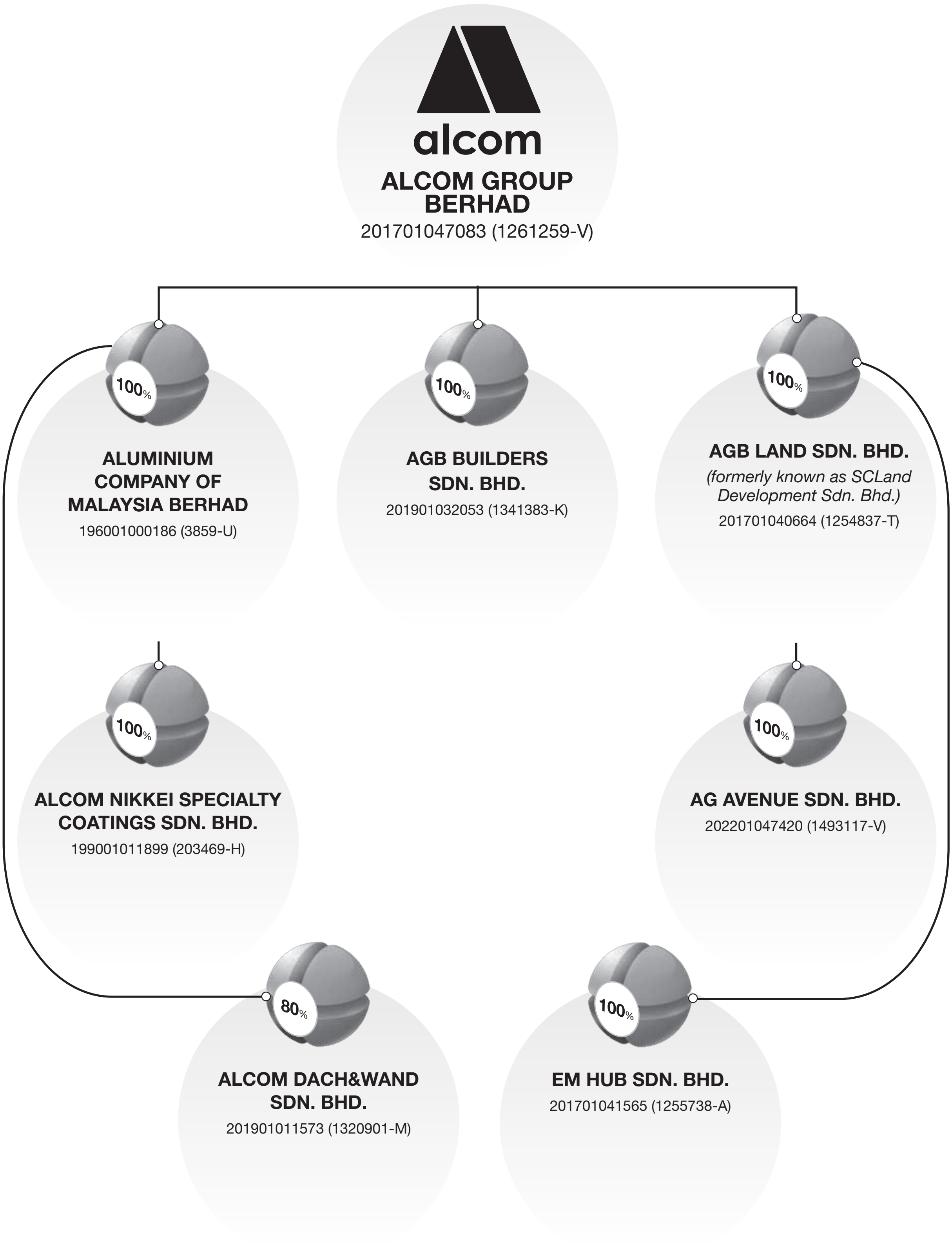
Main Market
Bursa Malaysia Securities Berhad
Stock Name : ALCOM
Stock Code : 2674
Sector : Industrial Products & Services
Sub-Sector : Metals

WEBSITE

www.alcom.com.my

GROUP STRUCTURE

AS AT 31 MARCH 2023



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
Truck Bed Cover, Tread Plate, Flat Sheets/Coils, Semi-Rigid Container Foils, Electronic & Household Material Coils, Stucco Embossed Sheets/Coils, Painted Sheets/Coils, Cladding Sheets & Cable Foils

Aluminium Roofing Products
Alwave, Alrib, Alspann & Aldek Roofing Profiles, Nature Stucco Embossed (Bare and No Coat), Elegant Polyethylene Coated, Supreme Super, Polyethylene Coated & Infinite Polyvinyl Fluoride, Coated Coils & Cladding Sheets

Aluminium Foil Products
Bare Finstock & Coated Finstock

SALES ENQUIRIES/ CONTACT

marketing@alcom.com.my
Daniel.Lim@alcom.com.my

PROPERTY DEVELOPMENT SEGMENT

SALES GALLERY & CORPORATE OFFICE

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

PROJECT

EMHub
(6-Storey Ramp-Up Commerce Hub)

SALES ENQUIRIES/ CONTACT

sales@agbland.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

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 ACTIVITIES

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

SALES ENQUIRIES/ CONTACT

dachwand@alcom-dw.com

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 57

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; 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 Chairman of Social Security Organisation (SOCSO), a government agency of the Ministry of Human Resources since 4 October 2022. 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 55

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 76

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 Trustee of Yayasan Canone Kianjoo.

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

GOH TECK HONG

Executive Director

Malaysian, Male, Aged 48

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 72

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 44 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 70

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 49

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 72

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 Dancomech Holdings Berhad which is 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 38

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 Senior Executive Director of Kian Joo Can Factory Berhad, a wholly-owned subsidiary of Can-One Berhad and a Trustee of Yayasan Canone Kianjoo.

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

Additional Information:

1. *None of the Directors have conflict of interest with AGB.*
2. *None of the Directors:*
    - *(i) have been convicted of any offence within the past 5 years; or*
    - *(ii) were publicly sanctioned or imposed with penalty by the relevant regulatory bodies during the financial year ended 31 December 2022.*
3. *Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Overview Statement on page 53 of this Annual Report.*

PROFILE OF KEY SENIOR MANAGEMENT

GAN KWANG SIANG

Finance Director of ALCOM

Malaysian, Male, Aged 45

Gan Kwang Siang joined wholly-owned subsidiary, Aluminium Company of Malaysia Berhad ("ALCOM") in July 2020 as Group Accountant and was re-designated to Finance Director on 1 November 2022. He has 20 years working experience in audit and finance. He started his career as an auditor with Ernst & Young in 2001. Thereafter, he served as Accountant (2003 to 2009), Finance Manager (2010 to 2015) and Chief Financial Officer (2017) in several public listed companies in Malaysia whose business activities spanned over manufacturing, property development and plantation. He had also served as a Finance Director from 2018 to 2019 at an IT-based private limited company. He previously held directorship in several companies whose ultimate holding company was listed on Bursa Malaysia Securities Berhad, and in another company whose ultimate holding company was listed on NASDAQ.

DANIEL LIM BOON AIK

Director, Sales & Marketing of ALCOM

Malaysian, Male, Aged 52

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.

KIM JU HAN

Director, Plant of ALCOM

Korean, Male, Aged 61

Kim Ju Han joined ALCOM as Director, Plant in October 2022. He graduated from the University of Ulsan, Korea with a Bachelor in Materials Engineering, majoring in Metallurgical Engineering. He has 35 years experience in aluminium rolling process throughout his years of employment in the aluminium industry. He had served as Director, Remelt and Director, Finishing in Novelis Korea Ltd in 2011 and 2013 respectively. When Novelis Korea Ltd joint ventured with Kobe Steel Ltd and formed Ulsan Aluminium Ltd in 2017, he stayed on as Director, Finishing until 2020.

PROFILE OF KEY SENIOR MANAGEMENT

DATO ' ENG KIM LIONG

Director of AGB Land

Malaysian, Male, Aged 58

Dato' Eng Kim Liong was appointed to the Board of AGB Land Sdn Bhd (formerly known as SCLand Development Sdn Bhd) ("AGB Land") on 24 July 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.

ANG LOO LEONG

Director of AGB Land

Malaysian, Male, Aged 58

Ang Loo Leong was appointed to the Board of AGB Land on 27 November 2018. He holds a Diploma in Building. He has over 33 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 AGB Land

Malaysian, Male, Aged 44

Kang Hup Lee joined AGB Land 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 21 years experience in the consultancy and property development industry which includes 5 years in engineering consultancy service and 15 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 2022.*

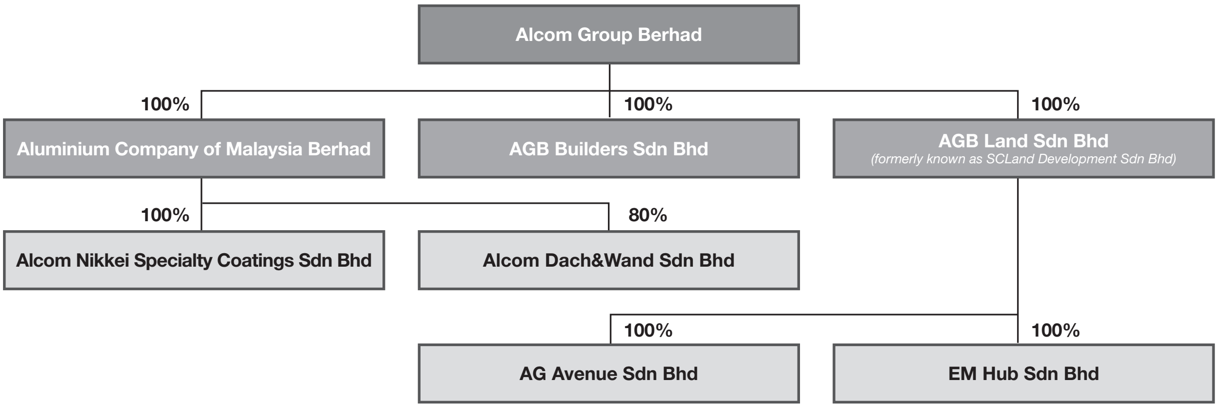
MANAGEMENT DISCUSSION AND ANALYSIS

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 ("FY") 2022 which should be read in conjunction with the audited financial statements of the Group and of the Company as set out in pages 74 to 134. 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 63 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 finstock, roofing products, heavy gauge foil and specialties whilst ANSC produces the coated fin product. Approximately 91% of the total shipment volume of ALCOM/ANSC is exported with the remainder supplied to the domestic market.

Property Development Segment

The property development segment of the Group, AGB Land Sdn. Bhd. (formerly known as SCLand Development Sdn. Bhd.) ("AGB Land") along with its wholly-owned subsidiaries i.e. EM Hub Sdn. Bhd. ("EMH") and AG Avenue Sdn. Bhd. ("AG Avenue") focuses on property development. 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. AG Avenue was incorporated in December 2022 with an intended principal activity of property development and it is in the midst of acquiring vacant lands for future development.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS (CONTINUED)

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.

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 AGB Land. 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 FY2022 and FY2021 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 2022						Financial Year 2021					
	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	**648.95**	**309.17**	**123.40**	**6.72**	**(112.23)**	**976.01**	444.88	150.40	101.69	6.18	(104.24)	598.91
Profit Before Tax	**15.26**	**75.88**	**11.73**	**5.26**	**(4.60)**	**103.53**	9.42	32.85	6.62	5.22	(8.88)	45.23
Tax Expense	**(4.17)**	**(18.40)**	**(2.97)**	**(0.01)**	**(0.36)**	**(25.91)**	(3.04)	(8.77)	(1.58)	–	0.68	(12.71)
Profit After Tax	**11.09**	**57.48**	**8.76**	**5.25**	**(4.96)**	**77.62**	6.38	24.08	5.04	5.22	(8.20)	32.52

- Statements of Financial Position	As At 31 December 2022						As At 31 December 2021					
	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	**336.26**	**187.41**	**47.65**	**111.64**	**(182.33)**	**500.63**	348.81	219.22	44.12	109.24	(183.65)	537.74
Total Liabilities	**209.32**	**105.79**	**30.32**	**1.06**	**(76.19)**	**270.30**	226.26	195.07	35.55	0.56	(75.61)	381.83
Equity	**126.94**	**81.62**	**17.33**	**110.58**	**(106.14)**	**230.33**	122.55	24.15	8.57	108.68	(108.04)	155.91

Revenue

The Group's revenue for FY2022 surged by RM377.10 million or 63% to RM976.01 million as compared to FY2021's revenue of RM598.91 million. Of the RM976.01 million revenue, RM648.95 million was attributable to the manufacturing segment with the remaining RM327.06 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 RM204.07 million in revenue to RM648.95 million for FY2022 as compared to FY2021's attainment of RM444.88 million. This 46% increase was the result of higher shipment volumes of the fin product mainly in export markets. In addition, higher base metal price aided this revenue increase; it was approximately 16% higher for FY2022 versus FY2021. Base metal price is denominated in USD comprising aluminium prices quoted on the London Metal Exchange ("LME") and transport premium. This was further bolstered by a stronger USD currency vis-à-vis the Ringgit Malaysia; the USD currency was approximately 6% stronger in FY2022 versus FY2021.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE (CONTINUED)

Revenue (continued)

The property development segment registered a surge of RM158.77 million in revenue to RM309.17 million for FY2022 when compared to FY2021's revenue of RM150.40 million. This 106% increase was mainly attributable to an approximately twofold increase in the number of units sold due to higher demand. The impressive physical progress of both Hub 1 and Hub 2 has gained the interest and confidence of the general public and this has attracted many buyers.

The construction segment posted a substantial increase in external revenue from RM5.06 million in FY2021 to RM20.43 million in FY2022, due mainly to the accelerated construction progress at both its existing and new roofing projects.

Profit Before Tax

The Group registered a profit before tax of RM103.53 million for FY2022 as compared to FY2021's profit before tax of RM45.23 million.

The manufacturing segment achieved a profit before tax of RM15.26 million in FY2022 versus FY2021's profit before tax of RM9.42 million. This substantial improvement was contributed by the significantly higher revenue and a higher margin product mix. These were partially offset by higher freight costs, repairs and maintenance expenses, energy costs, packaging costs and paint costs as well as higher general provision for slow moving inventories.

The property development segment attained a profit before tax of RM75.88 million in FY2022 compared with FY2021's profit before tax of RM32.85 million. This significant increase of 131% was due mainly to significantly higher sales and the substantial construction progress achieved, which have enabled higher progressive profits to be recognised, coupled with prudent project cost control and higher interest income from financial institutions, but offset partially by higher administrative expenses due to staff performance bonuses as compared to FY2021. Meanwhile, the construction segment recorded a 77% increase in profit before tax to RM11.73 million in FY2022 from RM6.62 million in FY2021, due largely to the accelerated construction progress of its roofing projects and also of the Group's internal EMHub project.

Tax Expense

The effective tax rate of the Group for FY2022 was higher than the statutory tax rate mainly due to the non-deductibility of certain expenses.

Total Assets

The decrease of RM37.11 million in total assets of the Group in FY2022 compared with FY2021 was primarily attributable to the property development segment mainly due to the decrease in the inventory of properties under development whereby a substantial number of units were successfully sold in FY2022, but were partially offset by higher cash balances at both the property development and manufacturing segments. In addition, the manufacturing segment also had lower inventory holding.

Total Liabilities

The decrease of RM111.53 million in total liabilities of the Group in FY2022 as compared to FY2021 was largely attributable to the property development segment due to decreased borrowings. Additionally, the decrease in total liabilities was partially contributed by the manufacturing segment which had lower accounts payables.

Capital Expenditure

The Group incurred RM8.89 million mainly for the new acquisition and replacement of tangible property, plant and equipment in FY2022 as compared to RM3.77 million incurred in FY2021. 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 its 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 FY2022. 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 year 2022 started with much anticipation of a new norm of working and living coming out of a pandemic. Economies around the world were opening up and production started to ramp up quite rapidly. High freight charges and irregular shipment availability were the key challenges in the 1st half of FY2022. Shortages of microchips and electronic parts were the major disruptions faced in the year under review. The supply chain disruption faced in FY2021 continued into most part of FY2022 and began to recover towards the 4th quarter of FY2022.

We recorded the highest shipment and highest revenue achieved in the 1st quarter of the year under review. This was largely due to outstanding orders affected by shipment availability as well as a surge of orders. The aggressive lockdown across China has impacted supply in the market. Generally, the market was in huge shortage of supply; hence most customers were absorbing everything we could possibly supply. The shipment increase was across all segments and regions except for roofing. The domestic building and construction segment remained subdued.

Demand from US, Europe and India was very strong in the 1st half of 2022, but most customers were in overstock position going into 2nd half of 2022. Particularly, the market in US has built up high inventory with a weakening market going into 2023. Hence, 2nd half of 2022 was much slower from the US whilst Europe and India began to pick up towards the end of the 4th quarter of the year under review.

The LME price for aluminium continued its trajectory from USD 3,000 per metric tonne ("mt") to USD 3,800/mt in the 1st quarter of 2022 before plunging to below USD 2,200/mt by the 3rd quarter of 2022. The Shanghai Metal Exchange ("SHFE") for aluminium also went through a very similar trend for the year under review. The metal cost was mostly passed-through to our customers even though there were still timing exposures due to inventory, shipment and production delays.

Commercial

Our revenue surged by 46% compared to the corresponding period in FY2021. This was primarily due to the much higher metal price and freight costs, both of which being pass-through costs. Our volume for manufacturing continued to improve year on year and we recorded the highest shipment volume during the year under review. It was an improvement of 10% in terms of shipment volume from the previous record in FY2021.

We had a record breaking year with our coated finstock segment, where the shipment volume grew by 37% compared with the corresponding period in FY2021. We successfully penetrated a few countries in Europe and also enlarged our customer base in India. Despite a disrupted year, we saw increasing volumes as the market from these regions started to pick up. We continue to reap the harvest of our previous efforts on business development in Europe. The European market for the finstock segment was rather robust with the effects of global warming and high energy costs driving up the demand especially for heat pumps.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATING ACTIVITIES (CONTINUED)

MANUFACTURING SEGMENT (CONTINUED)

Commercial (continued)

In the 1st half of 2022, demand from the US was high for the building and construction segment. Demand exceeded our capability to supply during the 1st half of 2022. Most customers were building up inventory due to severe shortages but subsequently, the demand was much softer with most customers taking a cautious outlook with a very high inventory position. The subsequent quarters saw our customers rationalising their inventory holdings as some markets were facing slower demand.

We exported more than 90% of our output during the year under review. Our sales in Southeast Asia have also increased, which have helped us to cushion the impact of a slower domestic market.

Customers

Our major customer base remains to be from the finstock segment, which consists of major and leading manufacturers of the air-conditioner and heat-exchanger market across Asia and Europe. Our business development efforts resulted in a few new customers in Europe. Our foray into the US market has widened our customer base and given us new segment opportunities apart from the building and construction market. We are beginning to supply finstock into the US, which is a new market for us.

Our business development team will continue to explore new markets and segments to grow our customer base.

Costs

Direct Cost – For the year under review, the direct cost per tonne was higher than last year but lower than pre-pandemic level. When compared to FY2021, the direct cost was 10% higher, owing to the much higher electricity and gas rates charged. Both these utilities costs were up by 44% during the year under review. This increase in utilities costs accounted for 69% of the total direct cost increase in FY2022. In addition, lower recovery rate and higher packaging cost also contributed to the higher direct cost.

Period Cost – Period cost was mostly in line with our budget for the year under review. The overall period cost was higher by 16% compared with FY2021, as we delivered a higher volume for the year under review.

Total Operating Cost – The total operating cost was 20% higher compared with the corresponding period in FY2021. Our direct cost increased significantly by 25% for the same corresponding period. Mainly contributed by the increases charged by our natural gas and electricity suppliers, which saw an increase of 71% and 20% respectively compared with FY2021.

Manufacturing

We had a safe year without any recordable incidents during the year under review. We were stringent with our physical distancing standard operating procedures ("SOPs") to combat Covid-19; hence, we prohibited physical meetings, trainings and audits until the 2nd quarter of 2022. We were fully aware and also concerned that the lack of face-to-face engagement has compromised our safety and quality during the said period. However, we also value the well-being of all our employees, so we had to manage the pandemic more deliberately and yet keeping everyone safe.

It was definitely a very challenging period for the team at ALCOM/ANSC in complying with the SOPs as the plant was heavily loaded with orders. There were isolated cases of Covid-19 but the team managed to keep them isolated without any case of cross infection in the plant. The plant had a few incidences of breakdown where we had to shut a few lines for a longer than usual period. This has severely affected the available capacity at our plant and affected our delivery performance.

Manpower shortage was also one of the key reasons that has hampered our effort to catch up, as we could not keep the lines running continuously. It has adversely affected our productivity. At some workstations, we could barely get enough to run 1 shift safely, while we needed at least 3 shifts if not 4 shifts to run it continuously.

Because of all the disruptions and breakdowns, we deliberately carried higher inventory throughout the period.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATING ACTIVITIES (CONTINUED)

MANUFACTURING SEGMENT (CONTINUED)

Human Capital

We resumed preparation for trainings and engagement programs after a few years of managing the pandemic. We have rolled out the Mentor-Mentee Program in our effort to develop and retain future talents. We intend to build a pipeline of talents that will grow with the company – “We build our people to build the business.” We have resumed sending people for training, focusing on the skills and leadership required.

We will continue to prioritise the safety and health of our employees, making sure that we create a work environment that is safe and conducive for them to excel at ALCOM/ANSC. We are an equal opportunity organisation that believes in diversity and strives to engage with the marginalised.

Anticipated risks

It has been widely anticipated that the economies around the world will be going through a slower period or even a potential recession in 2023 with the high interest rates taking effect. That remains a key risk for some of the markets that we are in. However, we believe the opportunity for ALCOM/ANSC from new markets and new segments outweighs the risk of slowing economies.

The European Union (“EU”) Governments have reached a deal in December 2022 to implement the world’s first major carbon border tax. This landmark measure adds a pollution price on all imported aluminium among others into EU. We believe other developed nations such as US and Japan will soon be moving in the same direction. At ALCOM/ANSC, we are preparing ourselves for the eventualities and stepping up our environmental, social and governance (“ESG”) efforts to meet the challenges ahead of us.

Our team at ALCOM/ANSC continues to be challenged on the machines’ reliability and productivity. We have to keep upgrading the system with high maintenance cost. Where it is possible we are continuously automating and digitising our system and machines to mitigate the risk.

Cybersecurity remains high on our risk mitigation list. We have since a few years ago deployed an external party in helping us to keep our system safe from potential risk with 24 hours surveillance. We conduct periodic trainings on cybersecurity for our employees to keep everyone abreast on the risks.

Weakening of the USD versus the MYR will be a potential risk that will affect our margins even though most of our metals are naturally hedged. Other key risks to the group include rising utility costs and geopolitical instability around the world may dampen our performance.

Impairment Review

A review of all assets has been undertaken and there is no requirement for any impairment in FY2022.

Forward-looking statement

As we move forward in building a sustainable organisation, we have very clear ESG objectives and aggressive targets over the next 5 years. We are aiming to be the first aluminium rolling plant in the world that fully employ renewable energy.

In FY2022, we witnessed aggressive unwinding of fiscal and monetary policies across the world, which will no doubt be posing some risks but also opportunities in the horizon. While most analysts are forecasting a bumpier ride ahead in 2023 compared to 2022, the jury is still out. There are some early indications that the US market is slowing down, but for ALCOM/ANSC, there are plenty of opportunities for us to explore.

We are expecting China’s re-opening to help boost consumption and confidence in the market while some other markets will be tightening due to higher interest rates. The outlook for domestic demand in India is expected to be strong for their fiscal year 2023/2024 with their GDP staying above 6%.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATING ACTIVITIES (CONTINUED)

MANUFACTURING SEGMENT (CONTINUED)

Forward-looking statement (continued)

Our customers in Europe are expecting stronger demand for the next few years, mainly due to global warming and also the switching from gas to electricity, which accelerated the demand for heat pumps.

We strive to be agile and resilient to overcome all the uncertainties in an ever-changing world. We will remain focused on our long term objectives in building a sustainable organisation valued by our shareholders, preferred by our customers and supported by our people and the communities in which we operate.

In recognition of our achievements in the pursuit of sustainability and resilience, ALCOM has been awarded The BrandLaureate Sustainable Business & Brands Inspirational Achievement Award 2022-2023 for being the "Most Successful Sustainable Valuable Brand" in the rolled aluminium category ("the Award"). The Award was conferred by The World Brands Foundation which is the only branding awards foundation that celebrates brand leadership and brand excellence around the world. The theme of the Award highlighted the award recipient's ability to move their business and brands upward, forward and onward towards greater success, and to see beyond their present competencies, move beyond their current market positions and go beyond their desired goals and visions. Winning this prestigious award has made ALCOM even more determined to continue our dedication towards and investments in the fundamentals of ESG. Anchored on a sustainable business model, ALCOM aspires to be a global brand representing Malaysia as an industry leader and to build a better future that is filled with infinite possibilities.

The BrandLaureate Sustainable Business & Brands Inspirational Achievement Award 2022-2023 for the Most Successful Sustainable Valuable Brand in Rolled Aluminium

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATING ACTIVITIES (CONTINUED)

PROPERTY DEVELOPMENT SEGMENT

Overview

The performance of the real estate market recorded a rebound in the first half of 2022, reflecting economic activity returning to normal as the country transitions to the endemic phase. With the positive impact of economic growth, which is expected to be between 5.3% to 6.3% in 2022, supported by the implementation of various initiatives and government assistance, the performance of the real estate market is expected to be on track.

Confidence in the Malaysian property market has gradually returned in 2022 and will continue into 2023 as the Covid-19 pandemic appears to have been brought under control and the labour market is improving now. The industrial property 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 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.

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 five 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 area is smaller (compared with landed factories) and the price point is very affordable.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATING ACTIVITIES (CONTINUED)

PROPERTY DEVELOPMENT SEGMENT (CONTINUED)

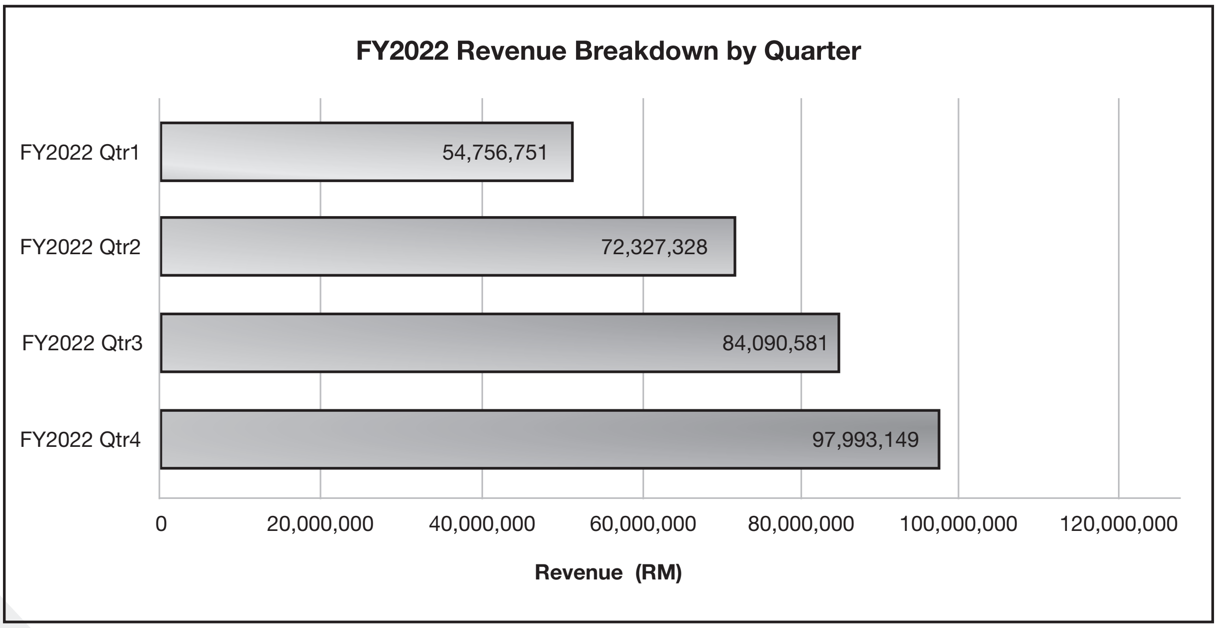
Product Brand and Competitive Advantage (continued)

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 4th quarter of FY2018. Hub 2 (217 units) was launched in the 2nd quarter of FY2021 following the strong sales take-up rate in Hub 1. FY2022 was a remarkable year for EMHub. Despite the macro headwinds and market challenges, EMHub has achieved sales revenue of RM309.17 million in FY2022. This is markedly higher than the actual revenue achieved in FY2021 of RM150.40 million. The results we have achieved are a testament to the collective effort of our team.

The uptake rates for Hub 1 and Hub 2 have reached about 98% and 96% in 2022, respectively. The significant increase in sales in 2022 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.

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 team subsequently follow up on the leads for sales conversion purposes.

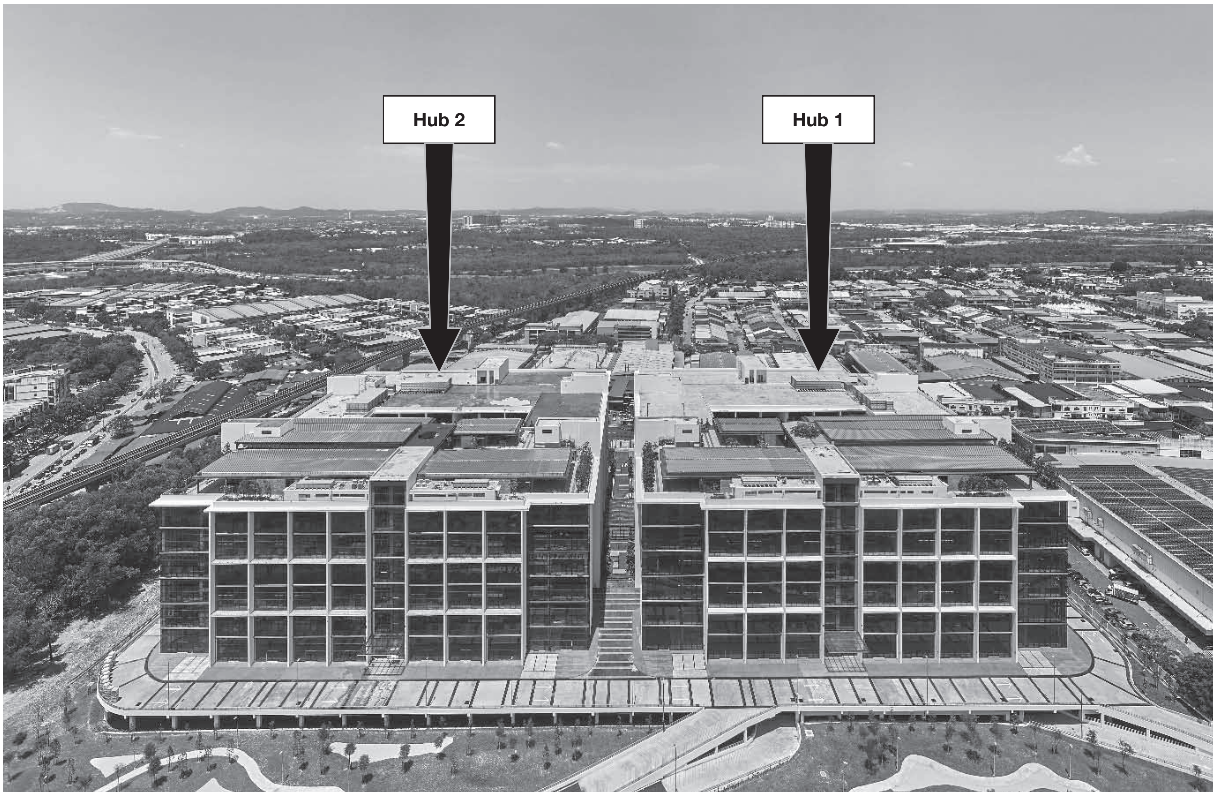
MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATING ACTIVITIES (CONTINUED)

PROPERTY DEVELOPMENT SEGMENT (CONTINUED)

Site Progress and Cost of Doing Business

The overall physical work on site for Hub 1 and Hub 2 is progressing with almost 93% of work completed as at 31 December 2022. Hub 1 was subsequently completed with vacant possession handed over in March 2023, whereas Hub 2 is scheduled for completion by middle of 2023, after taking into account the extension of time granted by the project Consulting Architect.



EMHub Project Progress as of February 2023

The year 2022 was a volatile one, gone were the stringent mobility restrictions and mass lockdowns in Malaysia. But the real estate sector is still marred by rising material costs and unstable labour supply. Increases in material and labour costs have had a direct impact on the cost of doing business and EMHub is no exception to this. However, the increase in construction costs is still within controllable levels as EMHub has started its construction work early in the 1st quarter of FY2019 and the additional costs can be offset by our past and ongoing efforts in value engineering.

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 2022 is expected to continue until 2023 in line with Malaysia's economic recovery. Higher private spending and investment, improved labour market prospects and government stability will continue to drive strong market sentiment.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATING ACTIVITIES (CONTINUED)

PROPERTY DEVELOPMENT SEGMENT (CONTINUED)

Forward-looking Statement (continued)

Based on the performance of the Group's property development segment since the EMHub brand first emerged and as EMHub is near completion, the segment via AG Avenue has embarked on the acquistion of 2 parcels of contiguous leasehold vacant commercial land measuring an aggregate of approximately 7.08 acres, situated at a strategic location in Bukit Raja, Klang, Selangor, by entering into a conditional sale and purchase agreement in April 2023 with 88 Legacy Sdn. Bhd., a wholly-owned subsidiary of Malaysia Building Society Berhad for a total cash consideration of RM56,000,000. The property development segment intends to further expand its presence in the property market and continue to deliver sustainable growth for the Group's shareholders. The segment will remain focused on delivering competitive and differentiated property products in the Group's new project.

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 FY2022, 83% of this segment's total revenue was internally generated from the EMHub project, whilst the remaining 17% was from AD&W's external customers.

2022 was a year when every major economic sector almost returned to normalisation after 2 years in the doldrums due to the Covid-19 pandemic. All projects secured by AD&W in those challenging years have been duly completed or at the tail end of progress. The recovery has contributed to AD&W's much needed revenue of RM21.94 million, the highest achieved in years.

The sudden surge in material cost in FY2021 has receded in FY2022, but it is still much higher than the pre-pandemic level. The control measures taken to mitigate this material cost increase were to readjust the pricing of all new tender proposals and to renegotiate the jobs secured with the main contractors.

One of the greatest challenges in FY2022 was labour shortages across all economic sectors. The hardest hit was the services and construction sectors. This has led to worker poaching especially on semi-skilled and skilled construction site workers. AD&W was not spared either, especially those workers involved in architectural finishing and structural works. The wages paid on man-day escalated by 50% in some cases and similarly with sub-contractors' labour unit rate. This had affected the project profit margins.

AD&W had successfully completed several projects in FY2022, namely Perkeso Melaka, Dynacare, Pinji Hospital, EMHub 1 and Top Glove factories 42 & 44. The new projects secured during the year were KB airport, Masjid Puncak Alam, Putrajaya P8, Auto Bavaria Showroom and PNB walkway. These new projects, together with existing ongoing projects such as Dexcom and XME and coupled with projects that AD&W is currently tendering for, would boost up revenue in 2023.

AD&W has struck a mutual agreement with Duowei, a Chinese manufacturer and supplier of Sandwich Panel for wall cladding. Duowei is a leading brand in China and it has been supplying directly to Chinese contractors who have projects in Malaysia. Together with Duowei, we will jointly market this Sandwich Panel and AD&W will take on the role as a supply and installation contractor. This would enable AD&W to expand its business portfolio.

Forward-looking Statement

2022 was a year of recovery for the construction sector, with substantial backlog of work brought forward from the previous year. Precautionary measures such as client screening, raw material price and labour cost monitoring, and contractual terms analysis needed to be prioritised. There were fewer new launches of government mega projects due to political instability and the limited budget allocated for this sector. The private sector is still recovering from the oversupply of completed properties. With all these factors, smaller contractors were willing to compete on price in order to secure new jobs.

The newly formed unity government seemed to be business friendly and this has been a welcoming factor for the construction sector. The government's initiative to do away with red tape in the hiring of foreign labour is an added boost for this sector. It is hoped that foreign direct investments of multinational corporations in Malaysia will increase and this will lead to an expansion of projects, which in turn will benefit all downstream contractors. The future outlook is encouraging with all these welcoming factors.

SUSTAINABILITY REPORT

ABOUT THIS REPORT

Alcom Group Berhad's group of companies ("the Group") is pleased to present the Sustainability Report for the Financial Year 2022 ("FY2022"). 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.

In 2022, the Group had initiated a sustainability baseline assessment review and a materiality reassessment has been conducted to meet the Group's reporting policy. Where relevant, the Group's performance has been consolidated and presented in this report.

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 2022 to 31 December 2022.

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

BUSINESS ORIENTATION

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

The Group's property development segment's business units comprise AGB Land Sdn. Bhd. (formerly known as SCLand Development Sdn. Bhd.) ("AGB Land") and its wholly-owned subsidiaries i.e. EM Hub Sdn. Bhd. ("EMH") and AG Avenue Sdn. Bhd. ("AG Avenue"). EMH was established in November 2017 to develop its maiden industrial property project at Kota Damansara, Selangor ("EMHub"). AG Avenue was incorporated in December 2022 with an intended principal activity of property development.

The Group's construction 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.

Manufacturing Segment	Property Development Segment	Construction Segment
• Aluminium Company of Malaysia Berhad • Alcom Nikkei Specialty Coatings Sdn Bhd	• AGB Land Sdn Bhd • EM Hub Sdn Bhd • AG Avenue Sdn Bhd	• AGB Builders Sdn Bhd • Alcom Dach&Wand Sdn Bhd

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

The products' certification is:

Aluminium and Aluminium Alloys – Sheets and Coiled Sheets – Specification, MS 2040: 2007

SUSTAINABILITY REPORT

BUSINESS ORIENTATION (CONTINUED)

Stakeholder Engagement

The Group acknowledges that stakeholders play a vital role in the success of its business. Stakeholder assessments are based on the Group's business dependency and influence in order to determine their significance to its business operations.

It is imperative for the Group to anticipate potential risks or issues that may arise from stakeholders. An assessment review of the stakeholders' engagement was conducted in 2022 to determine the relevance and appropriateness of the issues.

The table below depicts the interests and expectations of each of the stakeholders, the type of engagement by which the Group 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

BUSINESS ORIENTATION (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

Materiality Assessment

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

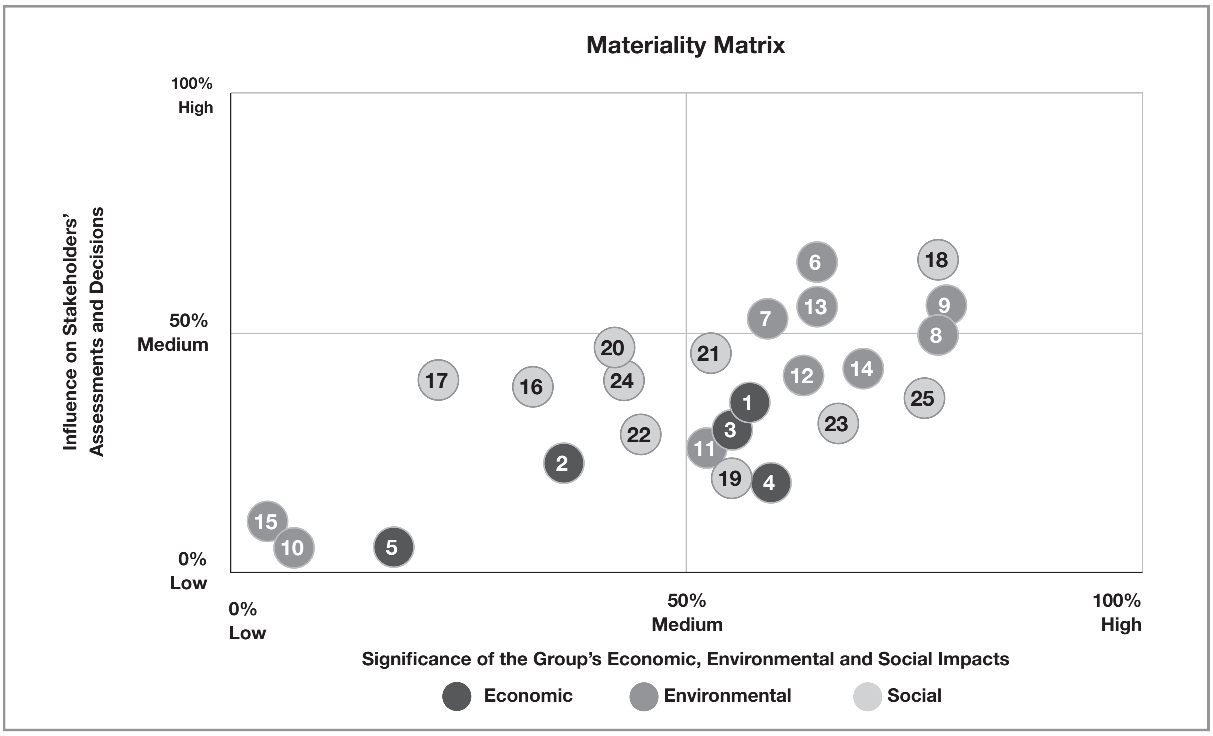
Materiality assessment reviews involving senior management representing all functional groups were held in FY2022. A total of 21 out of 25 themes with 34 indicators were identified as being relevant and applicable to the Group's business and its stakeholders.

SUSTAINABILITY REPORT

BUSINESS ORIENTATION (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

BUSINESS ORIENTATION (CONTINUED)

Sustainability Progess

1.0 Economic

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

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

2.0 Environmental

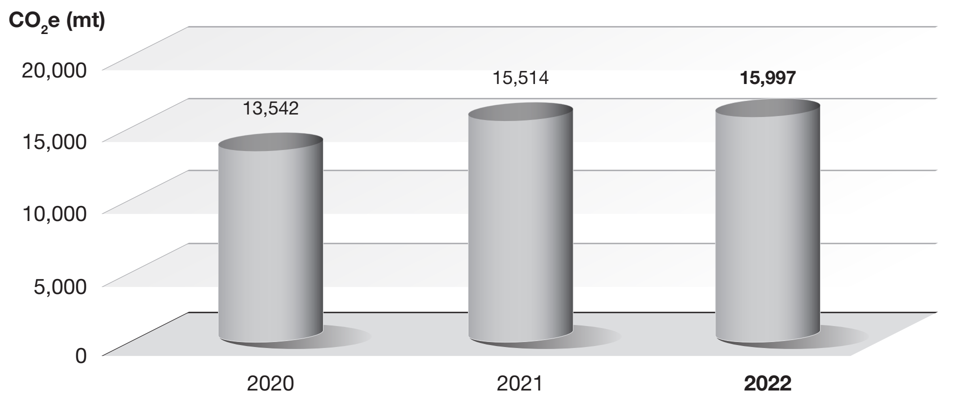
2.1 Emissions

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

2.1.1 Scope 1 – Carbon Dioxide ("CO_2e") Emissions from Direct Sources

In 2022, we have consolidated the report for the Group.

The Group : Scope 1 - CO_2e Emissions (Direct Sources)



Scope 1 – CO_2e emissions from direct sources reported a 3.1% increase as compared to 2021. This increase was mainly contributed by higher consumption of natural gas by 3.0% resulting from a higher process material volume and product mix registered in 2022 as compared to 2021. Scope 1 – CO_2e emissions from the construction segment were reported as low as 70.7 metric tonnes ("mt") (0.5%) in 2020 and 136.7mt (0.9%) in 2021. In 2022, there were no CO_2e emissions from the construction segment due to a change in the electricity source.

SUSTAINABILITY REPORT

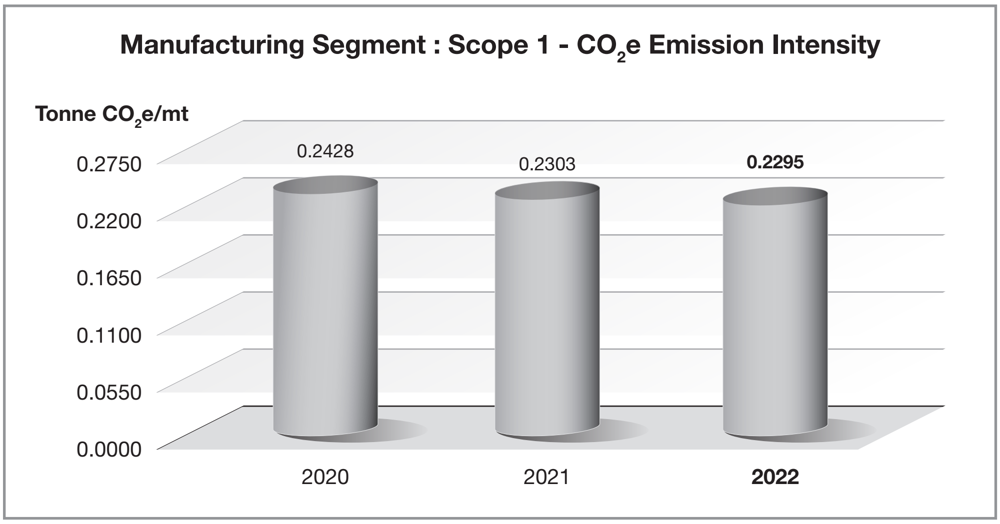
BUSINESS ORIENTATION (CONTINUED)

Sustainability Progess (continued)

2.0 Environmental (continued)

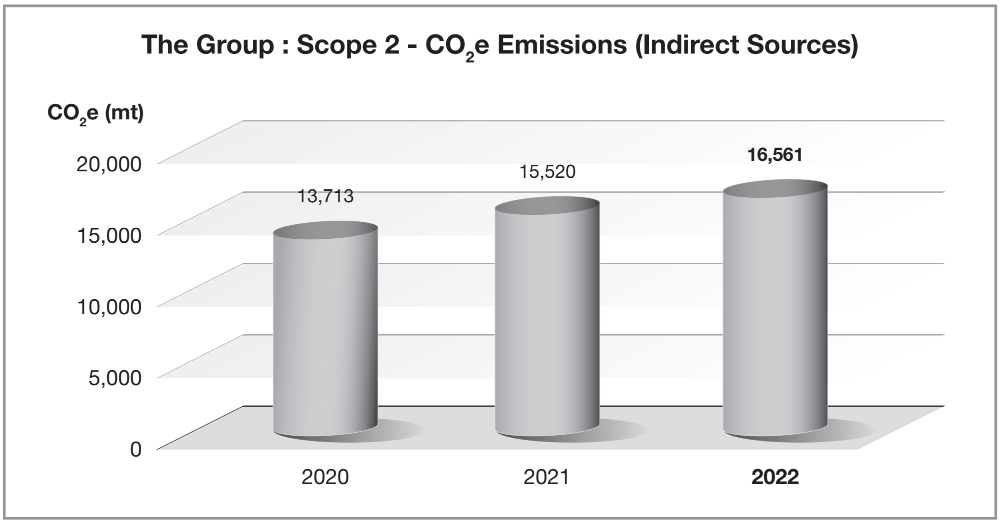
2.1 Emissions (continued)

2.1.1 Scope 1 – Carbon Dioxide (“CO_2e”) Emissions from Direct Sources (continued)



2.1.2 Scope 2 – CO_2e Emissions from Indirect Sources

In 2022, Scope 2 – CO_2e emissions from indirect sources reported an increase of 6.7% when compared to 2021 due to the increase in processed material. The construction segment’s contribution to the Group’s Scope 2 – CO_2e emissions was only 1.9%.



SUSTAINABILITY REPORT

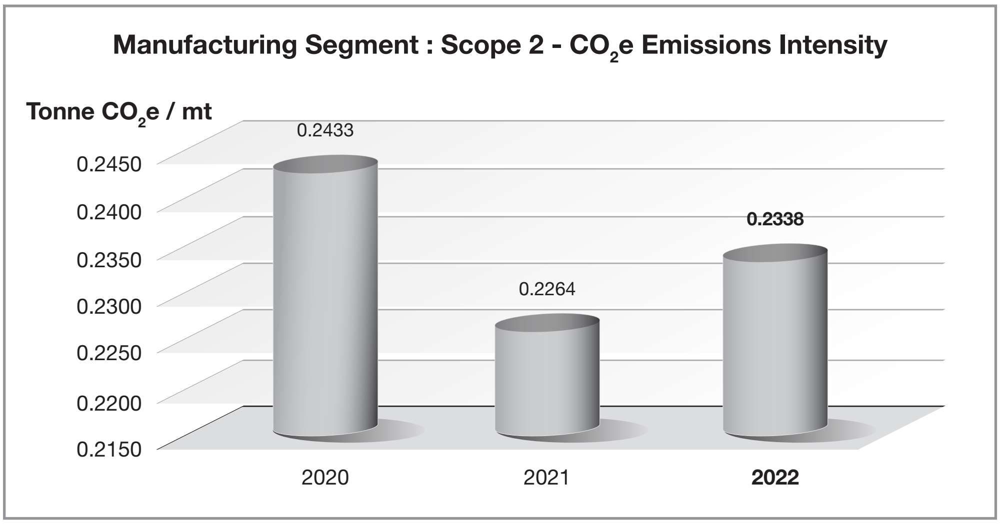
BUSINESS ORIENTATION (CONTINUED)

Sustainability Progess (continued)

2.0 Environmental (continued)

2.1 Emissions (continued)

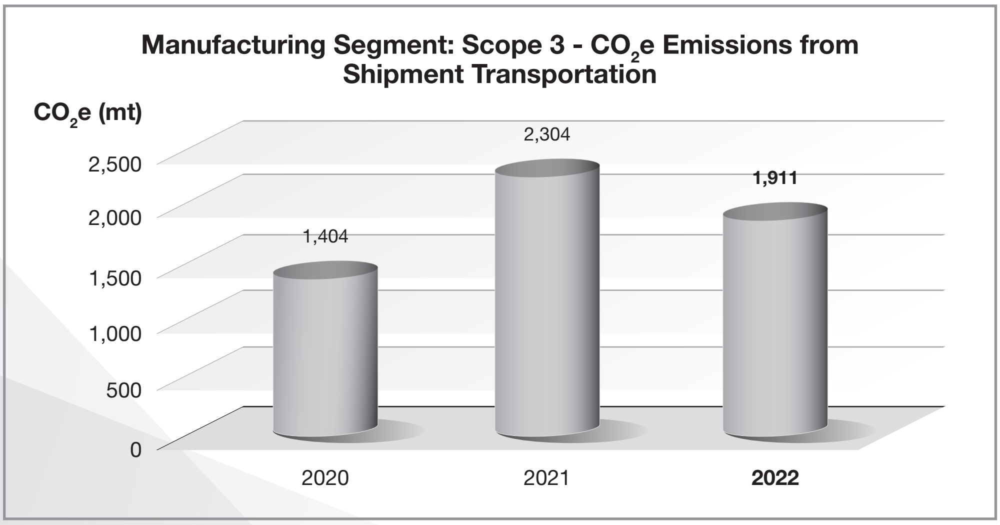
2.1.2 Scope 2 – CO_2e Emissions from Indirect Sources (continued)



Indirect CO_2e emissions intensity increased by 3.3% in 2022 as compared to 2021. This was mainly due to major shutdowns conducted on melters, casters and cold mill.

2.1.3 Scope 3 – CO_2e Emissions from Shipment Transportation

In 2021, the manufacturing segment recorded the highest CO_2e emission in the Scope 3 transportation category with the expansion of export customers based namely in the United States and Europe, requiring therefore increased geographical coverage for delivery of shipments by sea vessels. In 2022, there was a reduction of 17% in the Scope 3 – CO_2e emissions.



SUSTAINABILITY REPORT

BUSINESS ORIENTATION (CONTINUED)

Sustainability Progess (continued)

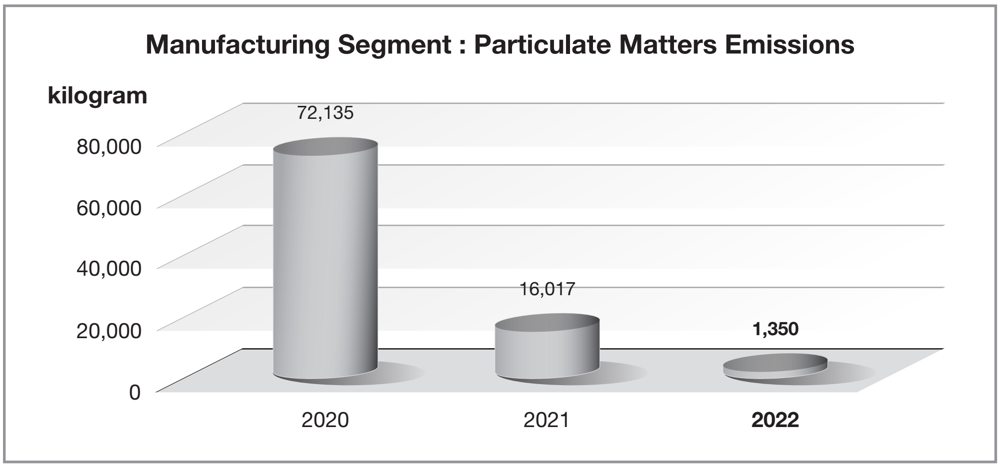
2.0 Environmental (continued)

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.

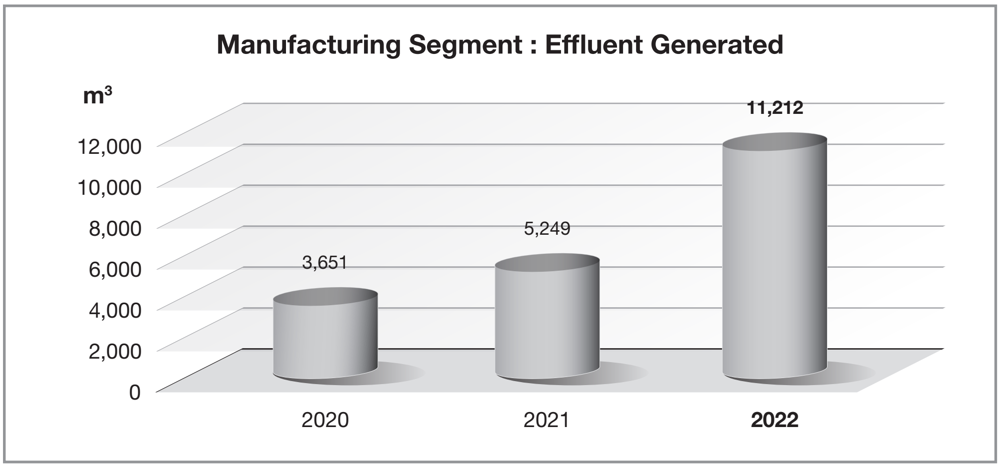
In 2022, new air pollution control equipment and bag filters were installed with online Continuous Emission Monitoring System ("CEMS"). The new system started operating in April 2022. The CEMS monitors the particulate matter concentration in milligram per cubic meter (mg/m^3) as per Environmental Quality (Clean Air), Regulations, 2014. The quantity of emission is estimated by using the average 30 minutes concentration and annual air flow rate test result.



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. In 2022, there was an increase of 114% to 11,212 cubic meters (m^3) of effluent from 5,249 m^3 in 2021. As reported in 2021, we commissioned an industrial effluent treatment system ("IETS") for the new coating line and included the new IETS in our reporting.



SUSTAINABILITY REPORT

BUSINESS ORIENTATION (CONTINUED)

Sustainability Progess (continued)

2.0 Environmental (continued)

2.2 Waste and Effluent (continued)

2.2.2 Hazardous Waste

Hazardous waste generated from the manufacturing segment in 2022 was higher by 14.8% as compared to 2021. The recycled waste category in 2022 was 81.7% of the total hazardous waste compared to 91.8% in 2021. The proportion of landfill and incineration categories were 16.9% and 1.4% respectively. The landfill waste was 183.5% higher; it registered an additional 178mt in 2022 compared to 2021. This increase in landfill waste was contributed by the refractory furnace used in furnace rebuilding. There was no hazardous waste from the property development and construction segments.

Hazardous Waste	Metric Tonne		
	2020	2021	2022
Recycled	1,175	1,301	1,330
Landfill	80	97	275
Incineration	20	19	22
Total	**1,275**	**1,417**	**1,627**

SUSTAINABILITY REPORT

BUSINESS ORIENTATION (CONTINUED)

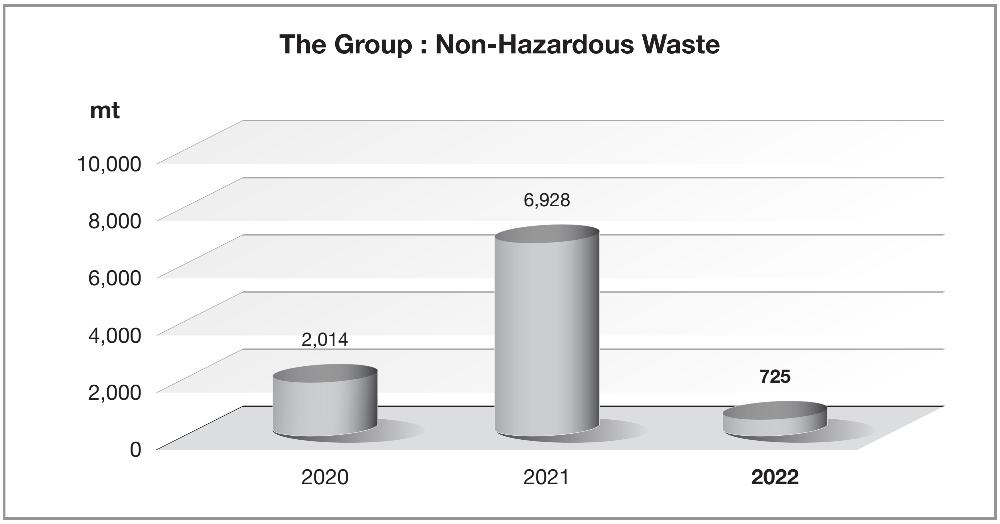
Sustainability Progess (continued)

2.0 Environmental (continued)

2.2 Waste and Effluent (continued)

2.2.3 Non-Hazardous Waste

In 2022, a total of 725mt of non-hazardous waste was generated, which was a decrease of 90% when compared to 2021. The high landfill waste in 2021 was mainly from the construction segment. Incineration has been at a minimum in 2020 and 2021, and nil in 2022.



Non Hazardous Waste	Metric Tonne		
	2020	2021	2022
Recycled	265	442	652
Landfill	1,659	6,309	73
Incineration	90	177	0
Total	**2,014**	**6,928**	**725**

SUSTAINABILITY REPORT

BUSINESS ORIENTATION (CONTINUED)

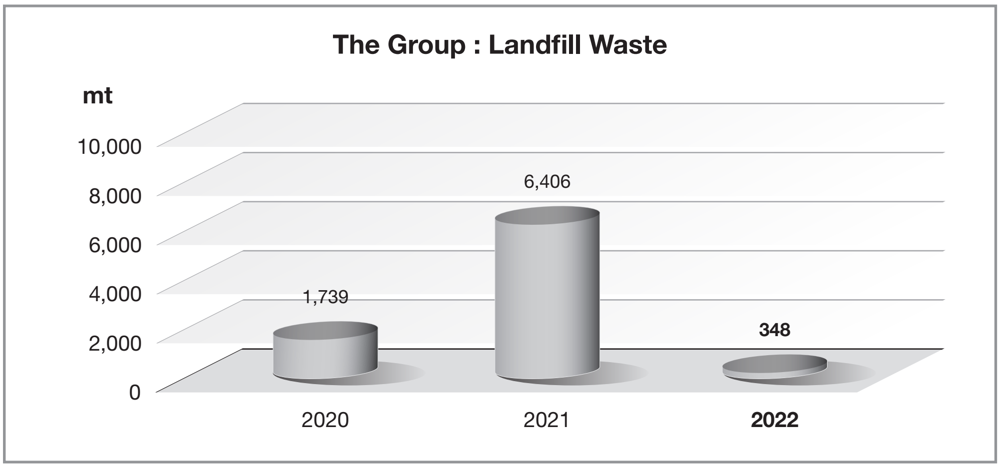
Sustainability Progess (continued)

2.0 Environmental (continued)

2.2 Waste and Effluent (continued)

2.2.4 Landfill

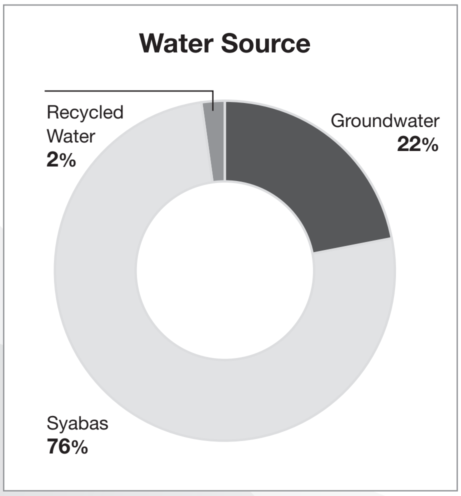
Landfill waste from the construction segment has been included in this report. The high landfill waste in 2021 was mainly due to the construction debris from the EMHub project. As the construction progress of EMHub was nearing completion in 2022, landfill waste had decreased substantially in that year.

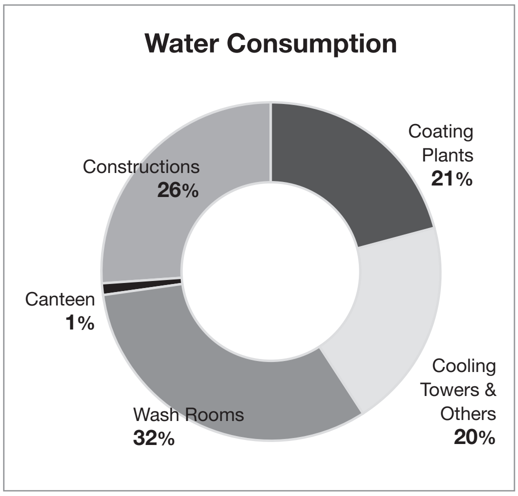


2.3 Water

2.3.1 Water Interactions

The manufacturing segment utilises 2 sources of water viz. tap water and tube well water. Water is widely used for cooling towers, coating paints components, the degreasing process, and concrete making.





SUSTAINABILITY REPORT

BUSINESS ORIENTATION (CONTINUED)

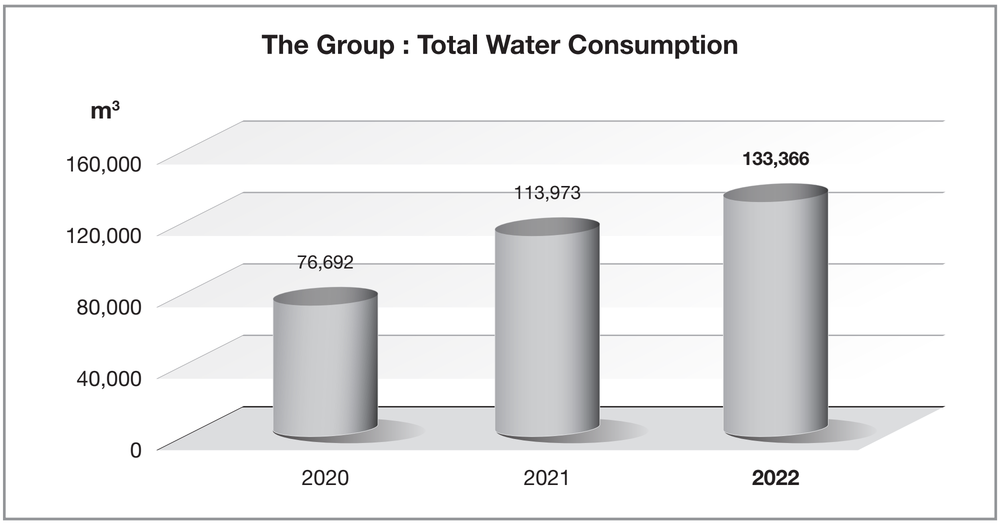
Sustainability Progess (continued)

2.0 Environmental (continued)

2.3 Water (continued)

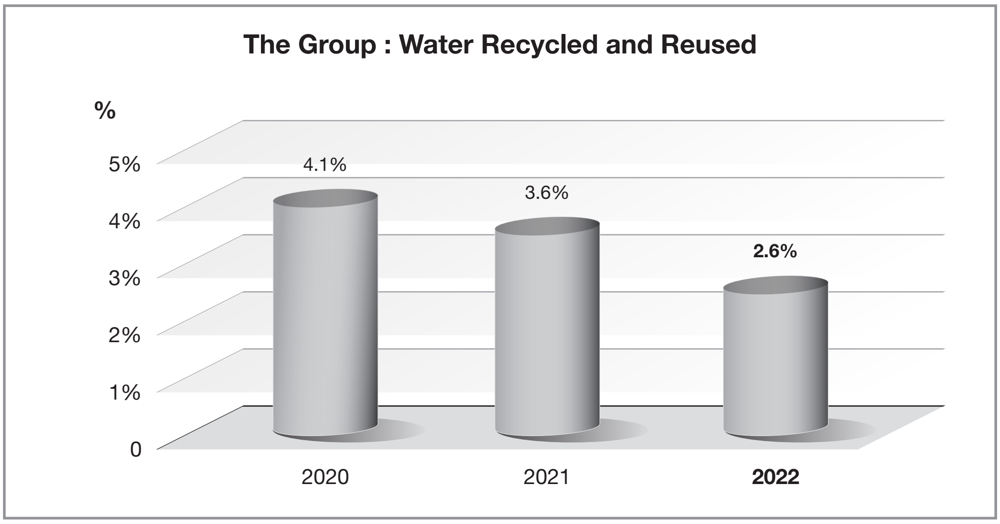
2.3.2 Total Volume of Water Used

Overall water consumption in 2022 was 17.0% higher compared to 2021. In 2020, the mandatory shutdown during the Movement Control Order in March and April 2020 was the main contributor for the lower consumption. In 2021, there was a 48.6% increase in consumption compared to 2020 primarily due to the increase in the production process volume and construction progress.



2.3.3 Water Recycled and Reused

In 2022, 2.6% of the water consumed in the Group was recycled and reused. The reduction was due to the increase in the consumption of water at the new coating line.



SUSTAINABILITY REPORT

BUSINESS ORIENTATION (CONTINUED)

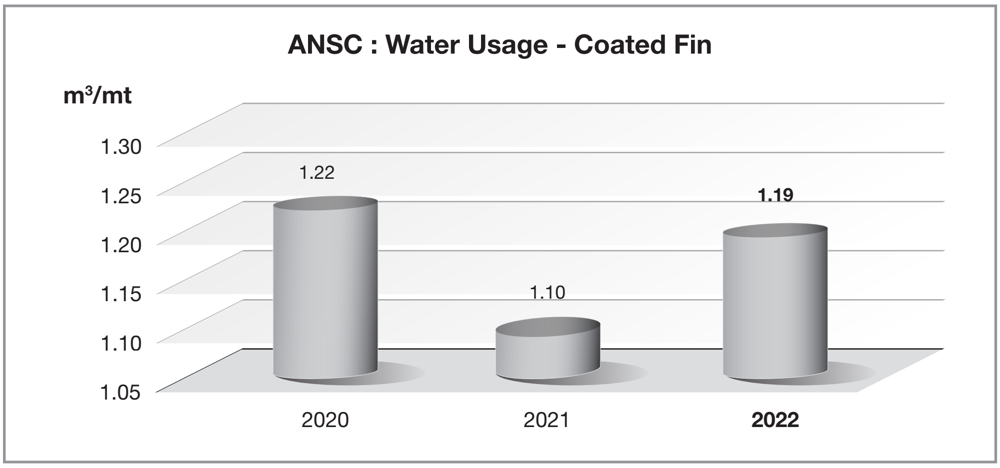
Sustainability Progess (continued)

2.0 Environmental (continued)

2.3 Water (continued)

2.3.4 Water Usage for Production

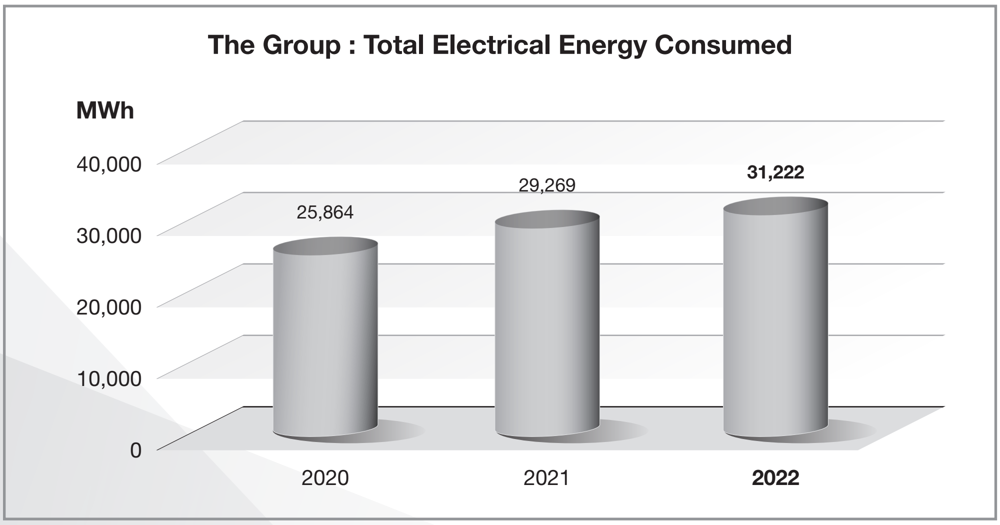
In the manufacturing segment, water is used to clean the surface of aluminium coils prior to coating. Water is used to mix the components for the coating materials as ANSC uses 100% water based coating materials. In this process, water is thoroughly filtered; this filtration process is sensitive and requires frequent care and maintenance. 2022 recorded an increase in water consumption per meter cube of production for coated finstock, which increased 8.2% from the 2021 consumption rate.



2.4 Energy

2.4.1 Total Electrical Energy Consumed

Electrical energy consumed in 2022 was 6.7% higher i.e. an increase of 1,953 megawatt-hours ("MWh") as compared to 2021. The increase in the electrical energy used was mainly due to higher production volume in 2022 in the manufacturing segment. The construction segment contributed only 1.2% of the total electrical energy consumed.



SUSTAINABILITY REPORT

BUSINESS ORIENTATION (CONTINUED)

Sustainability Progess (continued)

2.0 Environmental (continued)

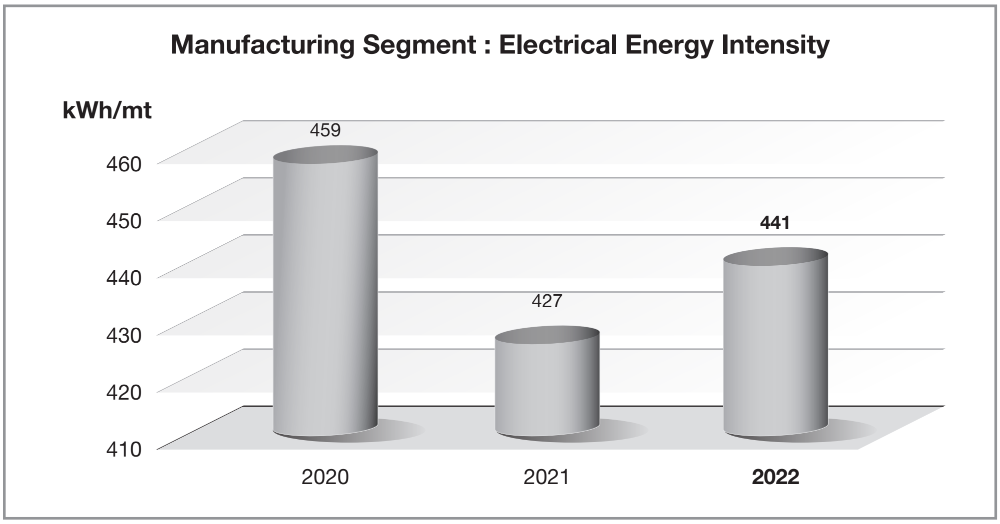
2.4 Energy (continued)

2.4.2 Electrical Energy Consumption Reduction

Despite the on-going electrical energy saving initiatives through monitoring schedules, and shutting down and switching off idle motors and hydraulic pumps, the electrical energy consumed has increased due to the increase in material processing. In 2022, as part of our efforts to reduce electricity, small scale solar panels for street lighting and LED lighting for high bay were installed.

2.4.3 Electrical Energy Intensity

It is always a major challenge in the manufacturing segment to maintain efficient use of energy. The electrical energy intensity increased by 3.3% to 441 kilowatt-hours per metric tonne ("kWh/mt") in 2022 from 427 kWh/mt in 2021. This increase was mainly because the plant had a few incidences of breakdown where a few lines were shut for a longer than usual period, thereby affecting productivity.



SUSTAINABILITY REPORT

BUSINESS ORIENTATION (CONTINUED)

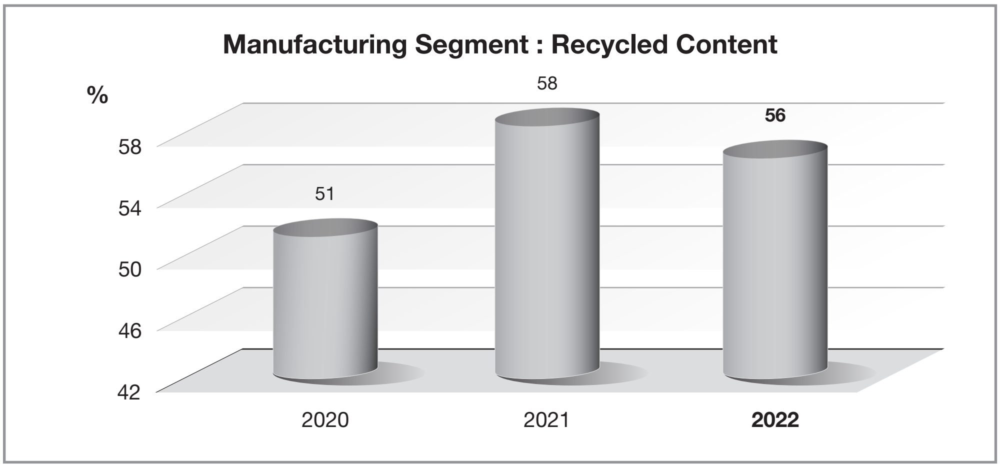
Sustainability Progess (continued)

2.0 Environmental (continued)

2.5 Materials

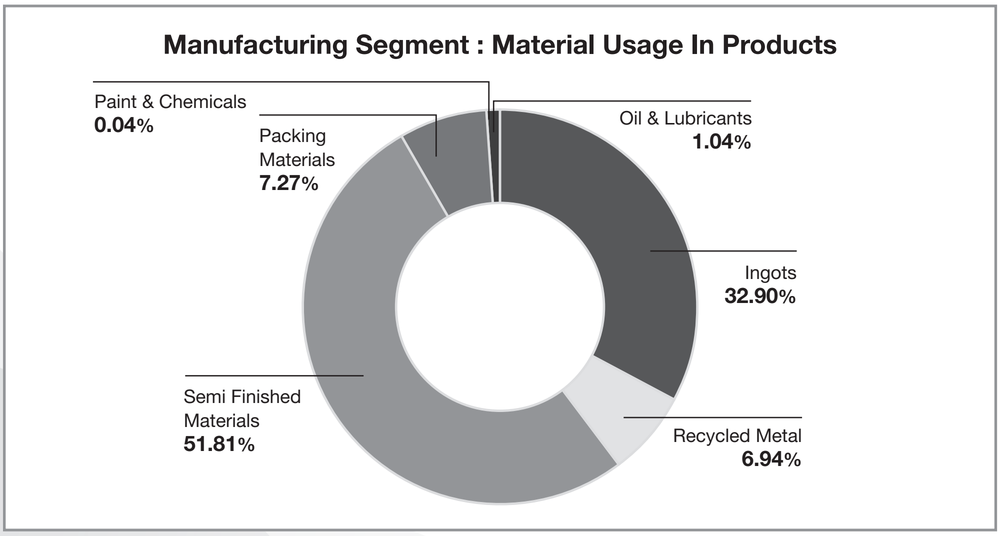
2.5.1 Sustainable Sources for Raw Materials

The manufacturing segment continues to maintain marginally above 50% 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 2022, a total amount of 40,686mt of various materials were used by the manufacturing segment for production as compared to 37,539mt in 2021. This 8.4% increase in materials used as compared to 2021 was attributable to the increase in customer demand and production volume. The breakdown was as follows:



SUSTAINABILITY REPORT

BUSINESS ORIENTATION (CONTINUED)

Sustainability Progess (continued)

3.0 Social

3.1 Occupational Safety and Health

The Group 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 ("EHS") activities, the manufacturing segment has 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 collected, 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 EHS team.

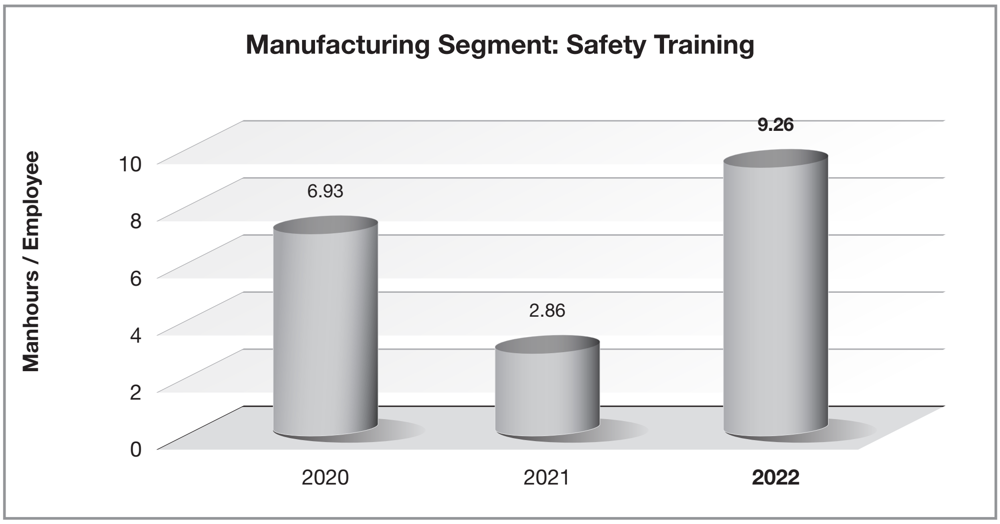
The manufacturing segment also continually tracks the Behavioural Accident Prevention Process ("BAPP") using a BBS initiative. Observations on co-workers are conducted during their routine daily activities to identify safe and at risk related behaviours that may lead to injury. Observers will convey 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 2022, there were no accidents reported in the Group.

3.1.1 Safety and Health Training

Safety and health training needs are identified annually. Based on these needs, trainings are 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 2022, an average of 9.26 manhours safety and health training per employee was registered as compared to 2.86 manhours in 2021.



SUSTAINABILITY REPORT

BUSINESS ORIENTATION (CONTINUED)

Sustainability Progess (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:

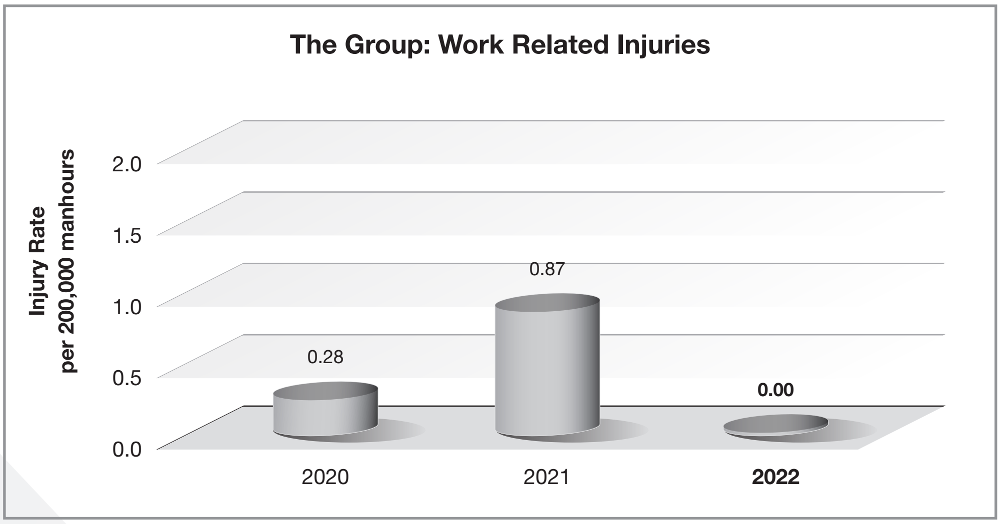
1. Forklift's Operator Re-Certification;
2. Crane's Operator Re-Certification;
3. Authorised Entrant And Standby Person For Confined Space;
4. Confined Space Rescue And First Response;
5. Behavioural Based Safety (BBS) New Observer Training;
6. Radiation Protection Course For Officer (RPO);
7. Basic Occupational First Aid (BOFA);
8. Emergency Response Team;
9. Working Safely At Height (WAH); and
10. Radiation Safety.

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 2022, there were no cases of days away from work reported in the Group.



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

SUSTAINABILITY REPORT

BUSINESS ORIENTATION (CONTINUED)

Sustainability Progess (continued)

3.0 Social (continued)

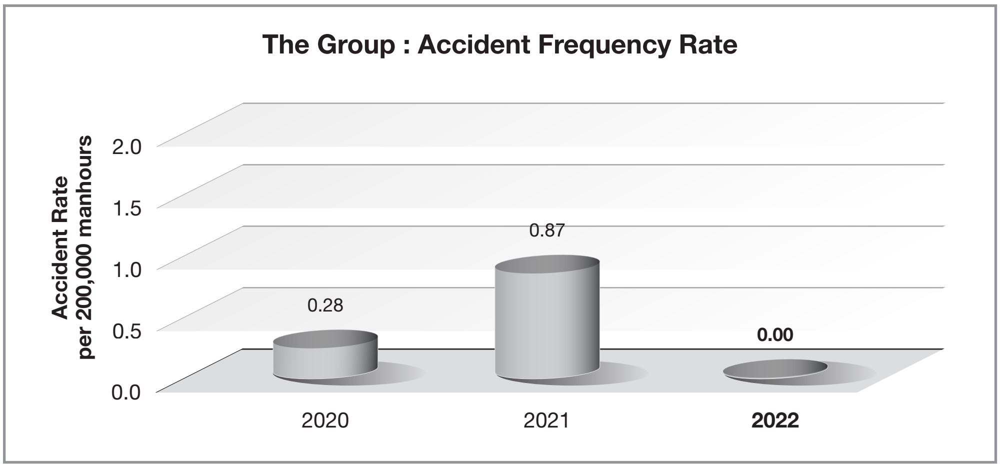
3.1 Occupational Safety and Health (continued)

3.1.3 Fatality Cases

There were no fatality cases in the Group for 2022.

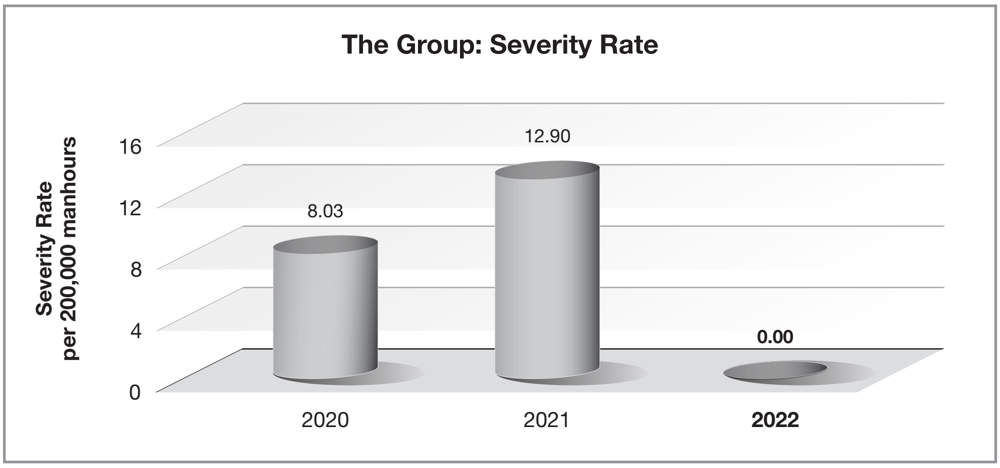
3.1.4 Accident Frequency Rate

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 no such cases in 2022 in the Group. The trend of the accident frequency rate statistics is depicted in the chart below:



3.1.5 Severity Rate

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



SUSTAINABILITY REPORT

BUSINESS ORIENTATION (CONTINUED)

Sustainability Progess (continued)

3.0 Social (continued)

3.1 Occupational Safety and Health (continued)

3.1.6 Health Surveillance

A health surveillance program has been established in the manufacturing segment. In 2022, 192 employees were identified and included in the health surveillance program. 188 employees (98% of identified employees) have completed the program for the year. 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:

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

3.1.7 EHS Organisation

The manufacturing segment's EHS team is led by the EHS Unit Manager and supported by a Senior EHS Coordinator and an Environmental Engineer. In the construction segment, the Safety Manager oversees the EHS activities at the construction site. Apart from this EHS functional team, a Safety Committee has been established as per the requirements of the Occupational Safety and Health (Safety and Health Committee) Regulations 1996.

In the manufacturing segment, 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 where they meet every quarter.

The Board has reviewed and approved this Sustainability Report by way of a resolution of the Board dated 17 April 2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Alcom Group Berhad ("AGB" or "the Company") is fully committed to the principles and recommendations of the Malaysian Code on Corporate Governance ("MCCG"). This ensures that the best practices of corporate governance including accountability and transparency are adhered to by the Company to achieve long-term financial performance and growth as the Board is mindful of its accountability to the shareholders and various stakeholders of the Company.

The Board is pleased to report to the shareholders on the Company's application of the 3 key principles of the MCCG during the financial year ended 31 December 2022 ("FY2022"):

(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 leverages 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 subject to periodic reviews 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 esteemed by its 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.

The initiatives taken in FY2022 are set out in the Sustainability Report in pages 23 to 42 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 FY2022 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, 2 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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Board Committees

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

A. Audit and Risk Management Committee

The composition and activities of the Audit and Risk Management Committee ("ARMC") during FY2022 are set out in the ARMC Report on pages 60 and 61 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)*

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 FY2022 and full attendance of its members was recorded at both meetings, as follows:

Member	Number of meetings attended in FY 2022	Percentage of Attendance
Lam Voon Kean	2 out of 2 meetings	100
Wong Choon Shein	2 out of 2 meetings	100
Gong Wooi Teik	2 out of 2 meetings	100

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 FY2022 were categorised as follows:

	Executive Directors			Alternate Director	Non-Executive Directors					TOTAL
	Heon Chee Shyong	Yeoh Jin Hoe	Goh Teck Hong[3]	Marc Francis Yeoh Min Chang[4]	Dato' Seri Subahan Bin Kamal	Wong Choon Shein	Lam Voon Kean	Datin Shelina Binti Razaly Wahi⁻	Gong Wooi Teik	
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Fees	–	–	–	–	79	80	107	100	100	466
Allowances	–	–	–	–	9	9	12	9	9	48
Salaries[1]	1,361	357	498	393	–	–	–	–	–	2,609
Bonuses	867	191	280	210	–	–	–	–	–	1,548
Benefits-in-kind[2]	32	–	–	–	–	–	–	–	–	32
Other Emoluments	–	–	–	–	–	–	–	–	–	–
Total	**2,260**	**548**	**778**	**603**	**88**	**89**	**119**	**109**	**109**	**4,703**
Company	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Fees	–	–	–	–	79	80	107	100	100	466
Allowances	–	–	–	–	9	9	12	9	9	48
Salaries[1]	–	–	498	–	–	–	–	–	–	498
Bonuses	–	–	280	–	–	–	–	–	–	280
Benefits-in-kind[2]	–	–	–	–	–	–	–	–	–	–
Other Emoluments	–	–	–	–	–	–	–	–	–	–
Total	**–**	**–**	**778**	**–**	**88**	**89**	**119**	**109**	**109**	**1,292**

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) Appointed on 1 March 2022.
(4) Alternate Director to Executive Director, Yeoh Jin Hoe and Director of subsidiary company, Alcom Nikkei Specialty Coatings Sdn. Bhd.

Executive Director of AGB, Dato' Eng Kim Liong had resigned on 31 December 2022 and he did not receive any remuneration from the Company nor the Group during the FY2022.

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 FY2022 whose total remuneration falls within the following bands, were as follows:

Range of Remuneration	Number of Directors
Non-Executive Directors	
Between RM50,001 – RM100,000	2
Between RM100,001 – RM150,000	3
Executive Directors	
Between RM500,001 – RM550,000	1
Between RM600,001 – RM650,000	1
Between RM750,001 – RM800,000	1
Between RM2,250,001 – RM2,300,000	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 FY2022 were categorised as follows:

Senior Management personnel	Group (RM'000)	Company (RM'000)
Salaries[(1)]	2,448	–
Allowances	–	–
Bonuses	1,037	–
Benefits-in-kind[(2)]	126	–
Other emoluments	–	–
Total	**3,611**	**–**

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.

The number of top 5 Senior Management personnel of the Group whose total remuneration falls within the following bands in FY2022, were as follows:

Remuneration Range	Number of Senior Management personnel
Between RM450,001 – RM500,000	1
Between RM650,001 – RM700,000	2
Between RM900,001 – RM950,000	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)*

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 FY2022, the NC held 3 meetings and full attendance of its members was recorded at all the meetings, as follows:

Member	Number of meetings attended in FY 2022	Percentage of Attendance
Wong Choon Shein	3 out of 3 meetings	100
Lam Voon Kean	3 out of 3 meetings	100
Datin Shelina Binti Razaly Wahi	3 out of 3 meetings	100

A summary of the key activities undertaken by the NC in the discharge of its duties for FY2022 were as follows:

(i) Endorsed the re-election of Directors, Datin Shelina Binti Razaly Wahi and Gong Wooi Teik who were due to retire pursuant to Clause 86 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;

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

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

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

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

(vi) 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;

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

(viii) Endorsed the re-election of Directors, Datin Shelina Binti Razaly Wahi, Lam Voon Kean and Wong Choon Shein who will be up for retirement pursuant to Clause 82 of the Constitution of the Company at the close of the Fifth AGM of the Company to be held in 2023.

The NC, after having conducted the abovementioned evaluation and assessment on 29 November 2022, concluded that:

(i) the Independent Directors of the Company, viz., Dato' Seri Subahan Bin Kamal, Wong Choon Shein, Lam Voon Kean, Datin Shelina Binti Razaly Wahi and Gong Wooi Teik, 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Board Committees (continued)

C. Nomination Committee (continued)

The NC, after having conducted the abovementioned evaluation and assessment on 29 November 2022, concluded that: (continued)

(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, Datin Shelina Binti Razaly Wahi, Lam Voon Kean and Wong Choon Shein who will be retiring at the Fifth AGM in 2023.

(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 29 November 2022, 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 5 Independent Non-Executive Directors viz., Dato' Seri Subahan Bin Kamal, Wong Choon Shein, Lam Voon Kean, Datin Shelina Binti Razaly Wahi and Gong Wooi Teik who had served on the Board during FY2022, 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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Appointments and Re-elections to the Board (continued)

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

A Director seeking re-election shall abstain from all deliberations regarding his/her re-election to the Board. Directors, Datin Shelina Binti Razaly Wahi, Lam Voon Kean and Wong Choon Shein are due to retire by rotation at the conclusion of the Fifth AGM of the Company to be held on 22 June 2023 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 29 November 2022 with Datin Shelina Binti Razaly Wahi, Lam Voon Kean and Wong Choon Shein abstaining from deliberation and voting, endorsed all the aforesaid Directors for re-election at the Fifth AGM of the Company to be held on 22 June 2023.

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 Finance Director, attend the meetings to report on the performance of their respective segments/departments to enable the Board members to discharge their duties and responsibilities.

During FY2022, 5 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 2022	Percentage of Attendance
Dato' Seri Subahan Bin Kamal	5 out of 5 meetings	100
Heon Chee Shyong	5 out of 5 meetings	100
Yeoh Jin Hoe	5 out of 5 meetings	100
Dato' Eng Kim Liong	5 out of 5 meetings	100
Wong Choon Shein	5 out of 5 meetings	100
Lam Voon Kean	5 out of 5 meetings	100
Datin Shelina Binti Razaly Wahi	5 out of 5 meetings	100
Gong Wooi Teik	5 out of 5 meetings	100
Goh Teck Hong*	4 out of 4 meetings	100

Note:
** Appointed as Director on 1 March 2022*

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Meetings and Time Commitment (continued)

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 current Directors of the Company during FY2022 were as follows:

Director	Topics of Programs/Seminars/Dialogues	Date
Dato' Seri Subahan Bin Kamal	KPMG Briefing on Transfer Pricing ("TP"): Expectation of Inland Revenue Board ("IRB") during a TP Audit; and Environmental, Social and Governance ("ESG"): Understanding how it enhances corporate value	25 August 2022
Heon Chee Shyong	Values as a source of competitive advantage	28 July 2022
	Cyber Security Awareness for Aluminium Company of Malaysia Berhad's Executives	17 August 2022
	KPMG Briefing on TP: Expectation of IRB during a TP Audit; and ESG: Understanding how it enhances corporate value	25 August 2022
	Human Rights Risk Management for Malaysian Companies	27 September 2022
Yeoh Jin Hoe	KPMG Briefing on TP: Expectation of IRB during a TP Audit; and ESG: Understanding how it enhances corporate value	25 August 2022
Goh Teck Hong	KPMG Briefing on TP: Expectation of IRB during a TP Audit; and ESG: Understanding how it enhances corporate value	25 August 2022
Wong Choon Shein	Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers	16 August 2022
Lam Voon Kean	Tax Governance: It's Time to Embrace It	13 January 2022
	Task Force on Climate-Related Financial Disclosures ("TCFD") 101 Training Workshop: Getting started with climate-related financial reporting	2 March 2022
	TCFD 102 Training Workshop: Building experience in climate-related financial reporting	9 March 2022
	Audit Oversight Board's Conversation with Audit Committee	7 April 2022
	Insights into TCFD and Sustainable Finance	21 April 2022
	Developing Malaysia's Roadmap to Net Zero	27 April 2022
	Outreach Session on the International Sustainability Standards Board's ("ISSB") IFRS Sustainability Disclosure Exposure Drafts	13 June 2022
	Navigating through the evolution of Corporate Governance with the introduction of Tax Corporate Governance Framework ("TCGF")	13 July 2022
	Common Transfer Pricing Challenges in Malaysia	26 September 2022
	Human Rights Risk Management for Malaysian Companies	27 September 2022
	Understanding the requirements in Bursa Malaysia's enhanced sustainability reporting framework	2 November 2022
	KPMG Conference Seminars -2022 Malaysian Financial Reporting Standards ("MFRS") Updates Seminar	13 December 2022

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	Asia-Pacific: A hub for tomorrow's technologies	27 January 2022
	SME Financing – Emerging From Covid-19 Pandemic, and Beyond	24 February 2022
	TCFD 102 Training Workshop: Building experience in climate-related financial reporting	9 March 2022
	Economic Outlook 2022	10 March 2022
	Audit Oversight Board's Conversation with Audit Committee	7 April 2022
	Unlocking Virtual Dimensions: Leverage Technology to Build Sustainable Business	2 June 2022
	Engagement Session on Financing with Companies in New Growth Areas	14 June 2022
	Roles and Responsibilities of Directors in Relation to Financial Statements	5 July 2022
	Net Zero for Aviation: An impossible target?	12 July 2022
	Bursa Malaysia's Listing Requirements: Understanding its requirements and impact	17 August 2022
	Bursa Malaysia Immersive Experience: The Board "Agender"	1 December 2022
	Audit Oversight Board's Conversation with Audit Committee	6 December 2022
	Cybersecurity, Business Continuity, Sustainability & ESG	8 December 2022
	How to be an effective non-executive director in a disruptive world	12 December 2022
Gong Wooi Teik	National Tax Conference 2022	2 August 2022 & 3 August 2022
	Tax Corporate Governance Framework and ESG	16 August 2022
	KPMG Briefing on TP: Expectation of IRB during a TP Audit; and ESG: Understanding how it enhances corporate value	25 August 2022
	Transitioning from International Standard on Quality Control ("ISQC") 1 to International Standard on Quality Management ("ISQM") 1 & ISQM 2	12 September 2022
	Audit documentation to meet peer review expectation	13 September 2022
	Audit Oversight Board's Conversation with Audit Committee	17 November 2022

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 63 and 64 of this Annual Report.

Internal Audit Function

The internal audit function is set out in the ARMC Report on page 61 and Directors' Statement on Risk Management and Internal Control on pages 64 to 66 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 FY2022, 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 Finance Director 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 2 substantial corporate shareholders, 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 Administration and Polling Agent, KPMG Management & Risk Consulting Sdn Bhd or their electronic proxy forms via ConveneAGM Meeting Platform pursuant to Clause 76 of the Constitution of the Company for the Fifth AGM to be held on 22 June 2023.

In accordance with Paragraph 8.29A(1) of the MMLR of Bursa Securities, poll voting will be carried out at the said Fifth 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 MCCG

The Board considers that the Company has complied and applied the key principles of the MCCG throughout FY2022 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.

The Board has reviewed and approved this Corporate Governance Overview Statement by way of a resolution of the Board dated 17 April 2023. The Board is satisfied that this Corporate Governance Overview Statement provides the information necessary to enable shareholders to evaluate how the MCCG has been applied and obligations are fulfilled under the MCCG and the MMLR of Bursa Securities throughout FY2022, 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 2022, 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	303	54
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 2022 or, if not then subsisting, which were entered into since the end of the previous financial year.

Recurrent Related Party Transactions

At the Fourth Annual General Meeting of the Company held on 23 June 2022, 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 Fifth 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 2022 pursuant to the aforesaid shareholders' mandate were as follows:

Provider of products/ services	Recipient of products/ services	Nature of Transaction	Actual value transacted from 23 June 2022 up to 31 December 2022 (RM'000)	Interested Related Party
Aluminium Company of Malaysia Berhad ("ALCOM")	Can-One Berhad ("Can-One") and its subsidiaries	Sale of aluminium sheets and aluminium foil products	(43) [(1)]	Towerpack Sdn. Bhd.[(2)] Yeoh Jin Hoe[(3)] Marc Francis Yeoh Min Chang[(4)]

Notes:

(1) The negative figure denotes credit notes issued by ALCOM to Can-One and its subsidiaries.

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

(3) Yeoh Jin Hoe, the Executive Director of AGB, has an indirect equity interest in 43,636,698 AGB Shares representing 32.48% 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.

(4) 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 2022 ("FY2022"). 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's 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)*
Gong Wooi Teik *(Member)*

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

During FY2022, 5 ARMC meetings were held and full attendance of its members was recorded at all the 5 meetings, as follows:

Member	Number of meetings attended in FY2022	Percentage of Attendance
Lam Voon Kean	5 out of 5 meetings	100
Datin Shelina Binti Razaly Wahi	5 out of 5 meetings	100
Gong Wooi Teik	5 out of 5 meetings	100

The Finance Director attended all the above meetings upon invitation by the ARMC. The Group's External Auditors also attended 3 of the ARMC meetings which were held on 21 February 2022, 12 April 2022 and 29 November 2022. 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 FY2022.

SUMMARY OF ACTIVITIES

The ARMC carried out its duties in accordance with its Terms of Reference. The summary of activities carried out in FY2022 were as follows:-

- Overseeing financial reporting and practices;
- Reviewing the quarterly sustainability reports of the Group on the key sustainability themes, strategic plans and proposed sustainability targets;
- 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 2021 ("FY2021");
- Reviewing the quarterly announcements on interim financial results and the audited financial statements for FY2021 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 2021 and recommending to the Board for approval;

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

SUMMARY OF ACTIVITIES (CONTINUED)

The ARMC carried out its duties in accordance with its Terms of Reference. The summary of activities carried out in FY2022 were as follows:- (continued)

- Reviewing conflict of interest situations and recurrent related parties transactions entered into by the Group and the disclosure of such transactions in the Annual Report and circular to shareholders to ensure compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities");
- Discussing with the Management and the External Auditors on developments in respect of the Malaysian Financial Reporting Standards and Companies Act 2016 applicable to the financial statements of the Group and of the Company for FY2022 and their judgment of the items that may affect the financial statements;
- 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 FY2021; 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 2023.

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 FY2022 is presented in the Directors' Statement on Risk Management and Internal Control. The Group incurred a total fee of RM48,000 for the internal audit services rendered by the third party service provider during FY2022.

This Report is made in accordance with a resolution of the Board dated 17 April 2023.

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 2022 ("FY2022") 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 FY2022, 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.

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. In addition, the marketing team has developed innovative promotional packages to market EMHub products.

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 FY2022, 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

- Factory operations with focus on:
  - ➢ Inventory holding

- Compliance with focus on:
  - ➢ Anti-corruption comprehensive risk assessment
  - ➢ Sustainability management
  - ➢ Recurrent related party transactions

- Procurement function with focus on:
  - ➢ Purchasing management and contracting process

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 2023 in the November 2022 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;
- weekly and monthly meetings consisting of departmental meetings, various cross functional meetings and head of departments' meetings for review and resolution of issues as well as to measure and monitor performance achievements;
- annual performance appraisals which are linked to the annual agreed performance targets with both quantitative and qualitative criteria to raise individual performance;
- structured training program for employees to maintain high standards on safety, code of conduct and to upgrade the competency levels of their respective professions;

DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

KEY ELEMENTS OF THE INTERNAL CONTROL ENVIRONMENT (CONTINUED)

- 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 FY2022, the Board has received these assurances from the President cum Chief Executive Officer and Finance Director 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 FY2022, 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.

This Statement is made in accordance with a resolution of the Board dated 17 April 2023.

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 2022 and of the results of the business and cash flows of the Group and of the Company for the financial year ended 31 December 2022.

In preparing the financial statements for the financial year ended 31 December 2022, the Directors have applied appropriate and relevant accounting policies consistently and in accordance with the applicable accounting standards and made judgements and estimates that are reasonable and fair.

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

This statement is made in accordance with a resolution of the Board dated 17 April 2023.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities whilst the principal activities 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 Company's 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	77,509	5,253
Non-controlling interests	113	–
	77,622	5,253

RESERVES AND PROVISIONS

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

DIVIDENDS

Since the end of the previous financial year, the amount of dividends paid by the Company in respect of the financial year ended 31 December 2021 as reported in the Directors' Report of that year, is a first and final dividend of 2.5 sen per share amounting to RM3,358,271 declared on 21 February 2022 and paid on 29 July 2022.

The Directors recommended a first and final dividend of 2.5 sen per share amounting to RM3,358,271 in respect of the financial year under review on 28 February 2023. 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
Datin Shelina Binti Razaly Wahi
Gong Wooi Teik
Heon Chee Shyong
Lam Voon Kean
Marc Francis Yeoh Min Chang (Alternate Director to Yeoh Jin Hoe)
Wong Choon Shein
Yeoh Jin Hoe
Goh Teck Hong (Appointed on 1 March 2022)
Dato' Eng Kim Liong (Resigned on 31 December 2022)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

DIRECTORS OF SUBSIDIARIES

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

	Aluminium Company of Malaysia Berhad	Alcom Nikkei Specialty Coatings Sdn. Bhd.	Alcom Dach&Wand Sdn. Bhd.	AGB Land Sdn. Bhd. (Formerly known as SCLand Development Sdn. Bhd.)	EM Hub Sdn. Bhd.	AGB Builders Sdn. Bhd.	AG Avenue 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
(#) Deceased on 16 June 2022
(@) Resigned on 22 April 2022

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end as recorded in the Register of Directors' shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2022	Bought	Sold	At 31.12.2022
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	1,105,000	–	43,636,698

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 2022 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 2022

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those shown below) 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.

The directors' benefits paid to or receivable by directors in respect of the financial year ended 31 December 2022 are as follows:

	From the Company RM'000	From subsidiary companies RM'000
Directors of the Company:		
Fees	466	–
Salaries, bonuses and other remunerations	826	3,379
Estimated monetary value of benefits-in-kind	–	32
Transactions with companies that a substantial shareholder of the Company has interests:		
- sale of finished goods	–	352
	1,292	3,763

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.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision 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

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 2022 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SUBSEQUENT EVENT

The subsequent event is disclosed in Note 34 to the financial statement.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

AUDITORS

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

The auditors' remunerations of the Group and the Company during the year are RM303,000 and RM54,000 respectively.

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: 17 April 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Assets					
Property, plant and equipment	3	**52,860**	52,875	**–**	–
Right-of-use assets	4	**15,292**	16,248	**–**	–
Intangible assets	5	**2,429**	2,558	**–**	–
Investments in subsidiaries	6	**–**	–	**102,917**	102,917
Deferred tax assets	7	**1,693**	3,399	**–**	–
Total non-current assets		**72,274**	75,080	**102,917**	102,917
Inventories	8	**197,329**	300,783	**–**	–
Contract assets	9	**7,972**	3,233	**–**	–
Contract costs	10	**9,856**	17,511	**–**	–
Trade receivables	11	**66,266**	53,272	**–**	–
Other receivables and prepayments	12	**16,768**	20,362	**6,717**	6,179
Current tax assets		**2,374**	2,304	**–**	–
Derivative financial instruments	13	**–**	512	**–**	–
Cash and cash equivalents	14	**127,790**	64,682	**2,004**	154
Total current assets		**428,355**	462,659	**8,721**	6,333
Total assets		**500,629**	537,739	**111,638**	109,250
Equity					
Share capital	15	**104,778**	104,778	**104,778**	104,778
Retained earnings		**125,290**	51,136	**5,801**	3,906
Equity attributable to owners of the Company		**230,068**	155,914	**110,579**	108,684
Non-controlling interests		**260**	–	**–**	–
Total equity		**230,328**	155,914	**110,579**	108,684
Liabilities					
Loans and borrowings	16	**38,785**	136,246	**–**	–
Provision for gratuity scheme	17	**3,321**	3,756	**–**	–
Lease liabilities		**1,596**	2,422	**–**	–
Deferred tax liabilities	7	**868**	1,116	**–**	–
Total non-current liabilities		**44,570**	143,540	**–**	–
Loans and borrowings	16	**114,694**	105,181	**–**	–
Lease liabilities		**1,397**	1,297	**–**	–
Provision for gratuity scheme	17	**662**	1,014	**–**	–
Trade payables	18	**45,638**	70,976	**–**	–
Other payables and accruals	19	**31,199**	21,131	**774**	312
Contract liabilities	9	**26,811**	35,253	**–**	–
Amount due to a subsidiary	20	**–**	–	**281**	254
Derivative financial instruments	13	**23**	–	**–**	–
Current tax liabilities		**5,307**	3,433	**4**	–
Total current liabilities		**225,731**	238,285	**1,059**	566
Total liabilities		**270,301**	381,825	**1,059**	566
Total equity and liabilities		**500,629**	537,739	**111,638**	109,250

The notes on pages 81 to 134 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Revenue	21	**976,014**	598,911	**6,717**	6,179
Other operating income	22	**2,392**	2,485	**13**	4
Changes in inventories of raw materials, work-in-progress and finished goods		**(18,767)**	80,792	**–**	–
Raw materials and consumables used		**(508,236)**	(432,464)	**–**	–
Property development and construction costs		**(223,586)**	(108,211)	**–**	–
Staff costs	23	**(45,909)**	(37,229)	**(892)**	(471)
Utilities and fuel		**(28,266)**	(19,690)	**–**	–
Depreciation of:					
- property, plant and equipment	3	**(8,767)**	(8,758)	**–**	–
- right-of-use assets	4	**(1,696)**	(1,578)	**–**	–
Amortisation of intangible assets	5	**(217)**	(181)	**–**	–
Upkeep, repairs and maintenance of assets		**(10,937)**	(9,283)	**–**	–
Allowance for inventory write-down	25	**(1,422)**	(396)	**–**	–
Environmental costs		**(685)**	(459)	**–**	–
Interest expenses	24	**(9,921)**	(7,906)	**–**	–
Net (loss on)/reversal of impairment of financial instruments	25	**(77)**	172	**–**	–
Other operating expenses		**(16,391)**	(10,973)	**(580)**	(491)
Profit before tax	25	**103,529**	45,232	**5,258**	5,221
Tax expense	26	**(25,907)**	(12,706)	**(5)**	–
Profit for the year		**77,622**	32,526	**5,253**	5,221
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		**77,622**	32,460	**5,253**	5,221

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Profit attributable to:					
Owners of the Company		**77,509**	32,526	**5,253**	5,221
Non-controlling interests		**113**	–	**–**	–
Profit for the year		**77,622**	32,526	**5,253**	5,221
Total comprehensive income attributable to:					
Owners of the Company		**77,509**	32,460	**5,253**	5,221
Non-controlling interests		**113**	–	**–**	–
Total comprehensive income for the year		**77,622**	32,460	**5,253**	5,221
Basic earnings per ordinary share (sen)	27	**57.70**	24.21		

The notes on pages 81 to 134 are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Group				
		Attributable to owners of the Company				
	Note	Share capital RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2021		104,778	18,676	123,454	–	123,454
Actuarial loss on gratuity scheme, net of tax		–	(66)	(66)	–	(66)
Total other comprehensive expense for the year, net of tax		–	(66)	(66)	–	(66)
Profit for the year		–	32,526	32,526	–	32,526
Total comprehensive income for the financial year		–	32,460	32,460	–	32,460
At 31 December 2021/ 1 January 2022		**104,778**	**51,136**	**155,914**	**–**	**155,914**
Profit for the year		**–**	**77,509**	**77,509**	**113**	**77,622**
Total comprehensive income for the financial year		**–**	**77,509**	**77,509**	**113**	**77,622**
Dividends to owners of the Company	28	**–**	**(3,358)**	**(3,358)**	**–**	**(3,358)**
Partial disposal of interest in a subsidiary	6.3	**–**	**3**	**3**	**147**	**150**
Total transactions with owners of the Group		**–**	**(3,355)**	**(3,355)**	**147**	**(3,208)**
At 31 December 2022		**104,778**	**125,290**	**230,068**	**260**	**230,328**
		Note 15				

	Note	Company		
	Note	Share capital RM'000	(Accumulated losses)/ Retained earnings RM'000	Total equity RM'000
At 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 2021/1 January 2022		**104,778**	**3,906**	**108,684**
Profit for the year		**–**	**5,253**	**5,253**
Total comprehensive income for the year		**–**	**5,253**	**5,253**
Dividends to owners of the Company	28	**–**	**(3,358)**	**(3,358)**
Total transactions with owners of the Company		**–**	**(3,358)**	**(3,358)**
At 31 December 2022		**104,778**	**5,801**	**110,579**
		Note 15		

The notes on pages 81 to 134 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Cash flows from operating activities					
Profit before tax:		**103,529**	45,232	**5,258**	5,221
Adjustments for:					
Allowance for inventory write-down	8	**1,422**	396	**–**	–
Amortisation of intangible assets	5	**220**	188	**–**	–
Depreciation of:					
- property, plant and equipment	3	**8,825**	8,811	**–**	–
- right-of-use assets	4	**1,696**	1,578	**–**	–
Dividend income	21	**–**	–	**(6,717)**	(6,179)
Gain on disposal of property, plant and equipment	22	**(274)**	(2)	**–**	–
Interest expenses	24	**9,921**	7,906	**–**	–
Interest income	22	**(621)**	(348)	**(13)**	(4)
Net fair value loss/(gain) on forward foreign exchange contracts	25	**535**	(88)	**–**	–
Provision for gratuity scheme	17	**354**	382	**–**	–
Net loss on/(reversal of) impairment of financial assets	25	**77**	(172)	**–**	–
Unrealised foreign exchange loss	25	**475**	32	**–**	–
Operating profit/(loss) before changes in working capital		**126,159**	63,915	**(1,472)**	(962)
Changes in working capital:					
Inventories		**102,032**	(86,450)	**–**	–
Receivables		**(10,125)**	(32,189)	**–**	–
Payables		**(15,123)**	15,903	**462**	–
Contract assets		**(4,739)**	(1,605)	**–**	–
Contract costs		**7,655**	4,722	**–**	–
Contract liabilities		**(8,442)**	6,911	**–**	–
Subsidiary		**–**	–	**27**	(242)
Cash generated from/(used in) operations		**197,417**	(28,793)	**(983)**	(1,204)

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Cash flows from operating activities (continued)					
Gratuity paid	17	**(1,141)**	(320)	**–**	–
Interest paid		**(146)**	(102)	**–**	–
Tax paid		**(22,645)**	(9,793)	**(1)**	–
Net cash from/(used in) operating activities		**173,485**	(39,008)	**(984)**	(1,204)
Cash flows from investing activities					
Purchase of:					
- property, plant and equipment	3	**(8,887)**	(3,768)	**–**	–
- intangible assets	5	**(91)**	(20)	**–**	–
Proceeds from disposal of property, plant and equipment	6.3	**351**	2	**–**	–
Proceeds from partial disposal of interest in a subsidiary		**150**	–	**–**	–
Dividends received		**–**	–	**6,179**	1,343
Interest received		**621**	348	**13**	4
Net cash (used in)/from investing activities		**(7,856)**	(3,438)	**6,192**	1,347
Cash flows from financing activities					
Dividends paid		**(3,358)**	–	**(3,358)**	–
Net (repayment)/drawdown of loans and borrowings		**(87,948)**	68,985	**–**	–
Payment of lease liabilities		**(1,466)**	(1,388)	**–**	–
Interest paid		**(9,775)**	(8,634)	**–**	–
Net cash (used in)/from financing activities		**(102,547)**	58,963	**(3,358)**	–
Net increase in cash and cash equivalents		**63,082**	16,517	**1,850**	143
Foreign exchange differences		**26**	56	**–**	–
Cash and cash equivalents at beginning of the financial year		**63,534**	46,961	**154**	11
Cash and cash equivalents at end of the financial year		**126,642**	63,534	**2,004**	154

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Deposits placed with licensed banks		**1,466**	1,445	**–**	–
Bank balances		**126,324**	63,237	**2,004**	154
	14	**127,790**	64,682	**2,004**	154
Less: Pledged deposits	14	**(1,148)**	(1,148)	**–**	–
		126,642	63,534	**2,004**	154

(ii) Cash outflows for leases as a lessee

	Note	Group 2022 RM'000	Group 2021 RM'000
Included in net cash from operating activities:			
Interest paid in relation to lease liabilities	24	**146**	102
Included in net cash from financing activities:			
Payment of lease liabilities		**1,466**	1,388
Total cash outflows for leases		**1,612**	1,490

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

	Group						
	At 1.1.2021 RM'000	Addition of new leases RM'000	Net changes from financing cash flows RM'000	At 31.12.2021/ 1.1.2022 RM'000	Additions of new leases RM'000	Net changes from financing cash flows RM'000	At 31.12.2022 RM'000
Term loans	94,515	–	(13,992)	**80,523**	**–**	**(35,010)**	**45,513**
Hire purchase liabilities	357	–	317	**674**	**–**	**(213)**	**461**
Revolving credits	57,000	–	25,000	**82,000**	**–**	**3,000**	**85,000**
Trade finances	–	–	42,962	**42,962**	**–**	**(20,662)**	**22,300**
Bridging loans	20,565	–	14,698	**35,263**	**–**	**(35,263)**	**–**
Bankers' acceptance	–	–	–	**–**	**–**	**200**	**200**
Corporate credit card facility from a financial institution	5	–	–	**5**	**–**	**–**	**5**
Lease liabilities	2,086	3,021	(1,388)	**3,719**	**740**	**(1,466)**	**2,993**
Total liabilities from financing activities	174,528	3,021	67,597	**245,146**	**740**	**(89,414)**	**156,472**

The notes on pages 81 to 134 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 2022 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 2022 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 17 April 2023.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("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 January 2023

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

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 abovementioned accounting standards, amendments and interpretations 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

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.

NOTES TO THE FINANCIAL STATEMENTS

2. *SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*

(a) Basis of consolidation (continued)

(i) Subsidiaries (continued)

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) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the owners of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and total comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

2. *SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*

(a) Basis of consolidation (continued)

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

(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.

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)

(a) Amortised cost (continued)

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

(b) Fair value through profit or loss

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

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

All financial assets, except for those measured at fair value through profit or loss, are subject to impairment assessment (see Note 2(k)(i)).

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.

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)

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

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

(b) Amortised cost

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(iv) Derecognition (continued)

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(v) Offsetting

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Property, plant and equipment under construction (projects-in-progress) are not depreciated until the assets are ready for their intended use.

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

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

(ii) Recognition and initial measurement

As a lessee

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

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

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.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income.

The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

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

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

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Fair value measurements (continued)

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 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)	–
Reversal of over accrued costs	–	–	–	–	(4)	(4)
At 31 December 2021/ 1 January 2022	**42,628**	**294,417**	**12,270**	**2,246**	**1,270**	**352,831**
Additions	**–**	**5,361**	**1,974**	**–**	**1,552**	**8,887**
Disposals	**–**	**(3,184)**	**(961)**	**–**	**–**	**(4,145)**
Reclassifications	**–**	**790**	**6**	**–**	**(796)**	**–**
At 31 December 2022	**42,628**	**297,384**	**13,289**	**2,246**	**2,026**	**357,573**

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 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/ 1 January 2022						
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**
Depreciation for the year	**1,165**	**6,655**	**555**	**450**	**–**	**8,825**
Disposals	**–**	**(3,128)**	**(940)**	**–**	**–**	**(4,068)**
At 31 December 2022						
Accumulated depreciation	**28,799**	**262,516**	**10,753**	**1,834**	**–**	**303,902**
Accumulated impairment loss	**–**	**811**	**–**	**–**	**–**	**811**
	28,799	**263,327**	**10,753**	**1,834**	**–**	**304,713**
Carrying amounts						
At 1 January 2021	16,197	38,569	1,279	1,311	566	57,922
At 31 December 2021/ 1 January 2022	**14,994**	**34,617**	**1,132**	**862**	**1,270**	**52,875**
At 31 December 2022	**13,829**	**34,057**	**2,536**	**412**	**2,026**	**52,860**

3.1 As at 31 December 2022, the net carrying amount of plant and machinery and equipment and vehicles under hire purchase arrangements is RM492,000 (2021: RM753,000).

3.2 During the financial year, depreciation expense amounting to RM58,000 (2021: RM53,000) 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 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/ 1 January 2022	**12,590**	**1,209**	**490**	**1,959**	**16,248**
Additions	**–**	**348**	**384**	**8**	**740**
Depreciation for the year	**(190)**	**(674)**	**(268)**	**(564)**	**(1,696)**
At 31 December 2022	**12,400**	**883**	**606**	**1,403**	**15,292**

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 terms range 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 extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there are significant events or significant changes in circumstances within its control.

The extension options of the leases are currently included in the lease terms 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 2022 and 31 December 2021, 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 2021	2,293	713	2,543	130	5,679
Additions	–	–	20	–	20
Reclassifications from property, plant and equipment	–	–	4	–	4
At 31 December 2021/ 1 January 2022	**2,293**	**713**	**2,567**	**130**	**5,703**
Additions	**–**	**–**	**91**	**–**	**91**
Reclassifications	**–**	**–**	**130**	**(130)**	**–**
At 31 December 2022	**2,293**	**713**	**2,788**	**–**	**5,794**

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 2021	–	713	2,244	–	2,957
Amortisation for the year	–	–	188	–	188
At 31 December 2021/ 1 January 2022	**–**	**713**	**2,432**	**–**	**3,145**
Amortisation for the year	**–**	**–**	**220**	**–**	**220**
At 31 December 2022	**–**	**713**	**2,652**	**–**	**3,365**
Carrying amounts					
At 1 January 2021	2,293	–	299	130	2,722
At 31 December 2021/ 1 January 2022	**2,293**	**–**	**135**	**130**	**2,558**
At 31 December 2022	**2,293**	**–**	**136**	**–**	**2,429**

5.1 During the financial year, RM3,000 (2021: RM7,000) 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 RM30,655,000 for 2023 with an increase of 10% per annum thereafter till 2027;
- Profit margin was projected at 24% for each financial year from 2023 to 2027; and
- Pre-tax discount rate applied by the Group is 10% (2021: 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 2022 RM'000	Company 2021 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 2022 %	Effective ownership interest and voting interest 2021 %
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	**80**	100
AGB Land Sdn. Bhd. (Formerly known as SCLand Development Sdn. Bhd.)	Malaysia	Investment holding	**100**	100
and its subsidiaries				
EM Hub Sdn. Bhd.	Malaysia	Property development activities	**100**	100
AG Avenue Sdn. Bhd.	Malaysia	Dormant	**100**	–
AGB Builders Sdn. Bhd.	Malaysia	Building and construction business	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

6.1 Incorporation of a subsidiary

In December 2022, the Group via its wholly-owned subsidiary, AGB Land Sdn. Bhd. incorporated a wholly-owned subsidiary, AG Avenue Sdn. Bhd., with an issued and paid-up capital of RM1.

6.2 Non-controlling interests in a subsidiary

Summarised financial information of the non-controlling interests is not presented as the non-controlling interests are not material to the Group.

6.3 Partial disposal of interest in a subsidiary

In July 2022, the Group via its wholly-owned subsidiary, Aluminium Company of Malaysia Berhad disposed of 20% equity interest comprising 150,000 ordinary shares in Alcom Dach&Wand Sdn. Bhd. ("ADW") to James Lim Cheong Sing and Yee Po Wai, whom are Directors of ADW, for a total cash consideration of RM150,000. This transaction resulted in a decrease in the Group's ownership in ADW from 100% to 80%.

The Group recognised an increase in non-controlling interests of RM147,000 and an increase in retained earnings of RM3,000.

7. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Group					
	Assets		Liabilities		Net	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Property, plant and equipment	**–**	–	**(8,435)**	(8,175)	**(8,435)**	(8,175)
Right-of-use assets	**–**	–	**(1,911)**	(2,480)	**(1,911)**	(2,480)
Provisions	**4,617**	3,995	**–**	–	**4,617**	3,995
Lease liabilities	**2,054**	2,607	**–**	–	**2,054**	2,607
Tax losses carry forwards	**1,676**	1,928	**–**	–	**1,676**	1,928
Capital allowances carry-forwards	**1,243**	1,963	**–**	–	**1,243**	1,963
Other items	**1,587**	2,485	**(6)**	(40)	**1,581**	2,445
Tax assets/(liabilities)	**11,177**	12,978	**(10,352)**	(10,695)	**825**	2,283
Set off of tax	**(9,484)**	(9,579)	**9,484**	9,579	**–**	–
Net tax assets/(liabilities)	**1,693**	3,399	**(868)**	(1,116)	**825**	2,283

NOTES TO THE FINANCIAL STATEMENTS

7. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

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 RM1,676,000 will expire in 8 years (2021: RM191,000 and RM1,772,000 will expire in 10 years and 9 years respectively) under the current tax legislation.

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

Movement of deferred tax assets comprise deferred tax expense amounting to RM1,458,000 (2021: deferred tax income amounting to RM1,302,000) recognised in profit or loss and RM Nil (2021: deferred tax income amounting to RM21,000) recognised in other comprehensive expense.

8. INVENTORIES

	Note	Group 2022 RM'000	Group 2021 RM'000
Trading and manufacturing inventories	8.1	**141,550**	160,317
Properties under development	8.2	**55,779**	140,466
		197,329	300,783

8.1 Trading and manufacturing inventories

	Group 2022 RM'000	Group 2021 RM'000
Metal inventories		
Raw materials	**47,163**	55,872
Work-in-progress	**44,495**	42,193
Finished goods	**37,095**	50,762
	128,753	148,827
Non-metal inventories		
Operating supplies and spare parts	**12,797**	11,490
	141,550	160,317

	Group 2022 RM'000	Group 2021 RM'000
Recognised in profit or loss:		
Inventories recognised in profit or loss	**616,078**	422,265
Allowance for inventory write-down	**1,422**	396

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 judgements 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. INVENTORIES (CONTINUED)

8.2 Properties under development

	Group 2022 RM'000	Group 2021 RM'000
Land	**13,048**	48,747
Development costs	**42,731**	91,719
	55,779	140,466

During the previous year, interest amounting to RM830,000 was capitalised to the development costs (see Note 24). The capitalisation rate applied to capitalise interest costs was 4.25% to 4.84%.

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

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 2022 RM'000	Group 2021 RM'000
Contract assets	9.1	**7,972**	3,233
Contract liabilities	9.2	**(26,811)**	(35,253)

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.

NOTES TO THE FINANCIAL STATEMENTS

10. CONTRACT COSTS

	Note	Group 2022 RM'000	Group 2021 RM'000
Cost to obtain a contract	10.1	**2,986**	4,235
Cost to fulfil a contract	10.2	**6,870**	13,276
		9,856	17,511

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.

	2022 RM'000	2021 RM'000
Cost to obtain a contract recognised as property development and construction costs in profit or loss	**(19,553)**	(7,627)

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.

	2022 RM'000	2021 RM'000
Cost to fulfill a contract recognised as property development and construction costs in profit or loss	**(191,034)**	(96,096)

11. TRADE RECEIVABLES

	Note	Group 2022 RM'000	Group 2021 RM'000
Trade receivables	11.1	**66,266**	52,636
Companies that a substantial shareholder of the Company has interests	11.2	**–**	636
		66,266	53,272

11.1 The credit terms of trade receivables range from 7 days to 90 days (2021: 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 RM25,289,000 (2021: RM20,790,000) has been derecognised from the trade receivables balance.

11.2 The trade balances due from companies that a substantial shareholder of the Company has interests had credit terms ranging from 30 days to 60 days.

NOTES TO THE FINANCIAL STATEMENTS

12. OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Dividends receivable	**–**	–	**6,717**	6,179
Other receivables	**1,035**	906	**–**	–
Advance payments to suppliers	**13,039**	14,566	**–**	–
Prepayments	**1,585**	3,466	**–**	–
Deposits	**827**	1,073	**–**	–
Staff advances	**282**	351	**–**	–
	16,768	20,362	**6,717**	6,179

13. DERIVATIVE FINANCIAL INSTRUMENTS

	Group					
	<--------------- 2022	-------------->		<--------------- 2021	--------------->	
	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)	**26,464**	**–**	**(23)**	66,274	480	–
- Forward exchange contracts (Note b)	**–**	**–**	**–**	25,196	32	–
	26,464	**–**	**(23)**	91,470	512	–

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 (2021: 1 month to 3 months).

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

NOTES TO THE FINANCIAL STATEMENTS

14. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Deposits placed with licensed banks	**1,466**	1,445	**–**	–
Bank balances	**126,324**	63,237	**2,004**	154
	127,790	64,682	**2,004**	154

Included in deposits placed with licensed banks of the Group is RM1,148,000 (2021: RM1,148,000) pledged for bank facilities granted to the Group (see Note 16.1).

15. SHARE CAPITAL

	Group and Company			
	Number of shares 2022 '000	**Amount 2022 RM'000**	**Number of shares 2021 '000**	**Amount 2021 RM'000**
Issued and fully paid shares with no par value:				
Ordinary shares	**134,331**	**104,778**	134,331	104,778

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at general meetings of the Company.

16. LOANS AND BORROWINGS

	Group	
	2022 RM'000	**2021 RM'000**
Non-current		
Secured or guaranteed:		
Term loans	**38,512**	73,522
Hire purchase liabilities	**273**	461
Revolving credits	**–**	27,000
Bridging loans	**–**	35,263
	38,785	136,246
Current		
Secured or guaranteed:		
Term loans	**7,001**	7,001
Hire purchase liabilities	**188**	213
Revolving credits	**85,000**	55,000
Trade finances	**22,300**	42,962
Bankers' acceptances	**200**	–
Unsecured:		
Corporate credit card facility from a financial institution	**5**	5
	114,694	105,181
	153,479	241,427

NOTES TO THE FINANCIAL STATEMENTS

16. LOANS AND BORROWINGS (CONTINUED)

16.1 Security and guarantee

The term loans, revolving credits, trade finances, bridging loans and bankers' acceptances 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**
2022			
Less than one year	**206**	**18**	**188**
Between one and five years	**293**	**20**	**273**
	499	**38**	**461**
2021			
Less than one year	241	28	213
Between one and five years	499	38	461
	740	66	674

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 2022 RM'000	Group 2021 RM'000
Defined benefit gratuity scheme			
At beginning of the financial year		**4,770**	4,621
Charged to the profit or loss:			
- Current service cost		**178**	196
- Interest cost		**176**	186
	23	**354**	382
Debited to other comprehensive income:			
Actuarial (gain)/loss arising from:			
- Financial assumptions		**–**	(23)
- Experience adjustments		**–**	110
		–	87
Gratuity paid		**(1,141)**	(320)
At end of the financial year		**3,983**	4,770
Represented by:			
Non-current		**3,321**	3,756
Current		**662**	1,014
		3,983	4,770

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

	Group 2022 %	Group 2021 %
Discount rate	**4.3**	4.3
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	
	2022 RM'000	2021 RM'000
Discount rate - 1%		
- effect an increase of	**213**	236
Discount rate + 1%		
- effect a decrease of	**(192)**	(212)
Salary increment rate - 1%		
- effect a decrease of	**(211)**	(192)
Salary increment rate + 1%		
- effect an increase of	**229**	209

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

18. TRADE PAYABLES

		Group	
	Note	2022 RM'000	2021 RM'000
Trade payables	18.1	**36,121**	47,219
Trade related accruals	18.2	**9,517**	23,757
		45,638	70,976

The credit terms of trade payables granted to the Group range from 7 days to 90 days (2021: 7 days to 90 days).

18.1 Included in trade payables are retention sums amounting to RM4,649,000 (2021: RM4,088,000). The retention sums are interest free, unsecured and expected to be payable within 1 year to 3 years.

18.2 Included in trade related accruals are accruals for metal in transit of RM7,593,000 (2021: RM22,385,000).

19. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Payroll related accruals				
- salaries, benefits and allowances	**9,599**	4,815	**646**	186
Other accruals and sundry payables	**21,600**	16,316	**128**	126
	31,199	21,131	**774**	312

Included in other accruals and sundry payables are refundable excess payments from purchasers of RM6,336,251 (2021: RM1,019,611).

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 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Revenue from contracts with customers					
Aluminium products					
Sales of manufactured goods	21.1	**646,436**	443,913	**–**	–
Sales of scraps	21.1	**130**	153	**–**	–
Property development and construction					
Sales of properties	21.2	**309,170**	150,403	**–**	–
Construction contracts	21.3	**20,278**	4,442	**–**	–
Other revenue					
Investment holding					
Dividend income		**–**	–	**6,717**	6,179
Total revenue		**976,014**	598,911	**6,717**	6,179

	Group 2022 RM'000	Group 2021 RM'000
Timing of recognition		
At a point in time	**646,566**	444,066
Over time	**329,448**	154,845
	976,014	598,911

Disaggregation of revenue by geographical markets is disclosed in Note 29.1 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 (2021: 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.

	2023 - 2024 RM'000
2022	
Sales of properties	**51,186**
Construction contracts	**7,848**
	59,034

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

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest income of financial assets calculated using the effective interest method that are at amortised cost:				
- Interest income from financial institutions	**524**	285	**13**	4
- Interest income on short-term deposits	**97**	63	**–**	–
Gain on disposal of property, plant and equipment	**274**	2	**–**	–
Miscellaneous income	**1,497**	2,135	**–**	–
	2,392	2,485	**13**	4

23. STAFF COSTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Wages, salaries and bonuses	**41,103**	33,174	**632**	410
Defined contribution retirement plan	**3,874**	3,166	**221**	56
Defined benefit gratuity scheme	**354**	382	**–**	–
Other employee benefits	**578**	507	**39**	5
	45,909	37,229	**892**	471

24. INTEREST EXPENSES

	Group	
	2022 RM'000	2021 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:		
- bankers' acceptances	**2**	–
- term loans	**2,649**	3,664
- revolving credits	**2,904**	2,541
- bridging loans	**1,631**	1,351
- trade finances	**1,243**	652
- hire purchase liabilities	**27**	17
- overdraft	**8**	16
Interest expense on lease liabilities	**146**	102
Interest expense on receivables financing	**1,311**	393
	9,921	8,736

NOTES TO THE FINANCIAL STATEMENTS

24. INTEREST EXPENSES (CONTINUED)

	Group	
	2022 RM'000	2021 RM'000
Recognised in profit or loss	**9,921**	7,906
Interest expense of financial liabilities that are not at fair value through profit or loss capitalised into qualifying assets:		
- Inventories	**–**	830
	9,921	8,736

25. PROFIT BEFORE TAX

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit before tax is arrived at after charging/(crediting):				
Auditors' remuneration				
- Audit fees	**303**	287	**54**	52
- Non-audit fees	**6**	6	**6**	6
Material expenses/(income)				
Allowance for inventory write-down	**1,422**	396	**–**	–
Amortisation of intangible assets	**220**	188	**–**	–
Depreciation of:				
- property, plant and equipment	**8,825**	8,811	**–**	–
- right-of-use assets	**1,696**	1,578	**–**	–
Dividend income from a subsidiary	**–**	–	**6,717**	6,179
Government grants on wage subsidy	**(898)**	(1,134)	**–**	–
(Gain)/Loss on foreign exchange:				
- realised	**(1,850)**	(451)	**–**	–
- unrealised	**475**	32	**–**	–
Net fair value loss/(gain) on forward foreign exchange contracts	**535**	(88)	**–**	–
Net loss on/(reversal of) impairment of financial instruments				
Financial assets at amortised cost	**77**	(172)	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

26. TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Current tax expense				
Current year	**24,511**	14,600	**4**	–
(Over)/Under provision in prior year	**(62)**	(592)	**1**	–
Total current tax recognised in profit or loss	**24,449**	14,008	**5**	–
Deferred tax expense/(income)				
Origination and reversal of temporary differences	**1,466**	(2,742)	**–**	–
(Over)/Under provision in prior year	**(8)**	1,440	**–**	–
Total deferred tax recognised in profit or loss (Note 7)	**1,458**	(1,302)	**–**	–
Total tax expense	**25,907**	12,706	**5**	–
Reconciliation of tax expense				
Profit before tax	**103,529**	45,232	**5,258**	5,221
Income tax calculated using Malaysian tax rate of 24%	**24,847**	10,856	**1,262**	1,253
Non-deductible expenses	**1,422**	1,412	**354**	230
Income not subject to tax	**(209)**	(344)	**(1,612)**	(1,483)
Double deduction claims	**(83)**	(66)	**–**	–
(Over)/Under provided in prior year	**(70)**	848	**1**	–
	25,907	12,706	**5**	–

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	
	2022	**2021**
Profit attributable to the owners of the Company (RM'000)	**77,509**	32,526
Weighted average number of ordinary shares in issue ('000)	**134,331**	134,331
Basic earnings per ordinary share (sen)	**57.70**	24.21

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

NOTES TO THE FINANCIAL STATEMENTS

28. DIVIDENDS

Dividends recognised by the Company:

	RM per share (net of tax)	Total amount RM'000	Date of payment
2022			
First and final dividend	**0.025**	**3,358**	**Note 28.1**
2021			
First and final dividend	0.025	3,358	29 July 2022

28.1 The first and final ordinary dividend recommended by the Directors in respect of the financial year ended 31 December 2022 is a dividend of RM0.025 per ordinary share of approximately RM3,358,000 subject to shareholders' approval at the forthcoming Annual General Meeting.

The Directors do not recommend any other dividend for the current financial year.

29. 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 providing 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

29. OPERATING SEGMENTS (CONTINUED)

	Group					
	Manufacturing RM'000	Property development RM'000	Construction RM'000	Investment holding RM'000	Elimination RM'000	Total RM'000
2022						
Segment profit before tax, interest, depreciation and amortisation	**29,472**	**81,004**	**12,451**	**5,245**	**(4,602)**	**123,570**
Included in the measure of segment profit before tax, interest, depreciation and amortisation are:						
Revenue from external customers	**648,950**	**309,168**	**20,430**	**–**	**(2,534)**	**976,014**
Allowance of inventory write-down	**(1,360)**	**–**	**(62)**	**–**	**–**	**(1,422)**
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)

NOTES TO THE FINANCIAL STATEMENTS

29. OPERATING SEGMENTS (CONTINUED)

29.1 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	
	2022 RM'000	**2021 RM'000**
Revenue		
Malaysia	**387,921**	239,482
United States of America	**132,663**	97,132
Thailand	**72,098**	41,307
India	**144,373**	66,444
Asia (excludes Malaysia, Thailand and India)	**61,249**	41,691
Europe	**160,756**	100,115
Middle East	**15,188**	11,889
Others	**1,766**	851
	976,014	598,911

Included in sales to customers in Malaysia are sales to customers in the Licensed Manufacturing Warehouse and Free Trade Zone areas amounting to RM5,150,000 (2021: RM4,823,000).

29.2 Major customer

The Group has a customer with revenue equal or more than 10% of the Group's total revenue amounting to RM117,628,000 (2021: RM81,500,000) from the manufacturing segment.

NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS

30.1 Categories of financial instruments

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

(a) 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
2022			
Financial assets			
Trade receivables	66,266	–	66,266
Other receivables (excluding prepayments and advance payments to suppliers)	2,144	–	2,144
Cash and cash equivalents	127,790	–	127,790
	196,200	–	196,200
Financial liabilities			
Trade payables	(45,638)	–	(45,638)
Other payables and accruals	(31,199)	–	(31,199)
Loans and borrowings	(153,479)	–	(153,479)
Derivative financial instruments	(23)	(23)	–
	(230,339)	(23)	(230,316)

	Company		
	Carrying amount RM'000	FVTPL RM'000	AC RM'000
2022			
Financial assets			
Other receivables	6,717	–	6,717
Cash and cash equivalents	2,004	–	2,004
	8,721	–	8,721
Financial liabilities			
Amount due to a subsidiary	(281)	–	(281)
Other payables and accruals	(774)	–	(774)
	(1,055)	–	(1,055)

NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.1 Categories of financial instruments (continued)

	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

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.2 Net gains and losses arising from financial instruments

	Group	
	2022 RM'000	2021 RM'000
Net (losses)/gains on:		
- Fair value through profit or loss	**(535)**	88
- Financial assets at amortised cost	**(304)**	1,067
- Financial liabilities at amortised cost	**(7,552)**	(8,104)
	(8,391)	(6,949)

	Company	
	2022 RM'000	2021 RM'000
Net gains on financial assets at amortised cost	**13**	4

30.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

30.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from 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

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.4 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	
	2022 RM'000	**2021 RM'000**
Malaysia	**60,990**	36,515
United States of America	**2,665**	8,798
Thailand	**2,180**	792
India	**4,753**	3,789
Asia (excludes Malaysia, Thailand and India)	**752**	1,017
Europe	**2,849**	3,926
Middle East	**32**	1,668
Others	**17**	–
	74,238	56,505

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.

NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.4 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
2022			
Current (not past due)	**32,720**	**(2)**	**32,718**
1-30 days past due	**17,251**	**(3)**	**17,248**
31-60 days past due	**17,595**	**–**	**17,595**
61-90 days past due	**4,380**	**–**	**4,380**
More than 90 days past due	**2,459**	**(162)**	**2,297**
	74,405	**(167)**	**74,238**
Trade receivables	**66,433**	**(167)**	**66,266**
Contract assets	**7,972**	**–**	**7,972**
	74,405	**(167)**	**74,238**
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

NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.4 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 2021	148	114	262
Net remeasurement of loss allowance	(88)	(84)	(172)
Balance at 31 December 2021/ 1 January 2022	**60**	**30**	**90**
Net remeasurement of loss allowance	**77**	**–**	**77**
Balance at 31 December 2022	**137**	**30**	**167**

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

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.4 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 RM85,713,000 (2021: 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.

30.5 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.

30. *FINANCIAL INSTRUMENTS (CONTINUED)*

30.5 Liquidity risk (continued)

Maturity analysis

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

2022	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	45,513	3.92% - 4.96%	51,191	8,622	8,354	23,417	10,798
Hire purchase liabilities	461	2.31% - 3.98%	499	206	190	103	–
Revolving credits	85,000	3.11% - 5.65%	85,212	85,212	–	–	–
Trade finances	22,300	2.95% - 4.24%	23,102	23,102	–	–	–
Bankers' acceptances	200	6.45%	202	202	–	–	–
Corporate credit card facility from a financial institution	5	–	5	5	–	–	–
Lease liabilities	2,993	3.89% - 6.00%	3,242	1,534	962	746	–
Trade and other payables	76,837	–	76,837	76,837	–	–	–
	233,309		240,290	195,720	9,506	24,266	10,798
Derivative financial liabilities							
Forward exchange contracts (gross settled):							
Outflow	–	–	(26,464)	(26,464)	–	–	–
Inflow	23	–	26,487	26,487	–	–	–
	233,332		240,313	195,743	9,506	24,266	10,798
Company							
Non–derivative financial liabilities							
Financial guarantees	–	–	469,015	469,015	–	–	–
Other payables and accruals	774	–	774	774	–	–	–
Amount due to a subsidiary	281	–	281	281	–	–	–
	1,055		470,070	470,070	–	–	–

30. *FINANCIAL INSTRUMENTS (CONTINUED)*

30.5 Liquidity risk (continued)

Maturity analysis (continued)

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	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.6 Market risk

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

30.6.1 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
2022					
Trade and other receivables	**13,158**	**96**	**–**	**–**	**–**
Trade and other payables	**(11,976)**	**(16)**	**–**	**(163)**	**–**
Cash and cash equivalents	**1,497**	**125**	**–**	**–**	**–**
Derivative financial instruments	**(23)**	**–**	**–**	**–**	**–**
Exposure in the statements of financial position	**2,656**	**205**	**–**	**(163)**	**–**
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)

NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.6 Market risk (continued)

30.6.1 Currency risk (continued)

Exposure to foreign currency risk (continued)

Currency risk sensitivity analysis

A 10% (2021: 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			
	2022		2021	
	Equity RM'000	Profit or loss RM'000	Equity RM'000	Profit or loss RM'000
USD	**(202)**	**(202)**	(1,207)	(1,207)
SGD	**(16)**	**(16)**	(33)	(33)
EUR	**–**	**–**	2	2
JPY	**12**	**12**	4	4
Others	**–**	**–**	3	3

A 10% (2021: 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.

30.6.2 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

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.6 Market risk (continued)

30.6.2 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 are as follows:

	Group	
	2022	**2021**
	RM'000	**RM'000**
Fixed rate instruments		
Financial assets	**1,466**	1,445
Financial liabilities	**(3,454)**	(4,393)
	(1,988)	(2,948)
Floating rate instruments		
Financial liabilities	**(153,013)**	(240,748)

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			
	2022		2021	
	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)	**(1,163)**	**1,163**	(1,830)	1,830

30. *FINANCIAL INSTRUMENTS (CONTINUED)*

30.7 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
2022										
Financial liabilities										
Derivative financial instruments	**–**	**(23)**	**–**	**(23)**	**–**	**–**	**–**	**–**	**(23)**	**(23)**
2021										
Financial assets										
Derivative financial instruments	–	512	–	512	–	–	–	–	512	512

NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.7 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 (2021: No transfer in either directions).

31. 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	
		2022 **RM'000**	**2021** **RM'000**
Loans and borrowings	16	**153,479**	241,427
Less: Cash and cash equivalents	14	**(127,790)**	(64,682)
Net debt		**25,689**	176,745
Total equity		**230,328**	155,914
Debt-to-equity ratio		**0.11**	1.13

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

32. CAPITAL COMMITMENTS

	Group	
	2022 RM'000	2021 RM'000
Capital expenditure commitments		
Property, plant and equipment		
Contracted but not provided for	**2,710**	2,865

33. RELATED PARTIES

33.1 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, 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.

33.2 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 20.

	Group	
	2022 RM'000	2021 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	**122**	662
- Kian Joo Can Factory Berhad	**–**	869
- KJ Can (Selangor) Sdn. Bhd.	**230**	747
Transactions with Directors of a subsidiary		
Sale of ordinary shares of a subsidiary	**150**	–
Expenditure		
Transactions with a company that certain Directors of the Company and a subsidiary have interests		
Purchase of construction materials from:		
- Emglobal Builders Sdn. Bhd.	**2**	69

33. RELATED PARTIES (CONTINUED)

33.2 Significant related party transactions (continued)

	Company	
	2022 RM'000	2021 RM'000
Income		
Transactions with Aluminium Company of Malaysia Berhad, a subsidiary		
Dividend income	**6,717**	6,179

33.3 Key management personnel compensation

The key management personnel compensations are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Directors of the Company:				
- fees	**466**	311	**466**	311
- salaries, bonuses and other remunerations	**4,205**	3,031	**826**	26
- estimated monetary value of benefits-in-kind	**32**	28	**–**	–
	4,703	3,370	**1,292**	337
Other Directors of the Group entities:				
- salaries, bonuses and other remunerations	**3,609**	2,510	**–**	–
- estimated monetary value of benefits-in-kind	**2**	8	**–**	–
	3,611	2,518	**–**	–
Other key management personnel:				
- salaries, bonuses and other remunerations	**3,485**	3,631	**–**	–
- estimated monetary value of benefits-in-kind	**126**	148	**–**	–
	3,611	3,779	**–**	–
	11,925	9,667	**1,292**	337

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.

34. SUBSEQUENT EVENT

Acquisition of leasehold land

In April 2023, the Group via its wholly-owned subsidiary, AG Avenue Sdn. Bhd. entered into a conditional sales and purchase agreement with 88 Legacy Sdn. Bhd., a wholly-owned subsidiary of Malaysia Building Society Berhad for the acquisition of 2 parcels of leasehold vacant commercial land located in Bukit Raja, Klang, Selangor for a total cash consideration of RM56,000,000.

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 page 74 to 134 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 2022 and of their financial performance and cash flows for the financial year then ended.

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

Yeoh Jin Hoe
Director

Heon Chee Shyong
Director

Klang, Selangor

Date: 17 April 2023

STATUTORY DECLARATION

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

I, **Gan Kwang Siang**, 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 74 to 134 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 **Gan Kwang Siang**, NRIC: 770819-01-6483, MIA CA 24468 at Petaling Jaya in the State of Selangor on 17 April 2023.

Gan Kwang Siang

Before me:

WONG CHOY YIN
(No. B508)
Commissioner for Oaths
Petaling Jaya, 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 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 74 to 134.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

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 2022, the Group held RM141,550,000 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

Key Audit Matters (continued)

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 relevant inputs were 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 checked the cost of raw materials input by comparing to suppliers' invoices on a sampling basis;

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

iv) 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: 17 April 2023

PROPERTIES HELD BY THE GROUP

AS AT 31 DECEMBER 2022

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	41 years	RM26.3 million	1985
PN 119947, Lot 67506 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 2023

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	297	8.53	5,247	*
100 to 1,000 shares	709	20.37	509,743	0.38
1,001 to 10,000 shares	1,727	49.61	8,487,117	6.32
10,001 to 100,000 shares	669	19.22	20,440,167	15.22
100,001 to 6,716,541 shares	76	2.18	40,645,939	30.26
6,716,542 shares and above	3	0.09	64,242,637	47.82
Total	**3,481**	**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.	43,636,698	32.48	–	–	43,636,698	32.48
Yeoh Jin Hoe	–	–	43,636,698 [(a)]	32.48 [(a)]	43,636,698	32.48
Dato' Eng Kim Liong	11,902,666	8.86	–	–	11,902,666	8.86
Alleyways Sdn. Bhd.	8,703,273	6.48	–	–	8,703,273	6.48

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	–	–	43,636,698 [(a)]	32.48[(a)]	43,636,698	32.48
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 2023

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

No.	Name	No. of shares held	%
1.	Towerpack Sdn. Bhd.	43,636,698	32.48
2.	Dato' Eng Kim Liong	11,902,666	8.86
3.	Alleyways Sdn. Bhd.	8,703,273	6.48
4.	Ang Loo Leong	5,257,173	3.91
5.	Tan Han Chuan	5,217,100	3.88
6.	Low Bibo	3,447,166	2.57
7.	Kam Choo Keng	2,866,800	2.13
8.	Teo Kwee Hock	1,802,100	1.34
9.	Choo Teik Heng	1,700,000	1.27
10.	UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. - *Pledged Securities Account for Teo Siew Lai*	1,212,800	0.90
11.	iFAST Nominees (Tempatan) Sdn. Bhd. - *Chong Chee Hoong*	1,061,500	0.79
12.	Kenanga Nominees (Tempatan) Sdn. Bhd. - *Pledged Securities Account for Goh Ching Mun*	1,020,000	0.76
13.	Choy Cheng Choong	1,010,000	0.75
14.	Ng Beng Lay	813,000	0.61
15.	Toh Ying Choo	800,000	0.60
16.	Ramly Bin Abdullah	740,000	0.55
17.	Addeen Consultancy & Management Sdn. Bhd.	715,600	0.53
18.	Lau Soo Chin	715,000	0.53
19.	Goh Ching Mun	602,300	0.45
20.	Tan Aik Choon	442,600	0.33
21.	Tang Vung Chi	441,500	0.33
22.	Yeoh Beng Hooi	390,000	0.29
23.	Loh Loon Teik Sdn. Bhd.	380,000	0.28
24.	RHB Nominees (Tempatan) Sdn. Bhd. - *OSK Trustees Berhad for The Divine Vision Trust*	369,000	0.27
25.	Chee See Giap @ Sin Chien	360,100	0.27
26.	Soh Hee Kok @ Soh Hee Wah	352,400	0.26
27.	Khor Tang Boey	302,000	0.22
28.	Kenanga Nominees (Asing) Sdn. Bhd. - *Exempt An for Phillip Securities Pte. Ltd. (Client Account)*	280,000	0.21
29.	Low Pek Kok	280,000	0.21
30.	Public Invest Nominees (Asing) Sdn. Bhd. - *Exempt An for Phillip Securities Pte. Ltd. (Clients)*	274,000	0.20
	Total	**97,094,776**	**72.26**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifth Annual General Meeting ("AGM") of Alcom Group Berhad ("the Company") will be conducted virtually 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, 22 June 2023 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 2022 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 2022.	**Resolution 1**
3.	To re-elect the following directors who retire pursuant to Clause 82 of the Company's Constitution:	
	a. Wong Choon Shein	**Resolution 2**
	b. Lam Voon Kean	**Resolution 3**
	c. Datin Shelina Binti Razaly Wahi	**Resolution 4**
4.	To approve the payment of Directors' Fees amounting to RM466,800 to the Non-Executive Directors of the Company and its subsidiaries for the financial year ended 31 December 2022.	**Resolution 5**
5.	To approve the payment of benefits of up to RM60,000 to the Non-Executive Directors of the Company and its subsidiaries for the financial year ending 31 December 2023.	**Resolution 6**
6.	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 7**

AS SPECIAL BUSINESS

7. 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, and waiver of pre-emptive rights — **Resolution 8**

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

NOTICE OF ANNUAL GENERAL MEETING

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

THAT in connection with the above, pursuant to Section 85 of the Companies Act 2016 to be read together with Clause 50(1) of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company.

THAT such authority shall continue to be in force until:

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

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

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

whichever occurs first;

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

8. 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 9**

"THAT subject to compliance with the Companies Act 2016, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), provisions of the Company's Constitution and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company as may be determined by the Board of Directors of the Company ("Board") from time to time through Bursa Securities upon such terms and conditions as the Board may deem fit and expedient in the interest of the Company, provided that:

(i) the aggregate number of shares to be purchased pursuant to this resolution shall not exceed ten per centum (10%) of the total number of issued shares in the Company as at the date of the share buy-back;

(ii) an aggregate amount of the funds not exceeding the retained profits of the Company as at the date of the share buy-back, be utilised by the Company for the purchase of its own shares; and

(iii) the shares of the Company to be purchased may be cancelled, retained as treasury shares, distributed as dividends or resold on Bursa Securities, or a combination of any of the above, at the absolute discretion of the Board;

NOTICE OF ANNUAL GENERAL MEETING

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

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

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

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

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

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

9. 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 10**

"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 2023 provided that:

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

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

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

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

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

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

NOTICE OF ANNUAL 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."

10. To transact any other business of which due notice shall have been given in accordance with the Company's Constitution and/or the Companies Act 2016.

NOTICE OF DIVIDEND PAYMENT AND DIVIDEND ENTITLEMENT DATE

NOTICE IS HEREBY GIVEN THAT a first and final single-tier dividend of 2.5 sen per share in respect of the financial year ended 31 December 2022 ("Dividend"), if approved by shareholders at the Fifth Annual General Meeting of the Company, will be paid to shareholders on 28 July 2023. The entitlement date for the Dividend shall be 12 July 2023.

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

(a) shares transferred into their Securities Account before 4.30 p.m. on 12 July 2023, for transfers; and

(b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board of Directors

LYDIA TONG YIU SHYIAN-SHYIAN
SSM PC No. 202208000755
(BC/L/1922)

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

Bukit Raja, Klang
Malaysia
27 April 2023

Notes:

(A) GENERAL MEETING RECORD OF DEPOSITORS

Only a depositor whose name appears on the General Meeting Record of Depositors as at 15 June 2023 shall be entitled to participate at the Fifth 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 Fifth AGM of the Company is strictly a Broadcast Venue as the conduct of the Fifth AGM of the Company will be conducted virtually and live-streamed. The Broadcast Venue is also for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting.

Members will not be allowed to attend the Fifth AGM of the Company in person at the Broadcast Venue on the day of the Meeting.

Members are to attend, ask questions to the Board of Directors ("Board") via real time submission of typed texts and vote remotely (collectively, "participate") at the Fifth AGM of the Company via the Remote Participation and Electronic Voting facilities ("RPEV") provided by KPMG Management & Risk Consulting Sdn. Bhd. ("KPMG MRC") via its ConveneAGM Meeting Platform at https://conveneagm.my/alcomagm2023. Please follow the Procedures for RPEV in the Administrative Details for the Fifth AGM.

NOTICE OF ANNUAL GENERAL MEETING

(B) MODE OF MEETING AND PROXY (CONTINUED)

(ii) A member of the Company entitled to participate at the Fifth 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 Fifth 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) If an instrument appointing a proxy is submitted in hard copy, it 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 KPMG MRC, not less than 48 hours before the time appointed for holding the Fifth AGM of the Company or any adjournment thereof, and in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, otherwise the person so named shall not be entitled to vote in respect thereof.

(vi) In the case of an appointment made in hard copy form, the Proxy Form, together with the power of attorney (if any) under which it is signed or a notarially certified copy of that power or authority, must be deposited at the office of our Administration and Polling Agent, KPMG MRC at Concourse, KPMG Tower, No. 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

(vii) In the case of appointment by electronic form, the Proxy Form must be electronically lodged with KPMG MRC via its ConveneAGM Meeting Platform at https://conveneagm.my/alcomagm2023 or via email to support_conveneagm@kpmg.com.my. Please refer to the Administrative Details for the Fifth AGM on the procedures for electronic lodgement of Proxy Form via ConveneAGM Meeting Platform.

(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.

(D) PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to participate at the forthcoming Fifth 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 Fifth AGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Fifth 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.

NOTICE OF ANNUAL GENERAL MEETING

(F) EXPLANATORY NOTES FOR ITEM 3 OF THE AGENDA

The profiles of the retiring Directors are set out in the Profiles of Directors on pages 7 and 8 of the Company's Annual Report 2022. For the purpose of determining the eligibility of the Directors, Wong Choon Shein, Lam Voon Kean and Datin Shelina Binti Razaly Wahi who are standing for re-election at the Fifth 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 2022.

Based on the evaluation results, the aforesaid retiring Directors, Wong Choon Shein, Lam Voon Kean and Datin Shelina Binti Razaly Wahi met the performance criteria required of an effective member of the Board.

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

(G) EXPLANATORY NOTES ON SPECIAL BUSINESS

Ordinary Resolution 8 – Proposed authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016

Ordinary Resolution 8 proposed, if passed, will give a mandate to the Board, from the date of the forthcoming Fifth AGM of the Company, to allot and issue ordinary shares of the Company at any time at such issue price which is at a not more than a 10% discount to the 5-day volume weighted average market price of the shares of the Company immediately before the relevant price fixing date, to such Qualified Placee(s) as the Board may in its absolute discretion, consider to be in the interest of the Company and upon such other additional terms and conditions (if any) to be determined by the Board, without having to convene a general meeting provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares in the Company for the time being ("Mandate"). The Mandate from the shareholders will be effective immediately upon passing of the Ordinary Resolution and shall continue to be in force until:

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

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

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

whichever occurs first.

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

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

As at the date of this notice, no new ordinary shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM of the Company held on 23 June 2022. Hence, no proceeds were raised.

The waiver of the statutory pre-emptive rights pursuant to Section 85 of the Companies Act 2016 read together with Clause 50(1) of the Constitution of the Company will allow the Directors to issue and allot new shares in the Company which rank *pari passu* in all respects with the existing shares, to any person without having to first offer the new shares to all existing shareholders prior to the issuance of new shares pursuant to the Mandate.

NOTICE OF ANNUAL GENERAL MEETING

(G) EXPLANATORY NOTES ON SPECIAL BUSINESS (CONTINUED)

Ordinary Resolution 9 – Proposed renewal of authority for the Company to purchase its own shares

Ordinary Resolution 9 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 2023 which is made available together with the Company's Annual Report 2022 at https://alcom.com.my/main/investor/.

Ordinary Resolution 10 – Proposed renewal of mandate for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature ("RRPTs")

Ordinary Resolution 10 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 2023.

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

For further information, please refer to the Circular to Shareholders dated 27 April 2023 which is made available together with the Company's Annual Report 2022 at https://alcom.com.my/main/investor/.

ADMINISTRATIVE DETAILS

FOR THE FIFTH ANNUAL GENERAL MEETING

Date	:	Thursday, 22 June 2023
Time	:	10.00 a.m.
Meeting Platform	:	ConveneAGM at https://conveneagm.my/alcomagm2023
Broadcast Venue	:	Board Room, R-05-17 (Level 5) Wisma SCland, Emporis Kota Damansara Persiaran Surian, 47810 Petaling Jaya Selangor Darul Ehsan, Malaysia

MODE OF COMMUNICATION

Pose questions to the Board of Directors via real time submission of typed texts at ConveneAGM Meeting Platform at https://conveneagm.my/alcomagm2023 during live streaming of the Fifth Annual General Meeting ("AGM").

MODE OF MEETING

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Shareholders **WILL NOT BE ALLOWED** to attend the Fifth AGM in person at the Broadcast Venue on the day of the meeting.

ENTITLEMENT TO PARTICIPATE, VOTE AND APPOINT PROXY

Only shareholders whose names appear on the Record of Depositors as at **15 June 2023** shall be eligible to attend, ask questions to the Board of Directors via real time submission of typed texts and vote remotely (collectively, "participate") at the Fifth AGM, or appoint a proxy(ies) and/or the Chairman of the meeting to attend and vote on his/her behalf.

REMOTE PARTICIPATION AND ELECTRONIC VOTING ("RPEV") FACILITIES

The RPEV facilities is provided by KPMG Management & Risk Consulting Sdn. Bhd. ("KPMG MRC") via its ConveneAGM Meeting Platform at https://conveneagm.my/alcomagm2023. Shareholders (individual/corporate/authorised nominees/exempt authorised nominees) are to participate remotely at the Fifth AGM using RPEV facilities from ConveneAGM Meeting Platform.

Kindly refer to Procedures for RPEV facilities as set out below for the requirements and procedures.

PROCEDURES FOR RPEV FACILITIES

Shareholders who wish to participate at the Fifth AGM are required to register at Convene AGM Meeting Platform at https://conveneagm.my/alcomagm2023 from **Thursday, 27 April 2023** until the day of the Fifth AGM on **Thursday, 22 June 2023**. Shareholders are encouraged to register at least 48 hours before the commencement of the Fifth AGM to allow Alcom Group Berhad to verify the shareholder status and to avoid any delay in registration.

Kindly read and follow the procedures below for registration at ConveneAGM Meeting Platform. Alternatively, you may refer to the AGM User Guide at https://cdn.azeusconvene.com/wp-content/uploads/brochures/Getting-Started-with-ConveneAGM.pdf:

ADMINISTRATIVE DETAILS

FOR THE FIFTH ANNUAL GENERAL MEETING

PROCEDURES FOR RPEV FACILITIES (CONTINUED)

BEFORE THE DAY OF THE FIFTH AGM		
Procedures		**Action**
(a)	Registration for Shareholders and/or Corporate Representatives	• Go to https://conveneagm.my/alcomagm2023. • Select "**Register Now**" and choose "**Register as Shareholder**". • Fill out the form with the required information and click to "**Submit Registration**". • A confirmation will be displayed after a successful registration. • Check your registered email. • Open the email from AGM@Convene (agmaccounts@conveneagm.com). • Select "**Verify Your Email**". • After the email verification, you will be redirected to create your own personalised password. • Upon system verification against the Record of Depositors as at 15 June 2023, you will receive email from AGM@Convene indicating that your registration is approved or rejected. *Please note that the corporate shareholders who require their corporate representative to participate and vote at the Fifth AGM must deposit their certificate of appointment of corporate representative to KPMG MRC not later than Tuesday, 20 June 2023 at 10.00 a.m.*
(b)	Registration for Proxyholders	• As Proxy, you will receive an email from AGM@Convene (agmaccounts@conveneagm.com) with your proxy code once you are appointed by your shareholder. • Click on the link in the email or go to https://conveneagm.my/alcomagm2023. • Select "**Register Now**" and choose "**Register as Proxyholder**". • Fill out the form with the required information and click to "**Submit Registration**". • A confirmation will be displayed after a successful registration. • Check your registered email. • Open the email from AGM@Convene (agmaccounts@conveneagm.com). • Select "**Verify Your Email**". • After the email verification, you will be redirected to create your own personalised password. *Please note that in the event the shareholder who appointed you cannot be authenticated against the Record of Depositors as at 15 June 2023, your registration will not be valid.*
ON THE DAY OF THE FIFTH AGM		
Participation by Shareholders, Proxies and/or Corporate Representatives during AGM		• Login to https://conveneagm.my/alcomagm2023 • Click to start live webcast. • Proceed to ask question and/or vote when permissible.

ADMINISTRATIVE DETAILS

FOR THE FIFTH ANNUAL GENERAL MEETING

APPOINTMENT OF PROXY

If you are unable to participate at the Fifth AGM, you are encouraged to appoint a proxy or the Chairman of the meeting as your proxy and indicate the voting instruction in the Proxy Form.

If you wish to participate in the Fifth AGM yourself, please do not submit any Proxy Form for the Fifth AGM. You will not be allowed to participate in the Fifth 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 Fifth AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than **Tuesday, 20 June 2023 at 10.00 a.m**.:

(i) In hard copy:

Must be deposited at the office of our Administration and Polling Agent, KPMG Management & Risk Consulting Sdn Bhd at Concourse, KPMG Tower, No. 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

(ii) By electronic means:

The proxy form can also be lodged electronically through ConveneAGM Meeting Platform at https://conveneagm.my/alcomagm2023 or email to support_conveneagm@kpmg.com.my. The steps to submit via ConveneAGM Meeting Platform are summarised below:

- Go to https://conveneagm.my/alcomagm2023.
- Select “**Register Now**” and choose “**Register as Shareholder**”.
- Fill out the form with the required information and select “**Submit Registration**”.
- A confirmation will be displayed after a successful registration.
- Check your registered email.
- Open the email from AGM@Convene (agmaccounts@conveneagm.com).
- Select “**Verify Your Email**”.
- After the email verification, you will be redirected to create your own personalised password.
- Sign in to https://conveneagm.my/alcomagm2023.
- Select “**Fill Out Proxy Form**”.

If you have submitted your Proxy Form prior to the meeting, and subsequently decide to participate at the Fifth AGM yourself, please write in to support_conveneagm@kpmg.com.my to revoke the appointment of your proxy(ies) at least 48 hours before the Fifth AGM.

Alternatively, you may register for RPEV facilities or appoint another proxy. In such an event, your earlier appointment of proxy shall be revoked. Please advice your proxy accordingly. Follow the steps listed in Procedures for RPEV facilities to register and/or withdraw Proxy Form.

VOTING PROCEDURE

The voting procedure will be conducted by poll in accordance with Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Alcom Group Berhad has appointed KPMG MRC as Poll Administrator to conduct the poll by way of electronic voting (“e-voting”). Independent Scrutineers will be appointed to verify and validate the poll results.

During the Fifth AGM, the Chairman of the meeting will invite the Poll Administrator to brief on the e-voting housekeeping rules. The e-voting session will commence as soon as the Chairman calls for the poll to be opened and until such time when the Chairman announces the closure of the poll.

For the purposes of the virtual AGM, e-voting will be carried out via personal smart mobile phones, tablets or personal computers/laptops.

ADMINISTRATIVE DETAILS
FOR THE FIFTH ANNUAL GENERAL MEETING

VOTING PROCEDURE (CONTINUED)

Upon the conclusion of the e-voting session, the Independent Scrutineer will verify the poll results followed by the declaration by the Chairman of the meeting whether the resolutions put to vote were successfully carried or not.

NO DOOR GIFT/FOOD VOUCHER

There will be no distribution of door gifts or food vouchers for the Fifth AGM since the meeting is being conducted on a virtual basis.

SUBMISSION OF QUESTIONS TO THE BOARD OF DIRECTORS

The shareholders may submit questions to Alcom Group Berhad in advance via ConveneAGM Meeting Platform at https://conveneagm.my/alcomagm2023 . The Board of Directors will endeavour to answer the questions received at the Fifth AGM.

For submission of questions during the Fifth AGM, authenticated shareholders, proxies and corporate representatives may submit questions by clicking the “Ask a Question” feature and then input the queries in the text box.

ENQUIRIES

Should you require any assistance on the RPEV facilities, kindly contact KPMG MRC, details as follows:

(a) For matters relating to proxy processing and eligibility to participate at the Fifth AGM during office hours on Mondays to Fridays (except on public holidays) from 8.30 a.m. to 5.30 p.m.

Email	:	support_conveneagm@kpmg.com.my
Telephone No.	:	603-7721 3109/ 7329/ 7954/ 7780

(b) For ConveneAGM Meeting Platform Technical Support (available 24/7)

Toll Free No	:	1 800 817 240
Email	:	support@conveneagm.com
Live Chat	:	Click on the chat icon at the bottom right side of https://conveneagm.my/alcomagm2023

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PROXY FORM

ALCOM GROUP BERHAD
[Registration No. 201701047083 (1261259-V)]

I/We, ____ (NRIC/Company No. ____________________)
(Full Name in Block Letters)

of ____
(Address)

and telephone no./email address ____________________ being a member/members of Alcom Group Berhad (the "Company"), hereby appoint:

Full Name (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholdings
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 Fifth Annual General Meeting ("AGM") of the Company, to be conducted virtually 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, 22 June 2023 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 2022		
2	Re-election of Wong Choon Shein as Director		
3	Re-election of Lam Voon Kean as Director		
4	Re-election of Datin Shelina Binti Razaly Wahi as Director		
5	Approval of the payment of Directors' Fees amounting to RM466,800 to the Non-Executive Directors of the Company and its subsidiaries for the financial year ended 31 December 2022		
6	Approval of payment of benefits of up to RM60,000 to the Non-Executive Directors of the Company and its subsidiaries for the financial year ending 31 December 2023		
7	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			
8	Proposed authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016, and waiver of pre-emptive rights		
9	Proposed renewal of authority for the Company to purchase its own shares		
10	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 ______________ 2023.

**Strike out whichever is not desired.*
[Unless otherwise instructed, the proxy may vote as he/she thinks fit.]

Notes:
(i) Only a depositor whose name appears on the General Meeting Record of Depositors as at 15 June 2023 shall be entitled to participate in the Fifth AGM of the Company or appoint proxy(ies) to participate and vote in his/her stead.
(ii) The venue of the Fifth AGM of the Company is strictly a Broadcast Venue as the conduct of the Fifth AGM of the Company will be conducted virtually and live-streamed. The Broadcast Venue is also for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting.

Notes: (continued)

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

(iv) Members are to attend, ask questions to the Board of Directors via real time submission of typed texts and vote remotely (collectively, "participate") at the Fifth AGM of the Company via the Remote Participation and Electronic Voting facilities ("RPEV") provided by KPMG Management & Risk Consulting Sdn. Bhd. ("KPMG MRC") via its ConveneAGM Meeting Platform at https://conveneagm.my/alcomagm2023. Please follow the Procedures for RPEV in the Administrative Details for the Fifth AGM.

(v) A member of the Company entitled to participate at the Fifth 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 Fifth 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) If an instrument appointing a proxy is submitted in hard copy, it 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 KPMG MRC, not less than 48 hours before the time appointed for holding the Fifth AGM of the Company or any adjournment thereof, and in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, otherwise the person so named shall not be entitled to vote in respect thereof.

(ix) In the case of an appointment made in hard copy form, the Proxy Form, together with the power of attorney (if any) under which it is signed or a notarially certified copy of that power or authority, must be deposited at the office of our Administration and Polling Agent, KPMG MRC at Concourse, KPMG Tower, No. 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

(x) In the case of appointment by electronic form, the Proxy Form must be electronically lodged with KPMG MRC via its ConveneAGM Meeting Platform at https://conveneagm.my/alcomagm2023 or via email to support_conveneagm@kpmg.com.my. Please refer to the Administrative Details for the Fifth AGM on the procedures for electronic lodgement of Proxy Form via ConveneAGM Meeting Platform.

(xi) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions 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 Fifth AGM of the Company dated 27 April 2023.

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AFFIX
STAMP

The Administration and Polling Agent
KPMG MANAGEMENT & RISK CONSULTING SDN. BHD.
Registration No. 198601000916 (150059-H)
Concourse, KPMG Tower
No. 8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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Fold This Flap For Sealing

ALCOM GROUP BERHAD
201701047083 (1261259-V)

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

Tel: +603-3346 6262 | **Fax:** +603-3341 2793

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