

ALCOM GROUP BERHAD

Incorporated in Malaysia
Registration No. 201701047083 (1261259-V)

SUMMARY OF KEY MATTERS DISCUSSED AT THE SIXTH ANNUAL GENERAL MEETING (“AGM” OR “MEETING”) OF ALCOM GROUP BERHAD (“AGB” OR “THE COMPANY”) CONDUCTED VIRTUALLY AND LIVE-STREAMED FROM THE BROADCAST VENUE AT THE BOARD ROOM, B-01-16, EMHUB, PERSIARAN SURIAN, SEKSYEN 3, KOTA DAMANSARA, 47810 PETALING JAYA, SELANGOR DARUL EHSAN, MALAYSIA ON WEDNESDAY, 19 JUNE 2024 AT 10.00 A.M.

Pursuant to Paragraph 9.21(2)(b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“BMSB”), a listed issuer must publish a summary of the key matters discussed at the AGM, as soon as practicable after the conclusion of the AGM.

All ordinary resolutions that were tabled at the Sixth AGM of the Company were voted by way of poll in accordance with Paragraph 8.29A(1) of the MMLR of BMSB, via Remote Participation and Electronic Voting facility at <https://conveneagm.my/alcomagm2024> and were duly approved by the shareholders and proxies. The shareholders also received the Audited Financial Statements of AGB group of companies (“the Group”) and of AGB for the financial year ended 31 December (“FYE”) 2023, along with Reports of the Directors and Auditors thereon.

The results of the votes by poll were broadcasted on the screen at the Sixth AGM of the Company as follows:

	Vote For		Vote Against	
	No. of Units	%	No. of Units	%
Ordinary Resolution 1 To declare a first and final single-tier dividend of 4.0 sen per share in respect of the financial year ended 31 December 2023.	74,875,703	99.9929	5,311	0.0071
Ordinary Resolution 2 To re-elect Director, Dato’ Seri Subahan Bin Kamal who retires pursuant to Clause 82 of the Company’s Constitution.	74,743,172	99.8266	129,842	0.1734
Ordinary Resolution 3 To re-elect Director, Goh Teck Hong who retires pursuant to Clause 82 of the Company’s Constitution.	74,781,722	99.8799	89,942	0.1201
Ordinary Resolution 4 To re-elect Director, Gong Wooi Teik who retires pursuant to Clause 82 of the Company’s Constitution.	74,744,031	99.8264	129,983	0.1736
Ordinary Resolution 5 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 2023.	74,746,872	99.8542	109,142	0.1458
Ordinary Resolution 6 To approve the payment of benefits of up to RM160,000 to the Non-Executive Directors of the Company and its subsidiaries for the financial year ending 31 December 2024.	74,654,983	99.7770	166,831	0.2230
Ordinary Resolution 7 To re-appoint KPMG PLT as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix the Auditors’ remuneration.	74,801,024	99.8958	77,991	0.1042
Ordinary Resolution 8 Proposed authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016	74,734,404	99.8802	89,610	0.1198
Ordinary Resolution 9 Proposed renewal of authority for the Company to purchase its own shares	74,740,612	99.8899	82,398	0.1101

	Vote For		Vote Against	
	No. of Units	%	No. of Units	%
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	31,106,806	97.5890	768,506	2.4110

The following questions received via the Query Box at <https://conveneagm.my/alcomagm2024> during the Sixth AGM of the Company were duly answered by the President cum Chief Executive Officer, Heon Chee Shyong, Director, Goh Teck Hong and Finance Director, Roy Gan Kwang Siang:

Q1 Can the Board of Directors consider giving Touch ‘n Go eWallet Reload Pin as door gift for this AGM?

A1 We don’t have any intention to provide any gifts at the moment, we will keep that in view for future.

Q2 The Management Discussion and Analysis on page 17 of the Annual Report 2023 states, “Aluminium Company of Malaysia Berhad (“ALCOM”)/ Alcom Nikkei Specialty Coatings Sdn Bhd (“ANSC”) continues to be challenged by the machines’ reliability and productivity. We have to keep upgrading the system with high maintenance costs.”

(a) What are the long-term plan to ensure the sustainability of the operations at ALCOM/ANSC and the planned capital expenditure for this purpose?

(b) How does ALCOM/ANSC ensure that the capital expenditure to be invested will enable the companies to be competitive and yield profitable results?

A2 We are spending quite a fair bit of money on capital expenditure, this is part of our expansion plan to upgrade our machines which will also provide us the capability of supplying into the future. We have been challenged by current machine reliability and productivity, hence, we definitely need new machines. We are also investing in artificial intelligence to help us stay competitive and be more profitable in the future.

Q3 Manufacturing segment which is the biggest contributor to the Group made losses in FYE 2023, however, the results in the first quarter of 2024 which was announced recently showed an improvement. Despite the revenue of more than RM500 million, this segment is struggling to record a profit. What are the plans and strategies to enable this segment to report a profit going forward?

A3 The improvement in the first quarter of 2024 was because we managed to improve the reliability of the machines and the cost of maintaining it, however, it will not last. Hence, we have planned for the next couple of years to renew the whole plant, starting with the caster line, followed by the cold mill, foil mill and others. The new machines will bring down our energy cost, improve our productivity and enable us to continuously report a profit.

Q4 Why is the share price still stagnant and did not increase?

A4 We are not in the position to comment on the share price, we would like to see it going up too but it is up to the public.

Q5 May I know what is the Company's future outlook?

A5 We remain cautiously optimistic on both the property development and manufacturing segments. At the moment, most economy are going through tough times especially Europe, the United States of America is recovering while the South East Asia remain stagnant. In the next 12 months, we hope to see India improving. However, we think the global economy should improve by the second half of 2025.

Q6 Currently AGB is a boring company and unloved by investors. What can the Board of Directors do to make AGB more exciting and dynamic? Could there be more mergers and acquisitions activities, faster expansion plans and greater investor relationship to announce AGB's activities?

A6 We too would also like to see more exciting times ahead, we do have some plans to go forward with but I cannot specifically mention them here. However, the capital expenditure mentioned earlier will provide some hope for the future. There will be a lot of excitement with the engagement of artificial intelligence, new machineries etc.

Q7 Please explain the revenue drop from RM976 million in FYE 2022 to RM600 million in FYE 2023. Which unit contributed to the drop of 40%?

A7 We have explained that in detail in the Management Discussion and Analysis, where the big drop is largely due to the property development segment.

Q8 (a) What is the succession planning on the key position of Plant Director? Many individuals have come and gone since 2017. How many people were engaged as Plant Director from 2017 to 2023?

(b) Is there no local person to lead the aluminium manufacturing as all the annual reports since 2017 to 2023 shows foreigners from Korea as Plant Director. What is the reason behind this hiring?

A8 I think these questions pertain to succession planning, especially with a key position like Plant Director. Unfortunately, the Plant Director role will continue to be fulfilled by an expatriate as far as we are concerned because there are a lot of knowledge transfer that we need from overseas that we cannot actually build internally right now. We do have succession planning and candidates lined up but it takes years to groom and make sure someone can live up to the standards and expectations that we have for the Plant Director role.

Q9 Under the geographical segments, the revenue derived from Malaysia declined by more than 100% in FYE 2023 versus FYE 2022 (Note 29.2, page 85 of the Annual Report 2023).

(a) What are the reason(s) for the huge drop in revenue for Malaysia which is the Group's main market?

(b) Based on the current operating performance for 2024 so far, has there been any performance in terms of revenue and profitability for the Malaysia segment?

A9 (a) The reason for the huge drop in revenue derived from Malaysia was because of the decrease in revenue of the property development segment which saw the completion of its EMHub project. The project is almost fully sold and it was handed over in 2023.

(b) For 2024, the Malaysian revenue will mainly be generated by the manufacturing segment.

Q10 Would like to know what is the Company's capital expenditure for the next 2 years (2024 to 2025).

A10 The budgeted capital expenditure for 2024 is around RM246.7 million and for 2025 is about RM164 million, they are mainly for the acquisition of new plant and equipment for the expansion of the manufacturing facility.

Q11 Please explain the depreciation of right-of-use assets amounting -RM1.75 million. What assets make up this number?

A11 Depreciation of right-of-use assets relates to assets that we are renting or leasing. The right-of-use represents our right to lease or use the lease assets over the term of the lease. The assets that fall under this category are mainly the forklifts, computers/laptops and workers' hostel.

Q12 The allowance for inventory write-down of RM1.334 million is referring to which operating unit?

A12 Mainly in the manufacturing segment, and it relates to the net realizable value adjustments and also inventory aging.

Q13 Under loans and borrowings, the amount has increased from RM114.7 million in FYE 2022 to RM137.3 million in FYE 2023. What is the reason for the increase?

A13 To finance the purchase of new machineries.

Q14 Please explain the nett loss on impairment of financial instruments of RM150,000 as stated in note no. 25 (page 81 of the Annual Report 2023).

A14 The nett loss on impairment of financial instruments relates to the provision of doubtful debts.

Q15 (a) What is the value and tonnage on hand of raw material of metal inventory for FYE 2023?

(b) What is the value of non-metal inventory for FYE 2023?

(c) How is the cost of scraps generated via production activities valued in the books and tonnage on site?

A15 (a) The value of raw material metal inventory for FYE 2023 was RM30.74 million while the tonnage was 3,359 metric tonnes.

(b) The value of non-metal inventory for FYE 2023 was RM12.6 million.

(c) The cost of scraps is valued based on the London Metal Exchange price and the tonnage was 1,780 metric tonnes.

Q16 (a) Are there any intercompany loans or cash transfer within the Group? If one unit loans money to another unit, is there interest paid by the receiver of such transaction?

(b) There is a term loan of RM7.001 million. What was it for and what is the term?

A16 (a) Interest will be charged to the borrower based on the arm's length principle.

(b) The term loan was borrowed back in 2017 and it will be settled in about 4 years time.

Q17 (a) The annual inventory stock check is conducted 100% on non-metal items or selective items.

(b) What was the non-metal inventory loss/gain that occurred in FYE 2023?

(c) What is the total like items involved in the loss/gain and the value posted to the general ledger?

A17 (a) The annual inventory stock check is based on 100% counting and not based on selective items.

(b) There was a loss in FYE 2023.

(c) Around 300 items had made up the loss.

Q18 What was the period cost incurred for FYE 2023 in relation to the manufacturing segment?

A18 RM41.9 million.

Q19 The total remuneration for directors of RM7.5 million is too high considering that the dividend to shareholders is only RM5.4 million. Why is the bonus so high since the profit of the Company is lower compared to the past few years?

A19 The payment in respect of bonus and entitlements to Directors is based on evaluation on contribution to sales over a period of time especially through the hard times, such as during Covid-19 and post Covid-19 as well as the contribution (ideas and execution) to specific project. There is a timing difference between payment of dividend to shareholders and payment of entitlements to Directors, the former is on a yearly basis while the latter is over a period of time.

Q20 It is unfair for 1 Executive Director, Yeoh Jin Hoe to receive the same benefit as all the 3,300 shareholders from dividend. Please explain.

A20 The question seems to suggest that Mr. Yeoh Jin Hoe is underpaid. His experience and contribution are important to the Group. We will look into it.

Q21 Was there any significant down time incurred due to machine reliability?

A21 Yes, the plant had a few incidences of breakdowns where we had to shut a few lines for longer than usual during the first quarter of FYE 2023. We managed to normalise the operations and resolve some of the reliability issues by the end of the second quarter of FYE 2023.

Q22 Was any major downtime due to outage not reported that affected the output and profits?

A22 There were a few outages, but the downtimes were not major.

Q23 For the capital expenditure mentioned above, does it require members' approval?

A23 No, members' approval is not required.

Q24 How much was spent on maintenance and repairs on cranes and forklift?

A24 RM0.67 million.

- Q25** Referring to Annual Report 2022, in regard to the recurrent related party transactions, credit notes of RM43,000 was issued by ALCOM to Can-One Berhad and its subsidiaries (“Can-One Group”), and in the Annual Report 2023, there were no transactions between ALCOM and Can-One Group. Is Can-One Group not buying aluminium product from ALCOM?
- A25 Sales transactions between ALCOM and Can-One Group is dependent on the demand from Can-One Group’s own customer base for ALCOM’s finished products, which is subject to demand and supply of the aluminium products based on prevailing market conditions.

The Chairman concluded the Meeting and declared the Meeting closed at 11.25 a.m.