ALCOM GROUP BERHAD

Incorporated in Malaysia
Registration No. 201701047083 (1261259-V)
("**AGB**" or "**the Company**")

SUMMARY OF KEY MATTERS DISCUSSED AT THE THIRD ANNUAL GENERAL MEETING ("AGM") OF ALCOM GROUP BERHAD CONDUCTED FULLY VIRTUAL ON THE ONLINE MEETING PLATFORM PROVIDED BY TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD VIA THE TIIH ONLINE WEBSITE AT HTTPS://TIIH.ONLINE ON MONDAY, 28 JUNE 2021 AT 10.00 A.M.

Pursuant to Paragraph 9.21(2)(b) of the Main Market Listing Requirements, a listed issuer must publish a summary of the key matters discussed at the annual general meeting, as soon as practicable after the conclusion of the annual general meeting.

All ordinary resolutions that were tabled at the Third AGM of the Company were duly approved by the shareholders and proxies by way of poll via Remote Participation and Voting facility at https://tihh.online. The shareholders also received the Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2020 ("**FY2020**"), along with Reports of the Directors and Auditors thereon.

The following results of the vote by poll were broadcasted on the screen:

	Vote For		**Vote Against**		**Total Votes**	
	No. of Units	**%**	**No. of Units**	**%**	**No. of Units**	**%**
ORDINARY BUSINESS						
Ordinary Resolution 1 Re-election of Dato' Eng Kim Liong as Director	62,509,047	99.973	16,920	0.027	62,525,967	100.000
Ordinary Resolution 2 Re-election of Ang Loo Leong as Director	62,509,047	99.946	33,920	0.054	62,542,967	100.000
Ordinary Resolution 3 Approval of payment of Directors' Fees amounting to RM300,000 and payment of benefits of up to RM50,000 to the Non-Executive Directors of the Company and its subsidiaries for the financial year ending 31 December 2021	62,509,640	99.947	33,324	0.053	62,542,964	100.000
Ordinary Resolution 4 Re-appointment of KPMG PLT as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix the Auditors' remuneration	62,523,852	99.969	19,120	0.031	62,542,972	100.000
SPECIAL BUSINESS						
Ordinary Resolution 5 Proposed authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016	62,515,952	99.957	27,120	0.043	62,543,072	100.000
Ordinary Resolution 6 Proposed renewal of authority for the Company to purchase its own shares	62,478,252	99.976	14,820	0.024	62,493,072	100.000
Ordinary Resolution 7 Proposed renewal of mandate for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature	19,921,354	99.820	36,020	0.181	19,957,374	100.000

Questions were received via the Query Box during the Third AGM of the Company which were duly addressed by the Chairman, President cum Chief Executive Officer, Director, Ang Loo Leong and Director Finance, Bernard Gomez as follows:

Q1 What is the total expenditure allocated per year in pursuing the Environment, Social and Governance ("ESG") activities under the Sustainability Program?

A1 The total annual operating expenditures incurred for ESG activities are approximately RM800,000. Additionally, there are also capital expenditures allocated for Financial Year 2021. There is a planned capital expenditure of RM1.5 million for the installation of a dust collector system at the manufacturing facility for the mandatory reduction of particulate emissions.

Q2 Are Directors attending this virtual AGM being paid meeting allowances?

A2 In view of their responsibility, participation and time commitment, a meeting attendance allowance is payable to the three Independent Directors who are in attendance for this virtual AGM.

Q3 What is the cost savings for conducting this virtual AGM compared to last year's virtual AGM and also to previous year's physical AGM?

A3 There is a RM13,000 cost reduction in conducting this year's virtual AGM compared to last year's virtual AGM. This is approximately RM2,000 higher than the cost incurred for conducting the physical AGM in the previous year.

Q4 Any vouchers for shareholders attending the AGM?

A4 We continue to experience significant business challenges resulting from renewed waves and new variants of the Covid-19 virus. In this fragile environment, ensuring the safety and health of our employees is paramount and additional costs such as Personal Protective Equipment, swab tests and a planned vaccination program for employees have to be incurred. We sincerely take note of requests from shareholders for cash vouchers (including e-cash vouchers) and will take this into consideration in our future AGMs.

Q5 (i) Is the high freight cost and shortage of container affecting export business? If yes, what is the mitigating action taken by the management?
(ii) Is the Company benefiting from the rising aluminium prices?
(iii) Is phase 2 of EM HUB launched? What is the take up rate in phase 1 and 2?

A5 (i) Yes, there were a lot of shortages in containers worldwide since the end of last year which had resulted in escalating freight cost. To mitigate this, Aluminium Company of Malaysia Berhad ("**ALCOM**") and Alcom Nikkei Specialty Coatings Sdn Bhd ("**ANSC**") had reverted its contract of sales from CIF (cost, insurance and freight) to FOB (free on board). For customers who still insist on ALCOM or ANSC supplying on a CIF basis, the terms of supply had been revised to include any extra charges that ALCOM or ANSC may incur and also with no assurance on getting the containers.

(ii) Supply shortages had resulted in rising cost of shipment and materials especially metal, and these increases are mostly passed through to our customers including the increase in our fabrication costs.

(iii) Yes, Hub 2 was launched in April 2021 and an encouraging pickup rate of approximately 30 over per centum was achieved at the launch, of which 10 over per centum had signed the Sale and Purchase Agreement ("**SPA**"). As for Hub 1, the pickup rate is almost 80 per centum of which 70 per centum had signed the SPA.

Q6 Why does ALCOM employ a foreign personnel as Plant Director? Is there no local person capable of running the production work?

A6 Running ALCOM's manufacturing plant profitably with all the technologies inside is indeed not a simple job. It is very complex as ALCOM has casting, rolling, finishing and there is also its subsidiary, ANSC to manage. ALCOM and ANSC's local employees have the expertise but in only one area and lack all round exposure in all spheres in ALCOM. If we are running ALCOM and ANSC in terms of maintenance mode, we can operate with the current set of employees and promote one of them to Plant Director. However, ALCOM and ANSC are looking at expansion, growth and new technologies so ALCOM is continuously searching for people who has more to offer. Hence, ALCOM and ANSC still need foreign expertise whose exposure is at a different level.

Q7 (i) May I know what is the Company's future outlook?
(ii) How will the Full Movement Control Order ("FMCO") impact the Company?

A7 (i) In the short-term, ALCOM and ANSC are focusing on what it is good at, which is coated fin. ALCOM is progressing into markets like the United States of America ("**USA**") which has opened up for us and that has progressed very well. Markets which ALCOM and ANSC are familiar with such as Europe, a big market for us in the past, and India, a promising market for us, have been going through lock downs after lock downs due to the Covid-19 pandemic. The Covid-19 pandemic has brought about disruptions to all and the volatile, uncertain, complex and ambiguous situation poses numerous challenges to us, therefore we cannot be certain of the long-term outlook but once the pandemic situation improves, for sure the market will be promising for us especially in India and Europe as well as USA.

(ii) From a sales perspective, thankfully more than 70% of ALCOM and ANSC's sales are exported so the FMCO in Malaysia has insignificantly impacted its sales. Different parts of the world are at different phases of lockdown which means ALCOM and ANSC has markets to supply to though not in full capacity but in a reasonable manner that we can still supply. From the operation perspective, ALCOM and ANSC are facing some outstanding orders that it can't deliver. Thankfully, ALCOM and ANSC are allowed to operate at 60% capacity unlike certain industries which are totally not permitted. ALCOM and ANSC has to rejig and reconfigure in order to operate smoothly during FMCO.

Q8 (i) What is the borrowing amount for ALCOM's outstanding as at 31 December 2021? What is the interest rate and from which bank is the lender?
(ii) Referring to page 48 of the Annual Report, the range of remuneration, is it per month or per year?

A8 (i) Presumably this question is relating to 31 December 2020; the total borrowings of the Group, long-term and short-term, is about RM172 million. Specifically for the aluminium related companies, the total borrowings are RM84.5 million which comprises term loan of RM57 million and the remaining are revolving credits. The term loan interest rate is 4.3% from AmBank (M) Berhad while the revolving credits are from Affin Bank Berhad and HSBC Bank Malaysia Berhad carrying interest rates of 3.65% and 3.11% respectively.

(ii) These are annual figures. In fact, the details of the remuneration are shown in the prior page, i.e. page 47 of the Annual Report.

Q9 The profit for the quarter ended 31 March 2021 is mainly from the property development segment. At the last AGM, the Board informed that the Company had received the highest ever orders from overseas for aluminium products but the quarterly results showed otherwise. Please explain and also what is the prospect for the current year?

A9 Indeed yes, this time last year I had reported that prior to the Movement Control Order ("**MCO**") in March 2020, ALCOM and ANSC had received the highest order ever for April and May 2020, mainly from India. However, due to the MCO, ALCOM was unable to deliver orders to India. After the MCO, India was on lockdown, so our deliveries to India had to be staggered as per customers' request. We had underestimated the impact of the Covid-19 pandemic. For the current year, ALCOM and ANSC have accepted orders up to September 2021 but the recent FMCO is affecting deliveries again. There are also the freight issues that everyone is facing. Orders are still there but the questions are who will be locked down next and for how long, nobody knows.

Q10 Why is our Company's profitability still struggling at well below that of 4 to 5 years ago? When can our Company show better profits commensurate with its potential and bring its languishing share price out of the penny stock level going forward? What new initiatives are being planned?

A10 The prospect over the long-term is still intact. We are still bullish on the long-term prospect subject to us getting out of this pandemic. Once out of this pandemic, I believe the future and prospects for aluminium and ALCOM and ANSC will be good. We were on a trajectory but were disrupted in a period of time by the pandemic. We were gearing up for more orders. If you look at it, the initiatives that we have planned for are bearing fruits. We have made inroads into USA and USA today is becoming a very attractive market for us to pursue because the market is huge. Of course, what disruption is going to come from USA, your guess will be as good as mine.

Q11 (i) Which company/unit under AGB contributes to the profit? What is the contribution of the aluminium production and sales to AGB?

(ii) On page 72 of the Annual Report, the RM7.442 million, is it for the aluminium processing operation?

(iii) On page 11 of the Annual Report, the manufacturing sector shows loss of RM7.62 million, why?

Q11 (i) From the Group's perspective, the sales from the manufacturing segment contributed approximately 80% in FY2020. In terms of earnings before interest, taxes, depreciation and amortisation, it was 13%. The remainder were from the other segments.

(ii) Majority of the RM7.442 million were for the manufacturing segment. It was for the upkeep, repairs and maintenance. Of the RM7.442 million, only RM0.1 million was for the property development and constructions segments.

(iii) As disclosed in the Management Discussion and Analysis in the Annual Report 2020, you can see that in FY2020, the manufacturing segment was not an exception to the worldwide pandemic. Because of lockdown towards March until April 2020, ALCOM and ANSC's shipment volumes were down by 19% compared to the previous year. That affected the core contribution level, and explains the loss of the manufacturing segment.

Q12 How does the business aim to encourage the participation of young and new shareholders?

A12 We welcome young and new shareholders. However, we do not have a specific plan in terms of attracting this group of people. Aluminium is a futuristic metal, hence we do hope the younger generation know its potential. As we go out to advertise and appeal to young architects, I am sure there will be people who see the potential of ALCOM and ANSC in the future.

Q13 Now that the USA and Europe is recovering well, is the Company expecting a good result this year?

A13 This is a tough question. We are unable to put certainty on what that is completely uncertain but if the pandemic is over, these markets are very attractive, and additionally, India is a huge market in our view.

Q14 What is the actual underlying driver for the aluminium demand?

A14 As said earlier, aluminium is a futuristic metal. More and more people will be using aluminium in their daily living, for example, aluminium roofing in place of steel roofing. This is an indication that people are moving towards something that is more sustainable and will last longer. Another example is electric cars where aluminium will be use because of its light weight compared to steel. Aluminium is certainly on demand and it will continue to be the case moving forward.

Q15 Is there a plan to reduce operating cost if the sales is down?

A15 Sales are not down. What we are dealing with is a temporary setback due to the pandemic, for how long we do not know. We got backlog of orders and we are still trying to cope with the backlogs. We are quite bullish going forward so we are not reducing costs in any form or manner.

Q16 On the repair and maintenance on plant and machinery, what are the cause of such high spending? Is there a plan to keep it lower and if so, is the leadership and manpower trained?

A16 The repair and maintenance spending for FY2020 was RM7.4 million. It was RM2.4 million lower than FY2019 at RM9.8 million, i.e. a reduction of 24.5%. Given the aged machinery that ALCOM and ANSC own, we continuously monitor this cost to ensure that any spending on spare parts, repairs and maintenance is value for money while at the same time, we are enhancing our internal skill sets with the appropriate leadership.

Q17 Since the President had said that in-house personnel have attained the quality, why is there no manpower planning?

A17 I am not too clear on the question about "attained the quality", but I would try to answer it from the perspective of what I have said earlier. We certainly have a team of people that have the leadership quality but lack the specific skill set that is very, very important in ALCOM and ANSC's manufacturing plants because of the complexity. Without the right skill sets, we will be spending days and months troubleshooting. Hence, we need the skill set that is only available from foreign talent that has been exposed to bigger plants and much better technologies that we have subscribed so far.

Q18 I do recall that the Managing Director had said in the past AGM that the aluminium operation is not unique, so why the need for foreign personnel? It looks like this Plant Director has not contribute to profits. I would suggest that the management reviews the need to engage a Plant Director. What is the cost per year to engage this person as Plant Director?

A18 The questions are getting a bit personal here. Again, the skill sets that we need is not available in our local talent pool. There is succession planning, which takes some time to bring about the real talent. In exposing our personnel to the talents available now, we will have a good pool of people who have the right understanding, in the future. We want to ensure our shareholders that we are all about brewing and also cultivating our own local talents. We will look into this in terms of balancing the skill set that we need and also the leadership that we have and how we are going to move forward in a more sustainable manner.

Q19 Under the FMCO, is EM HUB construction allowed to operate?

A19 The construction contractor managed to get the required work permit, and is now working under strict standard and operating procedures set out by the authorities at 60% capacity.

The Third AGM of the Company concluded and closed at 11.24 a.m.