

LB ALUMINIUM BERHAD
[198501006093 (138535-V)]
(Incorporated in Malaysia)

MINUTES OF THE ANNUAL GENERAL MEETING (“AGM”) CONDUCTED ON A FULLY VIRTUAL BASIS THROUGH LIVE STREAMING VIA TRICOR’S TIIH ONLINE WEBSITE AT [HTTPS://TIIH.ONLINE](https://tiih.online) OR [HTTPS://TIIH.COM.MY](https://tiih.com.my) (DOMAIN REGISTRATION NUMBER WITH MYNIC: D1A282781) PROVIDED BY TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN. BHD. (“TIIH”) IN MALAYSIA ON THURSDAY, 28 OCTOBER 2021 AT 10.00 A.M.

Board of Directors : Datuk Leow Chong Howa (*Executive Chairman*)
Mr Mark Wing Kong (*Chief Executive Officer*)
Ms Leow Sok Hoon (*Non-Independent Non-Executive Director*)
Mr Yap Chee Woon (*Executive Director*)
Mr Neoh Lay Keong (*Senior Independent Non-Executive Director*)
Dato’ Dr Mohd Husni Bin Ahmad (*Independent Non-Executive Director*)
Mr Toh Khiam Huat (*Independent Non-Executive Director*)
Mr Chew Kat Nyap (*Independent Non-Executive Director*)
Mr Teh Kok Heng (*Independent Non-Executive Director*)

Secretary / : As per attendance list
Representative / Invitees

The attendance of shareholders, corporate representatives and proxies is as per the Summary of Attendance List via Remote Participation and Voting (“RPV”).

1. CHAIRMAN

Datuk Leow Chong Howa (“**Chairman**”) welcomed the shareholders and attendees to the Company’s AGM. He informed that in compliance with the relevant guidelines issued by the Securities Commission of Malaysia on the conduct of general meetings by listed issuers during the National Recovery Plan (“**NRP**”) and as a precaution during the COVID-19 outbreak, the Company’s AGM was being conducted on a fully virtual basis using the TIIH online meeting platform.

The Chairman then introduced the shareholders of the Board of Directors (“**Board**”), Company Secretary and Auditors to the meeting.

2. QUORUM

The Chairman advised that the Company’s Constitution required the presence of at least two (2) members or proxies or corporate representatives to form a quorum. For a fully virtual general meeting, the quorum would be determined by the number of members who logged-in at the commencement of the meeting.

The Chairman informed the quorum requirement was met at the start of the meeting and called the meeting to order at 10.00 a.m.

3. NOTICE

The notice convening the meeting, having been circulated earlier to all the members of the Company and advertised in *The New Straits Times* within the prescribed period was taken as read.

Before proceeding with the business of the AGM, the Chairman informed that pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) Main Market Listing Requirements, all resolutions set out in the notice of a general meeting must be voted by poll and at least one scrutineer must be appointed to validate the votes cast at the

general meeting. In view thereof, the Chairman declared that the resolutions in the Notice of the AGM would be voted by poll, which would be conducted after the question-and-answer (“Q&A”) session.

The Chairman further informed that to be in line with the Malaysian Code on Corporate Governance, the Company would seek shareholders’ approval for the proposed Resolutions 8 and 9 through a two-tier voting process.

He added that under the two-tier voting process, only the Large Shareholders of the Company would vote for the resolutions under Tier 1 while shareholders other than the Large Shareholders would vote for the resolutions under Tier 2. The decision for the resolutions would be determined based on the vote of a simple majority of Tier 1 and a simple majority of Tier 2.

The Chairman then briefed the shareholders on the flow of the meeting. Firstly, the Company would go through all the resolutions as set out in the Notice of AGM before proceeding to the Q&A session. During the Q&A Session, the Company would address the questions received from the Minority Shareholders Watch Group (“MSWG”) via its letter dated 11 October 2021 before answering the questions submitted by the shareholders electronically in advance of the AGM and also questions raised by shareholders via real time submission.

He added that as the resolutions tabled at the AGM would be put to vote remotely via the remote participation and voting (“RPV”) facilities, the voting on the resolution could be done at any time during the meeting or until such time to be announced later.

At this juncture, TIIH, the Poll Administrator, briefed on the voting procedures and steps for the remote voting was displayed on the video conference’s screen for the shareholders’ information.

4. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 AND THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON (“AFS”)

The AFS, having been circulated to the members within the statutory period, were tabled before the meeting.

The Chairman informed that the AFS was meant for discussion only as the Companies Act 2016 did not require a formal approval of the shareholders for the AFS. Therefore, the item was not put forward for voting.

The Chairman declared that the AFS was properly laid and received.

5. ORDINARY RESOLUTION 1: PAYMENT OF A FIRST AND FINAL SINGLE TIER DIVIDEND FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021

The Chairman proceeded to the second item on the Agenda. He added that as the Company was committed to continuously reward the shareholders for their continued support to the Company, the Directors had, after taking into consideration the financial position and cash flow of the Company, proposed a first and final single tier dividend of 2.50 sen per ordinary share in respect of the financial year ended 30 April 2021. The proposed dividend quantum represented an increase of 1.5 sen from 1.0 sen per ordinary share declared and paid in the previous financial year. The dividend payable was based on the enlarged share capital of the Company after the Bonus Issue of three (3) new ordinary shares for every four (4) existing ordinary shares held in the Company, which was completed on 30 August 2021.

He added that future dividends to be proposed would depend on the future profitability and cash flow position of the Group. He put the following motion to the meeting for consideration:

“THAT the payment of a first and final single tier dividend of 2.50 sen per ordinary share in respect of the financial year ended 30 April 2021 be and is hereby approved.”

6. ORDINARY RESOLUTION 2: DIRECTORS’ FEES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021

The Chairman informed that the proposed Directors’ fees for the financial year ended 30 April 2021 were RM400,000, which were the same as the previous financial year. He put the following motion to the meeting for consideration:

“THAT the payment of Directors’ fees of RM400,000.00 for the financial year ended 30 April 2021 be and is hereby approved.”

7. ORDINARY RESOLUTION 3: DIRECTORS’ BENEFITS FOR THE PERIOD FROM THE CONCLUSION OF THE ANNUAL GENERAL MEETING UNTILL THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY

The Chairman informed that the proposed Directors’ benefits of RM45,000.00 were for the period from the conclusion of the AGM until the next AGM. He put the following motion to the meeting for consideration:

“THAT the payment of Directors’ benefits of up to RM45,000.00 for the period from the conclusion of this Annual General Meeting until the next Annual General Meeting of the Company be and is hereby approved.”

8. ORDINARY RESOLUTION 4: RE-ELECTION OF MR MARK WING KONG AS DIRECTOR

The Chairman proceeded to Ordinary Resolution 4 and he put the following motion to the meeting for consideration:

“THAT Mr Mark Wing Kong, retiring pursuant to Clause 76(3) of the Company’s Constitution and being eligible, be and is hereby re-elected as Director of the Company.”

9. ORDINARY RESOLUTION 5: RE-ELECTION OF MR YAP CHEE WOON AS DIRECTOR

The Chairman moved on to Ordinary Resolution 5 and he put the following motion to the meeting for consideration:

“THAT Mr Yap Chee Woon, retiring pursuant to Clause 76(3) of the Company’s Constitution and being eligible, be and is hereby re-elected as Director of the Company.”

10. ORDINARY RESOLUTION 6: RE-ELECTION OF MR NEOH LAY KEONG AS DIRECTOR

The Chairman put the following motion to the meeting for consideration:

“THAT Mr Neoh Lay Keong, retiring pursuant to Clause 76(3) of the Company’s Constitution and being eligible, be and is hereby re-elected as Director of the Company.”

11. ORDINARY RESOLUTION 7: RE-APPOINTMENT OF MESSRS BDO PLT AS AUDITORS OF THE COMPANY

The Chairman moved on to the next item of the agenda, which was on the re-appointment of Auditors. He added that the Company's External Auditors, Messrs BDO PLT, had indicated their willingness to continue in office. He then put the following motion to the meeting for consideration:

"THAT Messrs BDO PLT be and are hereby re-appointed as Auditors of the Company at the remuneration to be agreed upon with the Directors and to hold office until the conclusion of the next Annual General Meeting."

12. ORDINARY RESOLUTION 8: CONTINUATION IN OFFICE OF MR NEOH LAY KEONG AS INDEPENDENT DIRECTOR

The Chairman informed that the proposed Ordinary Resolution 8, if passed, would enable Mr Neoh to be retained as Independent Director of the Company. He then put the following motion to the meeting for consideration:

"THAT subject to the passing of the Ordinary Resolution 6 above, approval be and is hereby given for Mr Neoh Lay Keong, who has served as Independent Director of the Company for a cumulative term of more than nine (9) years, to continue to act as Independent Director of the Company and to hold office until the conclusion of the next annual general meeting of the Company."

13. ORDINARY RESOLUTION 9: CONTINUATION IN OFFICE OF DATO' DR MOHD HUSNI BIN AHMAD AS INDEPENDENT DIRECTOR

The Chairman informed that the proposed Ordinary Resolution 9, if passed, would enable Dato' Dr Mohd Husni to be retained as Independent Director of the Company. He then put the following motion to the meeting for consideration:

"THAT approval be and is hereby given for Dato' Dr Mohd Husni Bin Ahmad, who has served as Independent Director of the Company for a cumulative term of more than nine (9) years, to continue to act as Independent Director of the Company and to hold office until the conclusion of the next annual general meeting of the Company."

14. ORDINARY RESOLUTION 10: AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

The full text of the Ordinary Resolution 10 was taken as read and the Chairman put the following motion as set out in the Notice of AGM to the meeting for consideration:

*"THAT subject always to the Companies Act 2016 ("**Act**"), the Constitution of the Company, Bursa Malaysia Securities Berhad ("**Bursa Securities**") Main Market Listing Requirements and the approvals of the relevant governmental/regulatory authorities (if any), the Directors be and are hereby authorised pursuant to Sections 75 and 76 of the Act to issue and allot shares in the Company, from time to time, at such price, upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued from Bursa Securities AND THAT such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company after the approval was given or at the expiry of the period within which the*

next annual general meeting is required to be held after the approval was given, whichever is earlier, unless such approval is revoked or varied by the Company at a general meeting.”

15. ORDINARY RESOLUTION 11: PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

The Chairman moved on to next item of agenda, which was on the proposed renewal of authority to purchase its own shares by the Company.

The full text of the Ordinary Resolution 11 was taken as read. The Chairman put the following motion to the meeting for consideration:

“THAT subject always to the Companies Act 2016 (“Act”), the Constitution of the Company, Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“Listing Requirements”) and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

- (i) the aggregate number of issued shares in the Company (“Shares”) purchased (“Purchased Shares”) and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and*
- (ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase,*

(“Proposed Share Buy-Back”).

AND THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:

- (i) the conclusion of the next annual general meeting of the Company following at which time the authority shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;*
- (ii) the expiration of the period within which the next annual general meeting 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 at a general meeting,*

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:

- (i) To cancel all or part of the Purchased Shares;
- (ii) To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;
- (iii) To distribute all or part of the treasury shares as dividends to the shareholders of the Company;
- (iv) To resell all or part of the treasury shares;
- (v) To transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;
- (vi) To transfer all or part of the treasury shares as purchase consideration;
- (vii) To sell, transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe; and/or
- (viii) To deal with the treasury shares in any other manners as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient [including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties] to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities."

The Chairman passed the chairmanship to Mr Neoh as he was interested in the next Agenda item.

16. ORDINARY RESOLUTION 12: PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS' MANDATE FOR THE COMPANY AND/OR ITS SUBSIDIARIES TO ENTER INTO RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RRPT MANDATE")

The members noted that the details of the Proposed RRPT Mandate were set out in the circular to shareholders dated 29 September 2021.

The full text of the Ordinary Resolution 12 was taken as read and Mr Neoh put the following motion as set out in the Notice of AGM to the meeting for consideration:

*"THAT subject to the provisions of Bursa Malaysia Securities Berhad Main Market Listing Requirements, approval be and is hereby given to the Company and its subsidiaries ("**Group**") to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.2 of the Circular to Shareholders dated 29 September 2021, provided that such arrangements and/or transactions which are necessary for the Group's day-to-day operations are undertaken in the ordinary course of business, at arm's length basis, on normal commercial terms and transaction prices which are not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders of the Company (hereinafter referred to as the "**Proposed RRPT Mandate**").*

THAT the Proposed RRPT Mandate shall only continue to be in full force until:

- (a) *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 said AGM, such authority is renewed;*
- (b) *the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("**Act**") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or*

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

whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required), as they may consider expedient or necessary or in the best interest of the Company to give effect to the Proposed RRPT Mandate.”

Mr Neoh handed the chair back to the Chairman for him to continue with the meeting.

17. ANY OTHER BUSINESS

The Chairman informed that the Company had not received any notice to deal with any other business, for which due notice was required to be given pursuant to the Companies Act 2016, and that since all items on the agenda had been dealt with, the meeting would proceed to the Q&A session.

18. QUESTION-AND-ANSWER SESSION

At the invitation of the Chairman, Mr. Mark Wing Kong addressed the questions received by the Company from MSWG and shareholders. He read out the questions in relation to the Company’s operational, financial and corporate governance matters raised by MSWG via its letter dated 11 October 2021 and the questions posted by shareholders before and during the AGM. The summary of responses and the Key Matters Discussed at the AGM is attached hereto as “**Appendix A**”).

He added that questions that could not be addressed during the Q&A session due to time constraint would be published on the Company’s website after the AGM.

19. CONDUCT OF POLL

Having dealt with all the agenda items set out in the Notice of AGM, the meeting proceeded to vote on all the Ordinary Resolutions by poll. The Chairman adjourned the meeting at 11.04 a.m. for the counting of votes.

Upon the completion of the counting of votes by the Poll Administrator and verification of the results by Asia Securities Sdn Berhad (the Independent Scrutineer), the Chairman resumed the meeting at 11.33 a.m. for the declaration of the result of the poll. Based on the following poll results, the Chairman declared all the Ordinary Resolutions carried.

RESOLUTION	VOTE IN FAVOUR			VOTE AGAINST			RESULTS
	No. of Person	No. of Shares	%	No. of Person	No. of Shares	%	
Ordinary Resolution 1	86	172,681,711	99.9913	5	15,004	0.0087	CARRIED
Ordinary Resolution 2	81	172,673,300	99.9891	8	18,865	0.0109	CARRIED
Ordinary Resolution 3	77	172,655,700	99.9789	12	36,465	0.0211	CARRIED
Ordinary Resolution 4	82	172,647,651	99.9742	7	44,514	0.0258	CARRIED
Ordinary Resolution 5	82	172,647,651	99.9748	6	43,514	0.0252	CARRIED
Ordinary Resolution 6	81	172,647,476	99.9741	8	44,689	0.0259	CARRIED
Ordinary Resolution 7	84	172,678,151	99.9919	5	14,014	0.0081	CARRIED
Ordinary Resolution 8	Tier 1: 2 Tier 2: 81	Tier 1: 131,203,460 Tier 2: 41,474,516	Tier 1: 100.0000 Tier 2: 99.9658	Tier 1: 0 Tier 2: 6	Tier 1: 0 Tier 2: 14,189	Tier 1: 0.0000 Tier 2: 0.0342	CARRIED

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RESOLUTION	VOTE IN FAVOUR			VOTE AGAINST			RESULTS
	No. of Person	No. of Shares	%	No. of Person	No. of Shares	%	
Ordinary Resolution 9	Tier 1: 2 Tier 2: 79	Tier 1: 131,203,460 Tier 2: 41,472,291	Tier 1: 100.0000 Tier 2: 99.9628	Tier 1: 0 Tier 2: 7	Tier 1: 0 Tier 2: 15,414	Tier 1: 0.0000 Tier 2: 0.0372	CARRIED
Ordinary Resolution 10	80	172,642,301	99.9707	9	50,614	0.0293	CARRIED
Ordinary Resolution 11	84	172,679,026	99.9914	6	14,889	0.0086	CARRIED
Ordinary Resolution 12	81	41,446,066	99.8930	7	44,389	0.1070	CARRIED

20. CLOSURE

The Chairman thanked everyone and closed the meeting at 11.34 a.m.

**CONFIRMED AS A CORRECT
RECORD**

-SIGNED-

CHAIRMAN

Dated this 9th day of December 2021

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QUESTION-AND-ANSWER SESSION AND SUMMARY OF KEY MATTERS DISCUSSED AT THE ANNUAL GENERAL MEETING (“AGM”) OF THE COMPANY HELD ON THURSDAY, 28 OCTOBER 2021 AT 10.00 A.M.

Question	The Company’s response
<p>1. As the COVID-19 pandemic continues to spread, what is the expected impact of the pandemic on the Group’s operations and financial position in Financial Year (“FY”) 2022? How does the Board of Directors (“Board”) plan to mitigate the impact of the pandemic on the Group’s business segments?</p> <p>2. How has the Movement Control Order (“MCO”) impacted the Company?</p>	<p>The MCO 3.0 and Phase 1 of the NRP from May 2021 have disrupted the Group’s business operations. During the first quarter of FY2022 (May 2021 – July 2021), the sales volume was affected by the lockdowns and reduced workforce capacity and consequently, the Group’s profitability. However, the Company has since resumed full operations from September 2021, with more than 90% of our employees fully vaccinated as at to date.</p> <p>To mitigate the impact of the pandemic on the Group’s operations, the Company has established and is strictly following the COVID-19 standard operating procedures as well as performing Group-wide biweekly COVID-19 tests on all employees, in compliance with the requirements of the health authorities.</p> <p>The Company is focusing on delivering existing orders on hand and communicating with our customers to collect the outstanding debts. Barring any unforeseen circumstances, the Management foresees that the Group’s operations and financial positions will normalise, starting from the third quarter of FY2022.</p>
<p>3. Despite the difficult and disruptive business environment, the Group reported a historical high profit after tax (“PAT”) of RM40.6 million in FY2021 compared to PAT of RM2.5 million in FY2020 (Page 56 & 60 of the Annual Report 2021). This represents a positive variance of RM38.1 million or 1,520%.</p> <p>(i) Is the good performance sustainable in FY2022?</p> <p>(ii) What competitive advantages does the Group have over its peers in the market?</p> <p>4. What are the Group’s competitive advantages compared with the industry averages/competitors?</p>	<p>(a) The FY2021’s PAT of RM40.6 million comprises contributions from Aluminium Segment and Property Segment of RM30.8 million and RM9.8 million respectively.</p> <p>For Aluminium Segment, as mentioned in reply to Question 1, the Management foresees the business operations to normalize, starting from the third quarter of FY2022. The Management is optimistic that the performance of the Aluminium Segment will be satisfactory for FY2022. However, whether the good performance for FY2021 can be sustained in FY2022 will depend on the recovery of the Malaysian economy and that of the global economy, as well as the impact from any resurgence of the COVID-19 pandemic.</p> <p>For the Property Segment, the development of the Group’s maiden project – Platinum OUG Residence via its associate, Vistarena Development Sdn Bhd (“Vistarena”), is near</p>

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Question	The Company’s response
	<p>completion. As at 31 July 2021, the project has been fully sold, with construction progress at 84%. The Group’s next development project – a residential development at Bandar Tasik Selatan – is in the final stage of the project preparation.</p> <p>(b) The Group’s competitive advantages over its peers is that the Company is the largest supplier of aluminium extrusion products in Malaysia and is able to provide the widest range of consistent quality products for our customers of various complexities and finishing. Besides our financial strength, the Group also has a wide network of branches and subsidiaries to serve our customers in both West and East Malaysia. The Company has built its reputation over many years and likewise, our customers have grown together with us over the same time.</p>
<p>5. (a) What are the current and previous year’s capacity utilisation rates for the aluminium segment’s factories?</p> <p>(b) What is the aluminium segment’s current order book value? What is the targeted order book replenishment in the next two financial years?</p> <p>(c) The aluminium segment continues to focus on reducing operational costs and improving production efficiency (Page 65 of the Annual Report 2021).</p> <p>(i) What are the operational cost components subjected to the cost reduction exercise? What is the targeted percentage of reduction in operating costs in FY2022?</p> <p>(ii) What is the targeted production efficiency level</p>	<p>(a) The average production capacity is currently approximately 10% below our optimal level. This is slightly lower than that of the previous year.</p> <p>(b) For the aluminium extrusion business, orders are generally short term in nature, as selling prices are pegged to raw material costs, i.e. aluminium prices which are quoted daily on the London Metal Exchange (“LME”). As with any commodities, aluminium prices can fluctuate considerably. Notwithstanding this, the Management expects to continuously receive those orders from customers in future, in tandem with the recovery of the Malaysian and global economy.</p> <p>(c) (i) Cost components subjected to cost reduction exercise include electricity, with the introduction of the solar photovoltaic rooftop project, a renewable source of energy. We are in the process of negotiating for further increase in this solar capacity. Other areas for cost reductions include incremental improvement in production efficiency through reduced wastage and cost-saving projects by our production team.</p>

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Question	The Company’s response
as compared to the present level?	(ii) Currently, the Group’s production efficiency level ranges from 65% to 80%, depending on the complexities of the products. The Group is working to increase these efficiency levels.
<p>6. The Group via its subsidiary, Pembinaan Serta Hebat Sdn Bhd (“PSH”), is planning for its residential project located at Jalan Tasik Selatan, Bandar Tasik Selatan, Kuala Lumpur (Page 65 of the Annual Report 2021).</p> <p>What is the progress of the abovementioned project, to date?</p>	PSH is in the final stages of getting the necessary approvals from the relevant authorities. Barring unforeseen circumstances, PSH is expected to launch its initial project in the fourth quarter of FY2022.
<p>7. On sustainability matters, what are the critical areas that the Company has identified for improvement? What are the commitments that the Company has decided to meet in the next two financial years, if any?</p>	<p>The Group is constantly exploring the use of renewable energy to reduce its dependence on fossil fuels as its primary energy sources are electricity, diesel, natural gas and liquefied petroleum gas. During FY2021, the Company has commissioned a second solar photovoltaic rooftop project with a capacity of 1.2 MWp, and our current total solar photovoltaic capacity stand at 2.2 MWp. The Group is in the process of further increasing the capacity in FY2022.</p> <p>The Management has not set any commitment on sustainability matters for the next two years but will continue to explore areas for improvement.</p>
<p>8. What are the Group’s business strategy and prospects for the next six months?</p> <p>9. What is the Company’s future outlook?</p> <p>10. What is the business outlook in the next 6 months?</p>	The Management foresees business operations to normalise, starting from the third quarter of FY2022 and is optimistic that business prospects will be satisfactory for FY2022. The Company is focusing on delivering our existing orders and at the same time, continue to monitor closely the aluminium prices as well as the prices of other raw material and freight cost. The Company will adjust the selling prices in tandem with the increase in costs to protect its margins.
<p>11. Is there a severe supply chain disruption?</p>	The Company has not encountered any severe supply disruption.
<p>12. Has the Group encountered any labour issue?</p>	The Group does not have major labour issues as its workforce, including foreign workers, is fairly stable currently.

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Question	The Company’s response
13. Will the Company/Board provide any e-door gift, such as e-voucher or credit in e-wallet to the shareholders who are participating in this AGM?	The Company has not arranged any door gift for participants, but the Board will look into this in the future.
14. I have been a shareholder of this company for a long time. As far as I know, aluminium is fetching a high price at present, but I notice that LBALUM share price is very low and moving downwards, unlike other aluminium counters whose shares have soared. Kindly explain why the share price after bonus issue is far below the net asset value of RM1.60.	The net asset value per share as at 30 April 2021, after adjusting for the bonus issue, is RM0.76. The movement in the Company’s share price is beyond our control. The Management will continue to focus on improving the Company’s financial performance as well as the balance sheet.
15. Bonus issue is not recommended, and the Company should retain its cash for expansion purpose in order to improve the share price.	The bonus issue, which was completed on 30 August 2021, did not involve any cash payment. The Board will take note of your suggestion for the Company to conserve its cash for expansion.
16. What is the negative impact of the increase in the cost of raw materials to the Company?	Other than the increase in working capital requirements, the rise in raw material costs has not brought any negative impact on the Company as the Company is able to transfer the costs increase to the customers.
17. Can the Company successfully transfer the rise in cost of raw materials to customers? In terms of percentage, how much has the product’s average selling price (“ASP”) risen?	Yes, the Company is able to transfer the rise in cost to the customers. The products’ ASP is adjusted periodically in line with the movement of aluminium prices as quoted on the LME.
18. Has the sharp rise in freight cost reduced the profit margin?	The sharp rise in freight cost has not reduced the profit margin as the Company will pass on any increase in freight cost to the customers.
19. What is the current utilisation rate of the plants? Are the current orders far better than the pre-COVID level?	The average utilisation rate is approximately 10% below the optimal level. The current orders are better than the pre-COVID level.
20. Did the Company report any COVID-19 cases during these periods?	Isolated cases have been reported from time to time, but the number of cases is low and manageable.

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QUESTION-AND-ANSWER SESSION AND SUMMARY OF KEY MATTERS DISCUSSED AT THE ANNUAL GENERAL MEETING (“AGM”) OF THE COMPANY HELD ON THURSDAY, 28 OCTOBER 2021 AT 10.00 A.M.

Question	The Company’s response
21. What is the estimated gross development value (“GDV”) of the residential project that PSH plans to carry out? When is it expected to be launched to the public?	<p>The estimated GDV for Perumahan Satu Anggota Satu Rumah (“SASaR”) is RM633.8 million whilst the GDV for the first phase of the residential development is estimated at RM271.2 million.</p> <p>The project is expected to be launched in the fourth quarter of FY2022.</p>
22. The Group achieved significant improvement in its net profit in FY2021. What is the observed trend of the aluminium selling price for FY2022 to date? Will the Group be able to sustain the higher profit level in FY2022 after recording a much lower profit in the first quarter of FY2022?	<p>Aluminium quoted in LME breached the level of USD3,000/MT in early October 2021 but the price has retreated to below USD3,000/MT in the past few days. The Company has increased the products’ selling prices in tandem with the increase in the aluminium prices to secure the profit margins.</p> <p>The Group’s operations in the first quarter were affected by the MCO 3.0 and Phase 1 of the NRP. The Management expects the Group’s operations and financial positions to normalise, starting from the third quarter of FY2022. However, whether the better performance for FY2021 can be sustained in FY2022 will depend on the recovery of the Malaysian economy and the global economy as well as the impact from any resurgence of the Covid-19 pandemic.</p>
23. Based on page 62 of the Annual Report, the disposal of a parcel of freehold industrial land together with all those industrial buildings and structures erected thereon within Lot 755, Jalan Subang 3, Sungai Penaga Industrial Park, 47610 Subang Jaya, Selangor Darul Ehsan held under title No. Gm 80, Lot 755 in Mukim of Damansara, District of Petaling, Negeri Selangor Darul Ehsan (“Land”) by the Company’s wholly-owned subsidiary, Albe Metal Sdn Bhd (“AM”) is expected to be completed in the second quarter of the financial year 2022. What is the latest status of the disposal?	<p>Currently, AM is awaiting the consent from the state authority for the disposal of the said land to Top Parts Electronics (M) Sdn. Bhd and the delay is due to the lockdowns and restrictions imposed during the NRP as a result of the COVID-19 pandemic.</p>
24. Why are the audit response/procedures in item (a) – Carrying amount of inventories at the lower of cost and net realisable value of the Key Audit Matters of the Group and of the Company in the Independent Auditors’	<p>Based on the audit works performed, the property development expenditure of RM71.7 million is recoverable. The same is covered on page 133 of the Annual Report under “impairment test for goodwill”.</p>

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Question	The Company’s response
Report solely focusing on the aluminium products? What is the recoverability of RM71.7 million property development expenditure balance as of 30/4/2021?	
25. With Profit Before Tax (“PBT”) at RM49 million, the Group has only attained cash inflows of RM11 million from the operating activities, with more than RM59 million tied up at inventories and receivables working capital and relying on cash inflows of RM20 million from its payables. What is the Group’s strategy in managing its cash flow risk to stay afloat and maintain sufficient liquidity?	<p>The Group is actively managing the debt maturity profile, operating cash flows and the availability of funding to ensure that all operating, investing and financing needs are met. For the liquidity risk management strategy, the Group is measuring and forecasting its cash commitments and maintaining a level of cash and cash equivalents deemed adequate to finance the activities of the Group.</p> <p>Prudent liquidity risk management is applied by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group aims to maintain the flexibility in funding by keeping committed credit lines available.</p>
26. Why is the growth rate in operating expenses (8%) in the Aluminium Cash Generating Unit (“CGU”) much higher than administrative expenses (2%)? If the growth rate in administrative expenses increases by another 3.5%, it will record an impairment. Has Management purposely kept the administrative expenses growth rate low?	<p>This question refers to page 132 of the Annual Report.</p> <p>All the assumptions made were based on the market conditions and other indicators at that particular point of time. The assumptions have been verified and accepted by our auditors.</p>
27. The property development CGU has an average development cost growth rate estimated at 14%. However, with the spike in construction materials cost recently, is the 14% growth in development costs still a reasonable rate?	<p>This question refers to page 133 of the Annual Report.</p> <p>All the assumptions made were based on the market conditions and other indicators at that particular point of time. The assumptions have been verified and accepted by our auditors.</p>
28. Based on Note 15 to the Financial Statements, the inventory balances are all classified as current assets. Does the Management expect the property development expenditure of RM71.7 million to be realised within twelve months of the balance sheet date? Otherwise, what is the length of the Company’s operating cycle that	<p>The property development expenditure of RM71.7 million relates to the project, which is expected to be launched in the fourth quarter of FY2022 and hence, is classified under current assets accordingly.</p>

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Question	The Company’s response
enables it to be classified as current assets?	
29. Why has the Group recognised 29% lower impairment losses in FY2021 compared to FY2020 when the gross third-party trade receivables balance has increased by 25%?	The impairment assessment on receivables takes into consideration the debtors’ ageing, probability of default, correlation and coefficient of indicators, etc. as stated on page 76 of the Annual Report.
30. Based on Note 24 to the Financial Statements, who are the payables of the related parties’ balances of RM26.7 million and for what purposes is the Group owing these balances to these related parties?	The RM26.7 million is owed to the minority shareholders of the property’s subsidiaries. The advances from these related parties were used for land premium and other preliminary development costs.
31. Based on Note 27 to the Financial Statements, what is the nature of the RM2,269,000 sundry income recognized by the Group in FY2021?	The sundry income comprises mainly the sale of scrap.
32. What are the Group’s inventory levels and annual turnarounds?	The Group’s inventory levels and annual turnarounds are at the satisfactory level and comparable with previous years.
33. Has the Company declared any special dividend or increased its proposed dividend payable for FY2021?	The Board is not proposing any special dividend for FY 2021.
34. Is the Company able to pay more dividend in the coming year?	<p>The Board has proposed the payment of a first and final single tier dividend of 2.50 sen per ordinary share in respect of the financial year ended 30 April 2021, which represents an increase of 1.5 sen from 1.0 sen per ordinary share declared and paid in the previous financial year after considering the Company’s financial position and ascertaining that the payment of the dividend will not affect our cash flow.</p> <p>However, the future dividend proposed for the Company will depend on the future profitability of the Company as well as our cash flow position.</p>
35. Where does the Company import its raw materials from? As we know, China’s energy crisis has hit the global supply chain. Does the Company foresee any interruption to the global	The Company imports its raw materials mainly from the Middle East and India instead of China and hence, the Management does not foresee the global supply chain to affect the Company’s operation.

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Question	The Company’s response
aluminum supply and the Company’s operation?	
36. What is the trend of aluminium price in the next 6 months?	The aluminium price is unpredictable and volatile and hence, the selling prices of the Company’s products are based on the cost of raw materials.
37. What is the Company’s outlook of the aluminium price in the coming years?	
38. What is the cost saving for conducting this AGM virtually compared to a physical AGM?	The cost difference for organising the AGM virtually or physically is not significant.
39. According to the first quarter of FY2022 financial result, the Company’s PBT (RM3.25 million) reported a decrease of 79.7%, which was mainly due to the impairment losses on trade receivables. Will this continue to appear in the next quarter?	The impairment assessments on receivables take into consideration the debtors’ ageing, probability of default, correlation and coefficient of indicators, etc. as at the end of every quarter. The results of the impairment assessments will vary for every quarter.
40. How much has the recent raw material cost (Aluminium) increased compared to the first half of 2021? How does the Company foresee the cost for the next year?	Aluminium quoted in LME breached the level of USD3,000/MT in early October 2021 but the price has retreated to below USD3,000/MT in the past few days. The aluminium price is unpredictable and volatile and hence, the Company will adjust its products’ selling prices in tandem with the increase in the aluminium price to secure the profit margins.
41. What is the current hedging price of raw material cost (Aluminium) for the second half of 2021?	The Company hedges the price of raw material cost with its existing suppliers based on the price quoted on the LME at the time of hedging.
42. What are the challenges and upside opportunities that the Company foresees in the near term?	The resurgence of the COVID-19 pandemic and the fluctuation of the aluminium price are the Company’s primary concerns. Nonetheless, the recovery of the local and global economies in tandem with the rollout of the vaccination programs is expected to increase the demand for aluminium products.
43. How long can the property development continue to bill in?	The property segment is expected to continue its contribution to the Group’s profits as PSH is expected to launch the project of SASaR and the first phase of the residential development in the fourth quarter of FY2022.
44. Will there be enough property sales in the next 4 quarters to sustain the income and profit of the Property segment, considering that most of the current Vistarena’s project has been sold?	

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Question	The Company’s response
45. Is there any upcoming expansion plan for Aluminium segment?	The Company does not have an immediate expansion plan at the moment.
46. As the Company has been sourcing some aluminium billets from A-Rank Berhad, is there any discount or benefit for the Company?	The transactions between the Company and A-Rank Berhad are carried out on an arm’s length basis and on normal commercial terms which are not detrimental to the interest of the minority shareholders.
47. Will Environmental, Social and Governance, and Corporate Social Responsibility be the Company’s main mission?	The Management has not set any commitment on Environmental, Social and Governance, and Corporate Social Responsibility but will continue to explore the areas for improvement.
48. Is there any foreseeable impact of the current fluctuation aluminium price on the Company’s revenue as well as profit?	The fluctuation in the aluminium price will not affect the profit as the Company is able to pass on substantially any increase in the cost to its customers.
49. What is the next quarter’s forecast on the order book and material prices in view of the cost increase?	The Management foresees the business operations to normalise starting from the third quarter of FY2022 and the orders will sustain for the near future. Meanwhile, as the aluminium price is unpredictable and volatile, the Company will adjust its products’ selling prices in tandem with the increase in the aluminium price to protect its margins.
50. How much has the product’s ASP in the second half of 2021 increased from the first half of 2021?	The Company adjusts its ASP in tandem with the fluctuations of the aluminium price.