



**LB**  
**ALUMINIUM**  
**BERHAD**  
[198501006093 (138535-V)]

***Leading*** and  
***Adapting***  
During Times of  
Uncertainty



Annual Report **2020**



## **Leading and Adapting** During Times of Uncertainty

Challenging times underscore the importance of **resilience** and **leadership**. The cover is a depiction of our strategy as we navigate these difficult times while doubling down on our **core competencies** and **customer centric business values**. While we may chart a different path down the river, we do not, and will not, steer from our final destination.

## VISION

**Preferred  
Global Partner  
in Aluminium**

## ANNUAL GENERAL MEETING



Ujong Pandang Room, Staffield  
Country Resort, Batu 13,  
Jalan Seremban-Kuala Lumpur  
(Country Road),  
71700 Mantin,  
Negeri Sembilan Darul Khusus



Tuesday, 29 September 2020



10:00 a.m.

## MISSION

### Customer Focus

- We understand customer needs
- Our products will be of consistent quality
- We deliver on-time and in the right order quantity
- Our customers are our partners in business
- We assist customers in achieving their needs

### Teamwork

- We win together
- We practise shared leadership and cooperate with each other
- We value differences but work towards a common objective
- We believe in the benefits of teamwork

### Operational Excellence

- Best in class on quality, on-time delivery and cost
- We manage as entrepreneurs in our daily operations
- We will innovate to achieve the best production facility

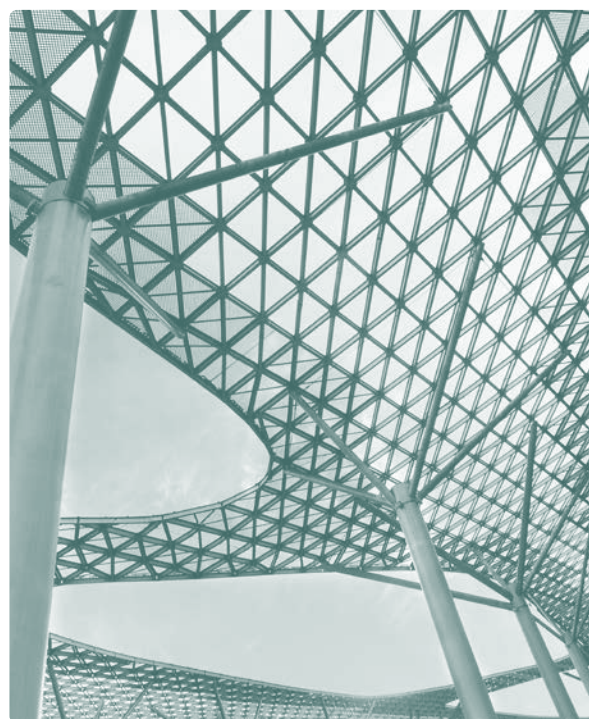
### Stakeholders' Interest

- We focus on profitable growth for our stakeholders
- We manage and safeguard assets and resources effectively
- We provide safe work environment and employment opportunities
- We provide staff future growth and development
- We care for the environment

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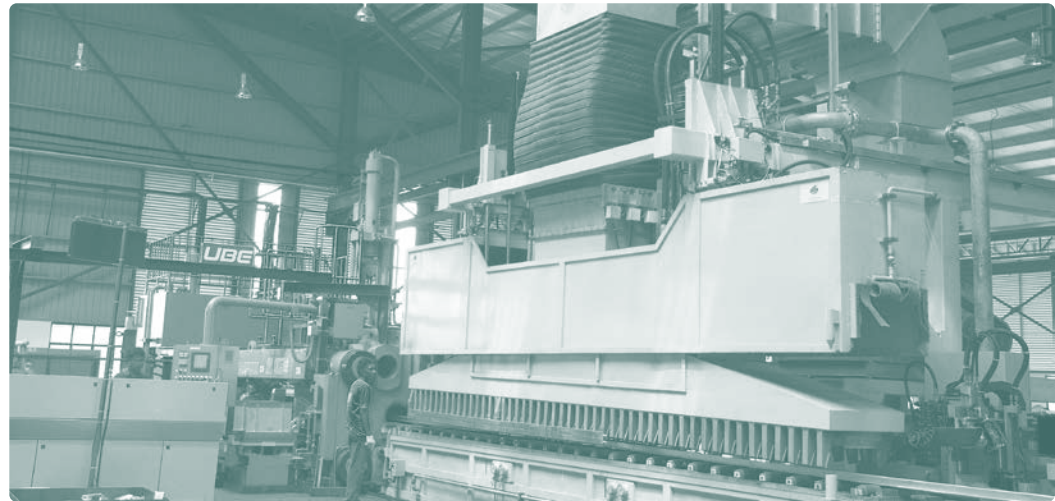
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# CORPORATE PROFILE

**Incorporated in 1985, LB Aluminium Berhad is today the largest supplier of aluminium extrusion products in Malaysia and one of the largest aluminium extrusion manufacturers in South-East Asia.**



**Shareholders  
Funds  
RM293.5 million**



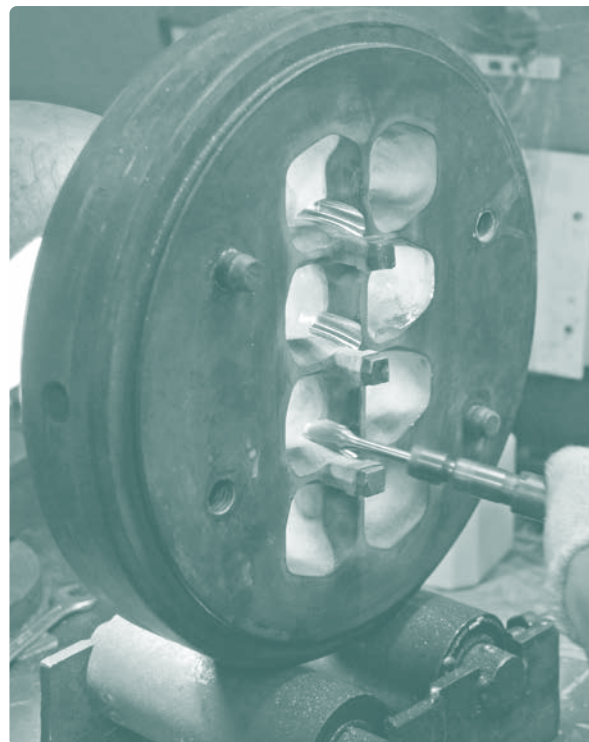
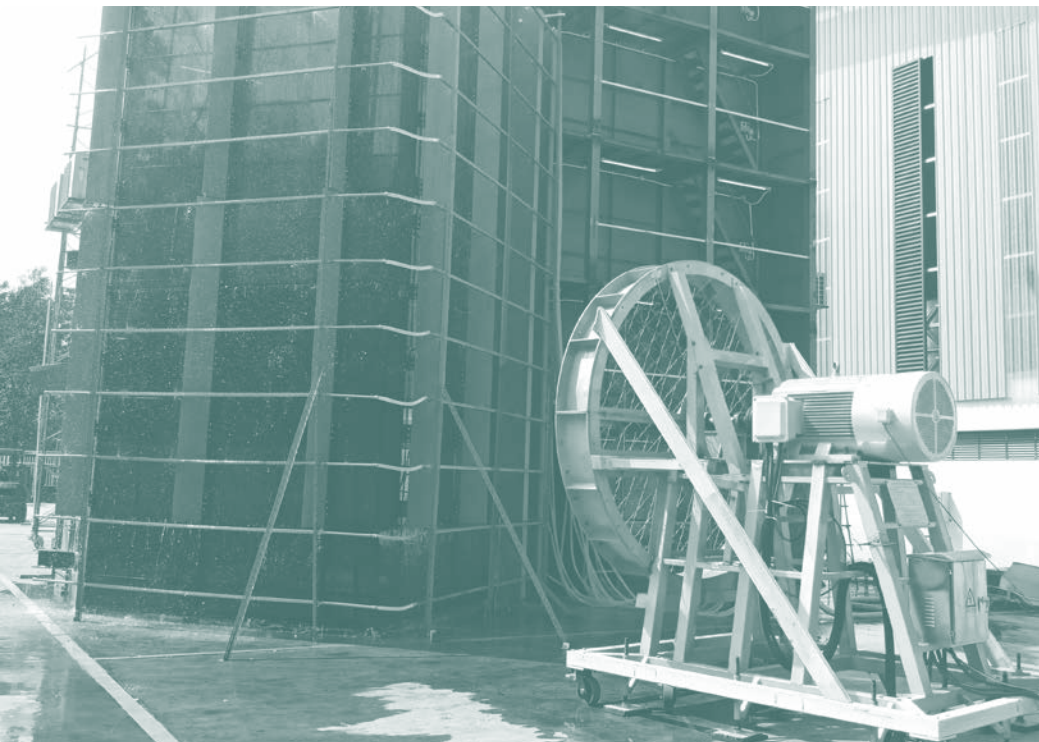
**Number of  
Shareholders  
Exceeding 4,400**

**LB Aluminium Berhad is listed on the Main Market of Bursa Malaysia Securities Berhad and has been a public listed company since 1994. The Company's consolidated shareholders funds as at 30 April 2020 stood at RM293.5 million with total number of shareholders exceeding 4,400. For the financial year ended 30 April 2020 the Group posted a turnover of RM457.2 million.**

The Company's production facilities are located on a 31-acre site in Beranang in the state of Selangor and within a thirty (30) minutes' drive from the Kuala Lumpur International Airport as well as on a 4-acre site in Kuching, Sarawak.

Our existing integrated production facilities including extrusion presses from UBE, Japan have an annual production capacity of 100,000 metric tonnes. The production facility includes a 4,300 tonnes extrusion press which is the largest press currently available in Malaysia. Ancillary equipment comprises of billet heaters/log shears, billet heaters/hot saws, double pullers as well as quenching boxes.

To complement the aesthetics finishing of the extrusion products, we have the first and only fully automated vertical anodising plant in Malaysia that adheres to Japanese standards which ensure uniformity and consistency of quality with a monthly capacity of up to 1,400 metric tonnes. The Group also has a horizontal anodising line in Beranang with monthly capacity of 1,000 metric tonnes and together with an anodising line of 600 metric tonnes monthly capacity in our Kuching factory, our combined anodising capacity annually is 36,000 metric tonnes. We have also added a new anodising process for premium color anodising in 2017 which ensures consistent and uniform color anodised products.



In addition to the anodising plants, we have a fully integrated vertical powder coating line and a horizontal painting line with combined annual capacity of 24,000 metric tonnes, both equipped with painting system from Wagner, Germany. We also have a fluorocarbon painting line.

Our in-house die/mould shop is equipped with the latest computer-aided design and manufacturing machines including CNC (computer numerical control) die cutting and EDM (electrical discharge machining) machines capable of producing die/mould of various complexities.

In addition, we provide value added services to our customers such as cutting, degreasing, punching, stamping, assembling and packing as OEM (original equipment manufacturer). Our equipments include CNC sawing machines, punching machines, bending machines, etc. We also have test rig facilities to provide specific product or system testing including performance tests for windows, doors and facades.

We pride ourselves in constantly upgrading the quality of our products to meet the changing needs of our customers and society. Achievement of the highest standards of excellence like the MS ISO 9001:2015 standard and UKAS Accreditation certification are testimonies to our excellence in the aluminium extrusion industry.

LB Aluminium Berhad has an extensive branch network with sales outlets cum warehouses in the major cities and towns in the Peninsular and East Malaysia and Singapore. Our export markets include destinations in North America, China and South Asia, Australia and New Zealand as well as in South East Asia.

The Company had in March 2018 received the approval of its shareholders to diversify its principal activities to include property development. In this respect, the Company had acquired a 20% equity interest in Vistarena Development Sdn Bhd which is developing a residential project, Platinum OUG Residence, at Kampung Muhibah, Kuala Lumpur with a gross development value of approximately RM468.0 million. In addition, the Company has two subsidiaries, namely Contras Build Sdn Bhd ("CBSB") and Pembinaan Serta Hebat Sdn Bhd ("PSH") which are involved in property development. As at todate, PSH is in the early stage of project development whilst CBSB has not commenced operation.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Annual General Meeting of LB Aluminium Berhad (“the Company”) will be held at Ujong Pandang Room, Staffield Country Resort, Batu 13, Jalan Seremban-Kuala Lumpur (Country Road), 71700 Mantin, Negeri Sembilan Darul Khusus on Tuesday, 29 September 2020 at 10:00 a.m. for the following purposes:-

## AGENDA

- |   |   |
|---|---|
| 1. To receive the Audited Financial Statements for the financial year ended 30 April 2020 together with the Reports of the Directors and Auditors thereon.        | <b>[Please see Note 2]</b>                          |
| 2. To approve the payment of a first and final single tier dividend of 1.00 sen per ordinary share in respect of the financial year ended 30 April 2020.          | <b>(Resolution 1)</b>                               |
| 3. To approve the payment of Directors’ fees of RM400,000.00 for the financial year ended 30 April 2020.  | <b>(Resolution 2)</b><br><b>[Please see note 3]</b> |
| 4. To approve the payment of Directors’ benefits of up to RM45,000.00 for the period from 30 September 2020 until the next Annual General Meeting of the Company. | <b>(Resolution 3)</b><br><b>[Please see note 3]</b> |
| 5. To re-elect the following Directors who retire in accordance with Clause 76(3) of the Company’s Constitution:-   | <b>[Please see note 4]</b>                          |
| (i) Datuk Leow Chong Howa   | <b>(Resolution 4)</b>                               |
| (ii) Ms Leow Sok Hoon   | <b>(Resolution 5)</b>                               |
| (iii) Dato’ Dr Mohd Husni Bin Ahmad   | <b>(Resolution 6)</b>                               |
| 6. To re-appoint Messrs BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.  | <b>(Resolution 7)</b><br><b>[Please see note 5]</b> |

## AS SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following resolutions:

- |   |                            |
|---|----------------------------|
| 7. <b>Ordinary Resolutions</b><br><b>Continuation in Office as Independent Directors</b>  | <b>[Please see Note 6]</b> |
| (i) “THAT approval be and is hereby given for Mr Neoh Lay Keong who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Director of the Company to hold office until the conclusion of the next annual general meeting of the Company.”  | <b>(Resolution 8)</b>      |
| (ii) “THAT subject to the passing of Resolution 6 above, approval be and is hereby given for Dato’ Dr Mohd Husni Bin Ahmad who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Director of the Company to hold office until the conclusion of the next annual general meeting of the Company.” | <b>(Resolution 9)</b>      |

**8. Ordinary Resolution****Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016****[Please see Note 7]**

“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.”

**(Resolution 10)****9. Ordinary Resolution****Proposed Renewal of Authority for Share Buy-Back****[Please see Note 8]**

“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:-

**(Resolution 11)**

- (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 the 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.”



**10. Ordinary Resolution****[Please see Note 9]****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**

"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 28 August 2020, 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").

**(Resolution 12)**

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."

11. To consider any other business of which due notice shall have been given.

**NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT**

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of the shareholders at the Annual General Meeting to be held on 29 September 2020, the first and final single tier dividend of 1.00 sen per ordinary share in respect of the financial year ended 30 April 2020 will be paid on 16 October 2020 to Depositors whose names appear in the Record of Depositors on 2 October 2020.

A Depositor shall qualify for entitlement to the dividend only in respect of:-

- a) shares transferred into the depositor's securities account before 4:30 p.m. on 2 October 2020 in respect of transfers; and
- b) shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

**BY ORDER OF THE BOARD**

**Wong Wai Foong [SSM PC NO. 202008001472 (MAICSA 7001358)]**

**Ng Bee Lian [SSM PC NO. 201908003459 (MAICSA 7041392)]**

**Yap Sit Lee [SSM PC NO. 202008001865 (MAICSA 7028098)]**

Company Secretaries

Kuala Lumpur  
28 August 2020

**Notes:****1. APPOINTMENT OF PROXY**

- (a) For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 22 September 2020. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.
- (b) A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
- (c) A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.
- (d) Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- (e) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.



- (f) Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- (g) The original executed proxy form must be deposited at the registered office of the Company situated at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote.
- (h) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the registered office of the Company situated at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- (i) Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
- (j) Last date and time for lodging this proxy form is Sunday, 27 September 2020 at 10.00 a.m.
- (k) Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:-
  - (i) Identity card (NRIC) (Malaysian), or
  - (ii) Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or
  - (iii) Passport (Foreigner).
- (l) For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please bring the ORIGINAL certificate of appointment executed in the manner as stated in this proxy form if this has not been lodged at the Company's registered office earlier.

## 2. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only. They do not require shareholders' approval and hence, will not be put forward for voting by shareholders of the Company.

## 3. PAYMENT OF DIRECTORS' FEES AND BENEFITS

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the directors and any benefits payable to the directors shall be approved at a general meeting.

The proposed Resolutions 2 and 3 are to facilitate the payment of Directors' fees and benefits to the Directors.

The proposed Resolution 3 for the Directors' benefits (being meeting allowances) are calculated based on the current Board of Directors ("Board") size and the number of scheduled Board and Audit Committee meetings for the period from 30 September 2020 up to the next Annual General Meeting. Each member of the Board and Audit Committee of the Company will be paid meeting allowance of RM500.00 per meeting for their attendance at the Board and Audit Committee meetings of the Company.

In the event the proposed amount of Directors' fees and/or benefits are insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next Annual General Meeting for the shortfall.



#### 4. RE-ELECTION OF DIRECTORS

Datuk Leow Chong Howa, Ms Leow Sok Hoon and Dato' Dr Mohd Husni Bin Ahmad are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the Annual General Meeting.

The Board has through the Nomination Committee ("NC"), considered the assessment of the said Directors and agreed that they meet the criteria as prescribed by Paragraph 2.20A of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") on character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors.

The Board has also through the NC conducted an assessment on the independence of Dato' Dr Mohd Husni Bin Ahmad and satisfied that he has complied with the criteria on independence as prescribed by the MMLR of Bursa Securities.

#### 5. RE-APPOINTMENT OF AUDITORS

The Board has through the Audit Committee, considered the re-appointment of Messrs BDO PLT as Auditors of the Company. The factors considered by the Audit Committee in making the recommendation to the Board to table the re-appointment of Messrs BDO PLT at the forthcoming Annual General Meeting, included an assessment of the Auditors' independence and objectivity, caliber and quality process/performance.

### EXPLANATORY NOTES TO SPECIAL BUSINESS

#### 6. CONTINUATION IN OFFICE AS INDEPENDENT DIRECTORS

Pursuant to the Malaysian Code on Corporate Governance, it is recommended that approval of shareholders be sought in the event the Company intends to retain an Independent Director who has served in that capacity for more than (9) nine years.

Mr Neoh Lay Keong and Dato' Dr Mohd Husni Bin Ahmad were appointed to the Board on 25 August 1997 and 31 July 2006 respectively as Independent Directors. They have therefore served for more than nine (9) years.

The Board has through the NC, assessed the independence of both Mr Neoh Lay Keong and Dato' Dr Mohd Husni Bin Ahmad and recommended them to continue to act as Independent Directors of the Company based on the following justifications:-

- (i) they had fulfilled the criteria under the definition on Independent Director as stated in the MMLR of Bursa Securities and were therefore able to bring independent and objective judgment to the Board;
- (ii) they have been with the Group for many years and possessed deep understanding of the Group's business operations, and had continued to critically and constructively challenge and contribute to the development of effective business strategy and direction of the Company during Board and Board committees' meetings;
- (iii) their long tenure with the Company had neither impaired nor compromised their independent judgement. They were free from any business or other relationships which could interfere with their exercise of independent judgement;
- (iv) they provided effective check and balance in the proceeding of the Board and the Board committees;
- (v) they continued to remain objective and were able to exercise independent judgement in expressing their views and in participating in deliberations and decision making of the Board and Board committees in the best interest of the Company;



- (vi) they exhibited high commitment and devoted sufficient time and attention to their responsibilities as Independent Directors of the Company; and
- (vii) they had met with the attendance requirements for Board meetings pursuant to the MMLR of Bursa Securities. This testified to their dedication in discharging the responsibilities expected of an Independent Director.

The proposed Resolutions 8 and 9, if passed, will enable both Mr Neoh Lay Keong and Dato' Dr Mohd Husni Bin Ahmad to continue to act as Independent Directors of the Company.

#### **7. AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

The proposed Resolution 10 is the renewal of the mandate obtained from the members at the last Annual General Meeting. As at the date of this Notice, the Company did not allot any shares pursuant to the mandate granted to the Directors at the previous Annual General Meeting held on 30 September 2019 as there were no requirements for such fund raising activities.

The proposed Resolution 10, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the purpose of funding the Company's future investment project(s), working capital and/or acquisition(s) at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company 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.

#### **8. PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK**

The proposed Resolution 11, if passed, will allow the Company to purchase its own shares through Bursa Securities up to ten per centum (10%) of the total number of issued shares of the Company. Please refer to the Statement to Shareholders dated 28 August 2020 in relation to the Proposed Renewal of Authority for Share Buy-Back for further details.

#### **9. 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**

The proposed Resolution 12, if passed, will allow the Company and its subsidiaries to enter into recurrent related party transactions made on an arm's length basis and on normal commercial terms which are not detrimental to the interest of the minority shareholders.

Please refer to the Circular to Shareholders dated 28 August 2020 for further information.

# CORPORATE INFORMATION



## BOARD OF DIRECTORS

### Executive Chairman

Datuk Leow Chong Howa\*

### Chief Executive Officer

Mark Wing Kong\*

### Executive Director

Yap Chee Woon\*

### Non-Independent Non-Executive Director

Leow Sok Hoon

### Senior Independent Non-Executive Director

Neoh Lay Keong

### Independent Non-Executive Directors

Dato' Dr Mohd Husni Bin Ahmad

Toh Khiam Huat

Chew Kat Nyap

Teh Kok Heng

### Alternate Director to Datuk Leow Chong Howa

Leow Vinken\*

*\*Members of Senior Management Team*

## AUDIT COMMITTEE

### Independent Non-Executive Director – Chairman

Toh Khiam Huat

### Senior Independent Non-Executive Director

Neoh Lay Keong

### Independent Non-Executive Director

Dato' Dr Mohd Husni Bin Ahmad

## NOMINATION COMMITTEE

### Senior Independent Non-Executive Director – Chairman

Neoh Lay Keong

### Independent Non-Executive Directors

Dato' Dr Mohd Husni Bin Ahmad

Chew Kat Nyap

## REMUNERATION COMMITTEE

### Senior Independent Non-Executive Director – Chairman

Neoh Lay Keong

### Independent Non-Executive Directors

Dato' Dr Mohd Husni Bin Ahmad

Chew Kat Nyap

## COMPANY SECRETARIES

Wong Wai Foong

[SSM PC NO. 202008001472 (MAICSA 7001358)]

Ng Bee Lian

[SSM PC NO. 201908003459 (MAICSA 7041392)]

Yap Sit Lee

[SSM PC NO. 202008001865 (MAICSA 7028098)]

## AUDITORS

BDO PLT (Firm No: LLP0018825-LCA & AF 0206)

Chartered Accountants

Level 8

BDO PLT @ Menara CenTARa

360 Jalan Tuanku Abdul Rahman

50100 Kuala Lumpur



## PRINCIPAL BANKERS

Al Rajhi Banking & Investment Corporation  
(Malaysia) Berhad  
AmBank (M) Berhad  
CIMB Bank Berhad  
HSBC Bank Malaysia Berhad  
Malayan Banking Berhad  
Public Bank Berhad  
United Overseas Bank (Malaysia) Berhad

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## SOLICITORS

Soo Thien Ming & Nashrah  
Level 9, Menara Bangkok Bank  
Berjaya Central Park  
105, Jalan Ampang  
50450 Kuala Lumpur

Sebastian Cha & Co  
91B, Jalan 1/12  
46000 Petaling Jaya  
Selangor Darul Ehsan

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## CORPORATE ADVISOR

AmInvestment Bank Berhad  
22<sup>nd</sup> Floor, AmBank Group Building  
55, Jalan Raja Chulan  
50200 Kuala Lumpur

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## REGISTERED OFFICE

Unit 30-01, Level 30, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel : 03-2783 9191  
Fax : 03-2783 9111

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## SHARE REGISTRAR

Bina Management (M) Sdn Bhd  
Lot 10, The Highway Centre  
Jalan 51/205  
46050 Petaling Jaya  
Selangor Darul Ehsan  
Tel : 03-7784 3922  
Fax : 03-7784 1988

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## HEAD OFFICE

Lot 11, Jalan Perusahaan 1  
Kawasan Perusahaan Beranang  
43700 Beranang, Semenyih  
Selangor Darul Ehsan  
Tel : 03-8725 8822  
Fax : 03-8725 8828

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## WEBSITE ADDRESS

[www.lbalum.com](http://www.lbalum.com)

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## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Stock Name: LBALUM  
Stock Code: 9326

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# PROFILE OF DIRECTORS AND SENIOR MANAGEMENT TEAM

## PROFILE OF DIRECTORS

### DATUK LEOW CHONG HOWA | Executive Chairman

Aged 62      Male      Malaysian

**Datuk Leow Chong Howa**, aged 62, male, a Malaysian, is the Executive Chairman of LB Aluminium Berhad and was appointed to the Board on 16 April 1985. He is a businessman and prior to assuming his current position, was the Managing Director of the Company since its incorporation.

Datuk Leow is a Non-Independent Non-Executive Director of A-Rank Berhad. Besides, he sits on the Council of Tung Shin Hospital Kuala Lumpur and is a member of the Chinese as well as Western Medical Management Committees of Tung Shin Hospital. He is the Deputy Chairman of Chong Hwa Independent High School Kuala Lumpur and currently the Group President of Malaysia Anxi Association and Yayasan Ann Koai of Malaysia. Datuk Leow is also a Vice Chairman on the Board of SRJK (C) Kepong School.

He is a former Council Member of the Federation of Malaysian Manufacturers (“FMM”) and a former Committee Member of the Selangor Branch of FMM, and a former Board of Trustee for Yayasan Lim Yee Hoh.

Save for related party disclosures as disclosed under Note 32 to the Audited Financial Statements of this Annual Report and the Circular to Shareholders dated 28 August 2020 which is despatched together with this Annual Report, Datuk Leow has no conflict of interest with LB Aluminium Berhad. He has had no conviction for any offences within the past five (5) years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

### MARK WING KONG | Chief Executive Officer

Aged 61      Male      Malaysian

**Mark Wing Kong**, aged 61, male, a Malaysian, is the Chief Executive Officer of LB Aluminium Berhad. Prior to the appointment to his present position, he was the Executive Director and was appointed to the Board on 15 March 1997. He is a member of the Malaysian Institute of Certified Public Accountants. Mr Mark was with Kassim Chan & Co from 1980 to 1986 and subsequently as Operations Manager with Arab-Malaysian Securities Sdn Berhad from 1986 to 1988. From 1988 to 1997, he was with Arab-Malaysian Merchant Bank Berhad (now known as AmlInvestment Bank Berhad) where he was General Manager, Corporate Finance at time of resignation.

Mr Mark is a Council Member of FMM.

Mr Mark does not have any conflict of interest with the Company. He has had no conviction for any offences within the past five (5) years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

### YAP CHEE WOON | Executive Director

Aged 61      Male      Malaysian

**Yap Chee Woon**, aged 61, male, a Malaysian, is the Executive Director of the Company and was appointed to the Board on 2 May 1997. He is a businessman and prior to his present position was the General Manager of LB Aluminium Berhad. Mr Yap has been with the Company since its incorporation.

Mr Yap is the honorary treasurer of Federation of Malaysian Manufacturers’ Aluminium Manufacturers Group Malaysia (“AMGM”).

Mr Yap does not have any conflict of interest with the Company. He has had no conviction for any offences within the past five (5) years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.





**LEOW SOK HOON | Non-Independent Non-Executive Director**

Aged 48 Female Malaysian

**Leow Sok Hoon**, aged 48, female, a Malaysian, is a Non-Independent Non-Executive Director of LB Aluminium Berhad and was appointed to the Board on 3 August 1993. She holds an Advanced Diploma, Association of Business Executives (ABE), a Diploma in Business Administration, University of Wales and a BA in Business Administration also from the University of Wales. She is a businesswoman.

Ms Leow does not have any conflict of interest with the Company. She has had no conviction for any offences in the past five (5) years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

**NEOH LAY KEONG | Senior Independent Non-Executive Director**

Aged 62 Male Malaysian

**Neoh Lay Keong**, aged 62, male, a Malaysian, is the Senior Independent Non-Executive Director of the Company and was appointed to the Board on 25 August 1997. He holds a BEC Diploma in Business Studies, St. Johns College, England and a BA (Hons) in Economics from the University of Manchester, England. Mr Neoh was with RHB Bank Berhad from 1982 to 1990 and is a Dealers' Representative with TA Securities Berhad since 1990.

He is the Chairman of the Nomination Committee and Remuneration Committee and a member of the Audit Committee.

Mr Neoh does not have any conflict of interest with the Company. He has had no conviction for any offences in the past five (5) years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

**DATO' DR MOHD HUSNI BIN AHMAD | Independent Non-Executive Director**

Aged 57 Male Malaysian

**Dato' Dr Mohd Husni Bin Ahmad**, aged 57, male, a Malaysian, is an Independent Non-Executive Director of the Company and was appointed to the Board on 31 July 2006. He is presently a Consultant Ear Nose Throat-Head and Neck Surgeon at a private hospital in Kuala Lumpur. Dato' Dr Mohd Husni obtained his Bachelor of Medicine & Bachelor of Surgery as well as a Master of Otorhinolaryngology from the University of Malaya. Upon his graduation, he was attached with University Hospital from 1990 to 1998 initially as a medical officer, lecturer and specialist before leaving for private practice.

He is a member of the Audit Committee, Nomination Committee and Remuneration Committee.

Dato' Dr Mohd Husni does not have any conflict of interest with the Company. He has had no conviction for any offences within the past five (5) years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

**PROFILE OF DIRECTORS**
**TOH KHIAM HUAT | Independent Non-Executive Director**

Aged 64	Male	Malaysian
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**Toh Kham Huat**, aged 64, male, a Malaysian, is an Independent Non-Executive Director of the Company and was appointed to the Board on 31 July 2013. Mr Toh graduated from Swinburne College of Technology, Melbourne, Australia in 1980. He is a Chartered Accountant of the Malaysian Institute of Accountants and an ex-Fellow member of Certified Public Accountants, Australia. He is also a member of the Institute of Internal Auditors Malaysia (“IIAM”). During the period 2003 and 2010, he actively served as a member of the Board of Governors and chairing the various sub-committees of the Institute, including holding the positions of Honorary Secretary and Honorary Treasurer.

Mr Toh started his external auditing career with Deloitte Kassim Chan in 1981. He joined American International Assurance Berhad as a financial accountant in 1985.

Between the period of 1990 and 2011, Mr Toh was involved in internal auditing, compliance and risk management as a Regional Auditor and later as a Regional Head of Internal Audit function (South Asia) for two multi-national insurers (American International Group and Prudential Corporation Asia).

He is currently the Chairman of the Audit Committee.

Mr Toh does not have any conflict of interest with the Company. He has had no conviction for any offences within the past five (5) years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

**CHEW KAT NYAP | Independent Non-Executive Director**

Aged 66	Male	Malaysian
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**Chew Kat Nyap**, aged 66, male, a Malaysian, is an Independent Non-Executive Director of the Company and was appointed to the Board on 31 July 2013. He is a member of the Nomination Committee and Remuneration Committee.

Mr Chew commenced his career at the corporate secretarial/ share registry divisions of two leading accounting firms as well as with the SPK Group. He then worked at Arab-Malaysian Merchant Bank Berhad (now known as AmlInvestment Bank Berhad) between 1986 and 1996 and last held the position of Senior Manager. He was thereafter transferred to Malaysian Issuing House Sdn Bhd (“MIH”), a company registered under the Capital Markets & Services Act, 2007, as General Manager. He was Chief Executive of

MIH and Symphony Share Registrars Sdn Bhd, which became part of the Symphony Group, till first retirement in 2009, briefly acted as Adviser, before retiring as Chief Executive again in mid-2014. He then reverted to the position of Adviser and Board Member of MIH till his departure in November 2019. He was appointed an Adviser in November 2019 at One Capital Market Services Sdn Bhd, a company rendering share registry and other planned capital market services.

Mr Chew does not have any conflict of interest with the Company. He has had no conviction for any offences within the past five (5) years and has not been imposed with any public sanctions or penalty by the relevant regulatory bodies during the financial year.



**TEH KOK HENG | Independent Non-Executive Director**

Aged 59	Male	Malaysian
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**Teh Kok Heng**, aged 59, male, a Malaysian, is an Independent Non-Executive Director of LB Aluminium Berhad and was appointed to the Board on 31 July 2013. He holds a Bachelor Degree in Marketing from TAR College.

Mr Teh has 35 years of experience in Design and Construction Management, specializing in Brand Activation business as well as Interior Architecture Fit-out and Advertising. He had been involved in numerous sizable projects, both locally and abroad including some international acclaimed projects such as LIMA Aerospace, DSA Exhibition and Malaysia’s biggest Expo Negaraku 2017 project at Dataran Merdeka. He also

headed the Milano World Expo 2015 for numerous Countries Pavilions including Malaysia, Brunei, Argentine and Cambodia.

Mr Teh also serves as a board member of SJK (C) Kepong 3, a Chinese Primary school in Segambut.

Mr Teh does not have any conflict of interest with the Company. He has had no conviction for any offences within the past five (5) years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

**LEOW VINKEN | Alternate Director to Datuk Leow Chong Howa**

Aged 33	Male	Malaysian
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**Leow Vinken**, aged 33, male, a Malaysian, was appointed as alternate Director to Datuk Leow Chong Howa on 14 June 2016. He is currently the Deputy General Manager of the Company. He was formerly a Manager with Formosa Shyen Horng Metal Sdn Bhd, a wholly owned subsidiary of A-Rank Berhad. Mr Leow graduated with a Bachelor of Business Management from the Royal Melbourne Institute of Technology.

Save for related party disclosures as disclosed under Note 32 to the Audited Financial Statements of this Annual Report and the Circular to Shareholders dated 28 August 2020 which is despatched together with this Annual Report, Mr Leow has no conflict of interest with LB Aluminium Berhad. He has had no conviction for any offences within the past five (5) years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

**Note: Family<sup>(1)</sup> relationship with Director and/or major shareholder**

Mr Leow Vinken is a son of Datuk Leow Chong Howa, the Executive Chairman and major shareholder of LB Aluminium Berhad.

Save as disclosed herein, none of the Directors has any family relationship with any other Director and/or major shareholder of LB Aluminium Berhad.

<sup>(1)</sup> As per paragraph 1.01 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, family in relation to a person means such person who falls within any one of the following categories:

- (a) spouse;
- (b) parent;
- (c) child including an adopted child and step-child;
- (d) brother and sister; and
- (e) spouse of the person referred to in subparagraphs (c) and (d) above



## PROFILE OF SENIOR MANAGEMENT TEAM

(Profiles of the Executive Chairman, Chief Executive Officer, Executive Director and Deputy General Manager are listed in pages 14 to 17)

**STEVEN CHIA KING LING**
**General Manager**

Aged 55	Male	Malaysian
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**Steven Chia King Ling**, aged 55, male, a Malaysian, is the General Manager of LB Aluminium Berhad. He was appointed a member of the Senior Management Team on 1 June 2016. He holds a post graduate Diploma in Professional Marketing from Chartered Institute of Marketing (CIM - UK). Mr Chia has 28 years of experience in sales, marketing and management and another 5 years' experience in banking and financial management. Prior to joining the Company, he was an Operations Officer with KUMB Finance Berhad which was subsequently acquired by MBF Finance Berhad.

Mr Chia does not have any family relationship with any director and/or major shareholder of LB Aluminium Berhad nor has any conflict of interest with the Company. He has had no conviction for any offences within the past five (5) years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

**LIM SOO WAI**
**Senior Operation Manager**

Aged 42	Male	Malaysian
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**Lim Soo Wai**, aged 42, male, a Malaysian, is the Senior Operation Manager of LB Aluminium Berhad. He was appointed a member of the Senior Management Team on 25 October 2019. He holds a degree of Bachelor of Engineering from Universiti Sains Malaysia ("USM"). Mr Lim has 19 years of experience in manufacturing of aluminium extrusion and has joined the Company since graduation from USM.

Mr Lim does not have any family relationship with any director and /or major shareholder of LB Aluminium Berhad nor has any conflict of interest with the Company. He had no conviction for any offences within the past five (5) years and has not been imposed with any public sanction or penalty relevant regulatory bodies during the financial year.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT



**The Board of Directors (“Board”) of LB Aluminium Berhad (“Company”) recognises that good corporate governance is fundamental to the Board in discharging its fiduciary responsibilities and enhancing high standards of business integrity, business prosperity and corporate accountability with the ultimate objective of realising shareholders’ value.**

The Corporate Governance Overview Statement (“CG Statement”) is prepared in accordance to Practice Note 9 of Main Market Listing Requirements (“MMLR”) issued by Bursa Malaysia Securities Berhad (“Bursa Securities”) and Malaysian Code on Corporate Governance (“MCCG”) issued by Securities Commission Malaysia. The CG Statement is to be read together with the Corporate Governance Report (“CG Report”) which is available at the Company’s website at [www.lbalum.com](http://www.lbalum.com) as well as Bursa’s website at [www.bursamalaysia.com](http://www.bursamalaysia.com).

The Board is pleased to set out below the manner in which the Company and its subsidiaries (“Group”) have applied each of the three (3) Principles of the MCCG throughout the financial year ended 30 April 2020.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### I. Board Responsibilities

#### *Role of the Board*

The role of the Board is to lead and manage the Group in an effective manner including developing strategic directions and objectives in line with its vision and missions, implement plans and supervise the conduct of the Group’s business as a whole. The Board should also provide entrepreneurial leadership to the Group within a framework of prudent and effective controls whilst ensuring risks are consistently assessed and managed.

The Board sets the Group’s strategic plans and policies and conducts ongoing review and evaluation of those strategic plans and policies to ensure the Group’s focus is in line with the constantly evolving market conditions as well as to identify new businesses and opportunities.

The Board receives regular updates on the conduct of the Group’s business and operations, and evaluate whether its businesses are being properly managed.

The Board is responsible to ensure the adequacy and integrity of the internal control and management information systems and adopts appropriate measures to mitigate any foreseeable and/or unexpected risks, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

#### *Process of the Board*

The Board is chaired by the Executive Chairman and the Board meets at least four (4) times a year scheduled in every quarter. If required, additional meetings will be scheduled. The quorum for the Board meeting shall be at least two (2) members present at the meeting.

To assist in the discharge of its stewardship role, the Board has established Board committees, namely, the Audit, Nomination and Remuneration Committees, which operate within approved terms of reference. These committees have authority to examine particular issues and report to the Board with their findings and recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****I. Board Responsibilities (cont'd)*****Process of the Board (cont'd)***

All deliberations and decisions taken by the Board Committees are documented and approved by the respective Chairman of the Committees. The report and recommendation of the Board Committees are included as agenda items for deliberation at the meetings of the Board.

Prior to the Board and Board Committee meetings, a formal and structured agenda, as approved by the respective Chairman of the Board and the Committees, together with a set of Board and Board Committee papers, are forwarded to all Directors at least five (5) business days prior to the Board and Board Committee meetings, for the Directors to be prepared to deal with matters arising from such meetings and to enable the Board and Board Committees to make decisions. Presentations to the Board and the Board Committees are prepared and delivered in a manner that ensures a clear and adequate understanding of the subject matter.

***Qualified and Competent Company Secretary***

The Board is supported by qualified, competent and experienced Company Secretaries who facilitate overall compliance with the MMLR of Bursa Securities as well as inform and keep the Board updated on the latest enhancements in corporate governance, changes in the legal regulatory framework, new statutory requirements and best practices.

The Company Secretary organises and attends all Board and Board Committee meetings and ensures meetings are properly convened, follows up on matters arising and ensure accurate and proper records of the proceedings and resolutions passed are maintained accordingly at the registered office of the Company. The Company Secretary is also responsible to maintain the documentation of the Board such as meeting papers and minutes of the Board and its committees to be produced for inspection, if required and to ensure a balanced flow of information is disseminated to the Directors for decisions to be made on an informed basis for the effective discharge of the Board's responsibilities.

All Board members have unrestricted access to the advice and services of the Company Secretary.

***Delegation to Management***

The responsibility for the operation and administration of the Group is delegated, by the Board, to the Chief Executive Officer ("CEO") and other Senior Management Personnel within levels of authority specified by the Board from time to time. The Board ensures that this Senior Management Team is appropriately qualified and experienced to discharge its responsibilities and has in place procedures to assess the performance of the team.

The CEO may delegate aspects of his authority and power but remains accountable to the Board for the Group's performance and is required to report regularly to the Board on the conduct and performance of the Group's business units.

***Separation of Positions of Executive Chairman ("EC") and CEO***

The roles of the EC and CEO of the Company are distinct and separate with individual responsibilities. Each of them has clearly defined duties and authority thus ensuring balance of power and greater capacity for independent decision-making.

The EC is responsible for running the Board and ensures that all Board members receive sufficient and timely relevant information to enable the Directors to participate actively in the Board's decisions. The EC is also responsible to provide leadership, strategic directions and objectives in line with the Group's vision and mission. The CEO is responsible for the day-to-day management of the Group and effective leadership of the Management Team as well as the implementation of the Board's policies and decisions.

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****I. Board Responsibilities (cont'd)*****Board Charter***

To enhance accountability and establish a proper delineation of roles between its Board and the Management, the Company has formalised and adopted a Board Charter (“Charter”).

The Charter sets out four guiding principles of good corporate governance namely fairness, transparency, accountability and responsibility. It provides guidance for Directors regarding their roles in discharging their duties towards the Company as well as Boardroom activities.

The Charter was last reviewed and approved by the Board on 15 August 2019 and has been uploaded on the Company’s website at [www.lbalum.com](http://www.lbalum.com).

***Schedule of Matters Reserved for the Board***

To enhance accountability, the Board has established a formal schedule of matters specifically reserved for the Board for its deliberation and decision to ensure the direction and control of the Group’s business are firmly in its hands. Details of the schedule of matters specifically reserved for the Board are available to the public on the Company’s website at [www.lbalum.com](http://www.lbalum.com).

***Code of Conduct***

The Company has formalised a Code of Conduct which contains policies and procedures relating to the professional conduct and ethics that are applicable to all employees.

The Code of Conduct is uploaded on the Company’s website at [www.lbalum.com](http://www.lbalum.com).

In order to comply with Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018), the Company has engaged a consultant and is in the process of preparing the Group’s Anti-Bribery and Corruption Management System comprising policies and procedures as well as a compliance, monitoring and reporting framework.

***Code of Conduct and Code of Ethics for Directors***

The Board acknowledges the importance of establishing a healthy corporate culture among the Directors and has formalised in writing a Code of Conduct and a Code of Ethics for Directors, which set out the standards of good behavior by underscoring the core ethical values that are vital for their business decisions.

The Code of Conduct and Code of Ethics for Directors are included in the Board Charter which is published at the Company’s website at [www.lbalum.com](http://www.lbalum.com).

***Whistleblowing Policy***

The Board has formalised a Whistleblowing Policy to provide a safe mechanism for whomever to come forward and raise any concerns about the actual or potential fraud or breach of trust involving employee, Management or Directors in the Group. It allows the whistle-blower the opportunity to raise concerns outside the management line. The identity of the whistle-blower will be kept confidential and protection is accorded to the whistle-blower against any form of reprisal or retribution.

The Whistleblowing Policy is published at the Company’s website at [www.lbalum.com](http://www.lbalum.com).

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****I. Board Responsibilities (cont'd)*****Access to Information and Advice***

From time to time, whenever the Board requires relevant information updates from any members of the Management, the relevant member is invited to attend meetings of the Board or its Committees to provide the Board with any such relevant information or updates.

All Directors have unrestricted access to information within the Group and to obtain independent professional advice, when necessary, at the Company's expense. Prior to engaging any independent adviser, approval must be obtained from the Executive Chairman and, where applicable, the Executive Chairman may bring up the request for the Board's evaluation on the need for external advice.

**II. Board Composition*****Existing Board Composition***

The Board currently consists of nine (9) Directors; five (5) of whom are Independent Non-Executive Directors. The Board comprises an appropriate balance with sufficiently diverse experience required for the effective stewardship of the Group. The balance of Executive Directors and Non-Executive Directors (including Independent Non-Executive Directors) is such that decisions made are fully discussed and examined after taking into account the long term interest of shareholders, employees, customers and the many communities in which the Group conducts its business. The division of responsibilities between the Executive Directors and the Non-Executive Directors on the Board ensures independence in decision making at Board level.

***Independence***

The Board has a collective responsibility for the management of the Group. The Independent Non-Executive Directors are committed in upholding business integrity and bringing independent judgement and scrutiny to decisions taken by the Board and providing objective challenges to the Management. The Executive Directors are responsible for making and implementing operational and corporate decisions as well as day-to-day management of the business and operations of the Group. There is a clear division of responsibilities between the executive and non-executive functions to ensure effectiveness of the decision making process of the Board.

Independent Non-Executive Directors do not participate in the day-to-day management of the Group and do not engage in any business dealing or other relationship with the Group. This is to ensure that they are capable of exercising judgment objectively whilst acting in the best interest of the Group, its stakeholders and shareholders, including minority shareholders.

The Board is of the view that tenure should not form part of the independence assessment criteria, as it believes that the ability of a Director to serve effectively is dependent upon his caliber, qualifications, experiences and personal qualities, in particular, integrity and objectivity.



**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****II. Board Composition (cont'd)*****Tenure of Independent Directors***

Following an assessment by the Nomination Committee (“NC”) and the Board, Mr Neoh Lay Keong (“Mr Neoh”) and Dato’ Dr Mohd Husni Bin Ahmad (“Dato’ Dr Mohd Husni”), who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years as at the end of the financial year under review, have been recommended by the Board to continue to act as Independent Directors, subject to shareholders’ approval at the forthcoming Annual General Meeting of the Company.

The Board recommends Mr Neoh and Dato’ Dr Mohd Husni to continue to act as Independent Directors based on the following justifications:

- (i) They had fulfilled the criteria under the definition on Independent Director as stated in the MMLR of Bursa Securities and therefore were able to bring independent and objective judgment to the Board;
- (ii) They have been with the Group for many years and possessed deep understanding of the Group’s business operations and have continued to critically and constructively challenge and contribute to the development of effective business strategy and direction of the Company during Board and Board Committees’ meetings;
- (iii) Their long tenure with the Company had neither impaired nor compromised their independent judgement. They were free from any business or other relationships which could interfere with their exercise of independent judgement;
- (iv) They provided effective check and balance in the proceeding of the Board and the Board Committees;
- (v) They continued to remain objective and were able to exercise independent judgement in expressing their views and in participating in deliberations and decision making of the Board and Board Committees in the best interest of the Company;
- (vi) They exhibited high commitment and devoted sufficient time and attention to their responsibilities as Independent Directors of the Company; and
- (vii) They had met with the attendance requirements for Board Meetings pursuant to the MMLR of Bursa Securities. This testifies to their dedication in discharging the responsibilities expected of an Independent Director.

***Boardroom Diversity***

The NC is entrusted by the Board to identify and recommend suitable candidates to fill up vacant seats of the Board. The NC shall ensure the Board has the appropriate balance of skills, experience and knowledge.

Before any recommendation is made to the Board, the NC shall evaluate a candidate by considering the factors including age, gender, ethnicity, professional background, skill and expertise, personal characteristics, integrity, capability and time to discharge duty as a Director and for an Independent Non-Executive Director, whether he/she meets the criteria of an Independent Director as specified by Practice Note 13 of the MMLR of Bursa Securities.

The NC shall at all times continue to ensure a well-balanced Board and to ensure equal opportunity is given and that no candidate is subject to any form of discrimination in terms of age, gender, ethnicity, religion, marital status and appearance in the process of identifying suitable candidates for replacement or new Board member.

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****II. Board Composition (cont'd)*****Boardroom Diversity (cont'd)***

In identifying candidates for new directorship of the Company, the NC does not solely rely on recommendations from members of the Board, Management or major shareholders. The NC makes reference to the Company's business associates and professional bodies from time to time.

The Board acknowledges the importance of gender diversity in the Boardroom. However, the Board does not adopt any formal gender diversity policy in the selection of new Board members and does not have specific targets for female Director. The Board continues to evaluate a candidate for new Board member by considering all the factors including age, gender, ethnicity, skill and expertise, personal qualities, integrity, educational qualification, capability and time to discharge duty effectively.

During the financial year ended 30 April 2020, there was no new appointment to the Board.

***Re-election of Directors***

In accordance with the Company's Constitution (the "Constitution"), all Directors who are appointed by the Board to fill a casual vacancy are subject to election by shareholders of the Company at the first Annual General Meeting after their appointment. At the Annual General Meeting in every subsequent year, one-third (1/3) of the Directors for the time being, or, if their member is not three (3) or a multiple of three (3) then the number nearest to one-third (1/3), shall retire from office at the conclusion of the Annual General Meeting in every year provided always that all Directors shall retire from office at least in each three (3) years, but shall be eligible for re-election.

For the forthcoming Annual General Meeting, the following Directors will retire by rotation, and being eligible, offer themselves for re-election:

- Datuk Leow Chong Howa
- Ms Leow Sok Hoon
- Dato' Dr Mohd Husni Bin Ahmad

A brief description on the profile of the above Directors and their respective attendance in Board Meetings are presented in this Annual Report.

***Succession Planning***

The Board acknowledges that succession planning is important for the Company's stability and sustainability. The NC is entrusted to assess and recommend suitable candidates to be appointed as Director of the Company to fill up any vacant seat in the Boardroom.



## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### II. Board Composition (cont'd)

#### *Nomination Committee*

The NC of the Company comprises three (3) Independent Non-Executive Directors and is chaired by the Company's Senior Independent Non-Executive Director.

During the financial year ended 30 April 2020, one (1) NC's meeting was held. The details of attendance of each member at the NC meeting held during the financial year are as follows:-

Name of Nomination Committee Members	Number of Nomination Committee Meeting	
	Held	Attendance
Neoh Lay Keong (Chairman)	1	1
Dato' Dr Mohd Husni Bin Ahmad	1	1
Chew Kat Nyap	1	1

The terms of reference for the NC can be viewed at the Company's website at [www.lbalum.com](http://www.lbalum.com).

The activities of the NC during the financial year are disclosed in the CG Report.

#### *Annual Assessment of Independent Directors*

In ensuring that the independent judgments by the Company's Non-Executive Directors are not compromised, the NC performs yearly assessment on the independence of the Independent Directors. The assessment is conducted by making reference to Practice Note 13 of the MMLR of Bursa Securities.

Based on the assessment conducted for financial year ended 30 April 2020, the Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to continue to exercise independent judgment.

#### *Board Meetings*

It is the policy of the Company for Directors to devote sufficient time and effort in carrying out their responsibilities. The Board is required to meet every three (3) months in regular Board of Directors' meetings during a financial year to approve the quarterly results and the audited financial statements on a pre-scheduled basis. Additional meetings are convened when urgent and important decisions need to be taken between scheduled meetings.


**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**
**II. Board Composition (cont'd)**
***Board Meetings (cont'd)***

During the financial year under review, the Company held only three (3) meetings of the Board of Directors after cancellation of a scheduled meeting in March 2020 following the implementation of the Movement Control Order (“MCO”) by the Malaysian government on 18 March 2020 to contain the spread of Covid-19 pandemic. The details of the Directors’ attendance are as follows:

<b>Name of Directors</b>	<b>Number of Meetings Attended</b>
Datuk Leow Chong Howa	3/3
Mark Wing Kong	3/3
Yap Chee Woon	3/3
Leow Sok Hoon	3/3
Neoh Lay Keong	3/3
Dato’ Dr Mohd Husni Bin Ahmad	2/3
Toh Khiam Huat	3/3
Chew Kat Nyap	3/3
Teh Kok Heng	3/3

***Number of Directorships in other Companies***

All Directors are expected to notify the Board of their acceptance of any new directorship in other listed issuers.

Directors of the Company do not hold more than five (5) directorships in public listed companies and there is no restriction on number of directorships in non-public listed companies, as stipulated in the MMLR.

The listing of directorships held by Directors is disclosed by the respective Directors to the Board to ensure compliance to the MMLR.

***Directors’ Training***

The NC assesses the training needs of each Director on an annual basis by determining areas that would strengthen their contribution to the Board.

All Directors have attended and successfully completed the Mandatory Accreditation Program prescribed by Bursa Securities.

The Directors have committed to participate in relevant training programs to keep abreast with the latest developments in the security industry, particularly in areas of corporate governance and regulatory changes so that they would be able to discharge their duties as directors effectively.


**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**
**II. Board Composition (cont'd)**
**Directors' Training (cont'd)**

Courses attended by the Directors from 1 May 2019 till the date of this Annual Report include:

Name of Directors	Course/Seminar attended
Datuk Leow Chong Howa <sup>#</sup>	(i) What are the Temporary Relief Measures for Listed Issuers During COVID-19 Pandemic organised by Tricor Corporate Services Sdn Bhd <sup>^</sup>
	(ii) Anti-Bribery Management System Virtual Awareness Training organised by BDO Governance Advisory <sup>*</sup>
Mark Wing Kong	(i) National Economic Forum organised by Federation of Malaysian Manufactures
	(ii) What are the Temporary Relief Measures for Listed Issuers During COVID-19 Pandemic organised by Tricor Corporate Services Sdn Bhd <sup>^</sup>
	(iii) Anti-Bribery Management System Virtual Awareness Training organised by BDO Governance Advisory <sup>*</sup>
Yap Chee Woon	(i) Tax Seminar 2019: Preparing for Global Tax Changes at a Challenging Time organised by BDO
	(ii) What are the Temporary Relief Measures for Listed Issuers During COVID-19 Pandemic organised by Tricor Corporate Services Sdn Bhd <sup>^</sup>
	(iii) Anti-Bribery Management System Virtual Awareness Training organised by BDO Governance Advisory <sup>*</sup>
Leow Sok Hoon	(i) Related Party Transactions organised by Malaysian Institute of Corporate Governance
	(ii) Anti-Bribery Management System Virtual Awareness Training organised by BDO Governance Advisory <sup>*</sup>
Neoh Lay Keong <sup>#</sup>	(i) Anti-Bribery Management System Virtual Awareness Training organised by BDO Governance Advisory <sup>*</sup>
Dato' Dr Mohd Husni Bin Ahmad <sup>#</sup>	(i) Anti-Bribery Management System Virtual Awareness Training organised by BDO Governance Advisory <sup>*</sup>
Toh Khiam Huat	(i) IIA Malaysia National Conference: GRC 4.0 – Are You Ready? organised by The Institute of Internal Auditors Malaysia
	(ii) Invitation to the Securities Commission Malaysia's Audit Oversight Board: Conversation with Audit Committees organised by Securities Commission Malaysia
	(iii) Anti-Bribery Management System Virtual Awareness Training organised by BDO Governance Advisory <sup>*</sup>
Chew Kat Nyap <sup>#</sup>	(i) Anti-Bribery Management System Virtual Awareness Training organised by BDO Governance Advisory <sup>*</sup>
Teh Kok Heng <sup>#</sup>	(i) Anti-Bribery Management System Virtual Awareness Training organised by BDO Governance Advisory <sup>*</sup>
Leow Vinken <sup>#</sup>	(i) What are the Temporary Relief Measures for Listed Issuers During COVID-19 Pandemic organised by Tricor Corporate Services Sdn Bhd <sup>^</sup>
	(ii) Anti-Bribery Management System Virtual Awareness Training organised by BDO Governance Advisory <sup>*</sup>

<sup>^</sup> Held on 15 May 2020.

<sup>\*</sup> Rescheduled from 26 March 2020 to 30 June 2020 due to Covid-19 and implementation of MCO.

<sup>#</sup> The Directors did not manage to attend training during the financial year under review due to the cancellation/rescheduling of training registered prior to the implementation of the MCO.

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**
**II. Board Composition (cont'd)**
***Directors' Training (cont'd)***

The Company Secretary regularly updates the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and briefs the Board quarterly on these updates, where applicable, at Board meetings. The External Auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standards that would affect the Group's financial statements during the financial year under review. The Directors will continue to undergo relevant training programs to further enhance their skills and knowledge in the discharge of their stewardship role.

**III. Remuneration**
***Remuneration Committee***

The Remuneration Committee ("RC") comprises three (3) Independent Non-Executive Directors and is entrusted by the Board to recommend the remuneration framework for Directors as well as the remuneration packages of Executive Directors and Senior Management. The policy practiced on Directors and Senior Management's remuneration by the RC is to provide the remuneration packages necessary to attract, retain and motivate Directors and Senior Management of the quality required to manage the business of the Group and to align the interest of the Directors and Senior Management with those of the stakeholders.

During the financial year ended 30 April 2020, one (1) RC's meeting was held to review and recommend to the Board on the remuneration of the Directors and Senior Management. The details of attendance of each member at the RC meeting held during the financial year are as follows:-

Name of Remuneration Committee Members	Number of Remuneration Committee Meeting	
	Held	Attendance
Neoh Lay Keong (Chairman)	1	1
Dato' Dr Mohd Husni Bin Ahmad	1	1
Chew Kat Nyap	1	1

***Terms of Reference***

The details of the Terms of Reference of the RC are available at the Company's website at [www.lbalum.com](http://www.lbalum.com).

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****III. Remuneration (cont'd)*****Directors' Remuneration***

The remuneration package for Directors comprise of the following elements:-

- ***Fees and Meeting Allowance***

The fees payable to each of the Directors are determined by the Board. All Directors are paid meeting allowances as determined by the Board as reimbursement for expenses incurred for attending the Board meetings.

- ***Basic Salaries and Bonuses***

The basic salaries and bonuses for the Executive Directors are recommended by the RC to the Board for approval.

Bonus is a performance-based payment linked to the corporate performance as well as individual performance.

- ***Benefits-in-kind***

Customary benefits such as motor vehicle, club membership, mobile phone allowance are made available to the Executive Directors in accordance with the policies of the Group.

The details of the remuneration of Directors for the Company and its subsidiaries for the financial year ended 30 April 2020 are disclosed on a named basis in the CG Report.

**PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT****I. Audit Committee*****Audit Committee Composition***

The Audit Committee ("AC") comprises three (3) Independent Non-Executive Directors namely Mr Toh Khiam Huat (Chairman), Mr Neoh Lay Keong and Dato' Dr Mohd Husni Bin Ahmad.

The Chairman of the AC is not the Chairman of the Board.

All the members of the AC are financial literate and collectively they possess wide range of skills and expertise to discharge their duties.

***Audit Committee Meetings***

The AC should meet not less than four (4) times a year and is governed by clearly defined Terms of Reference. In the financial year ended 30 April 2020, the Committee met on three (3) occasions due to cancellation of a scheduled meeting in March 2020 as a result of the MCO.

**PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)****I. Audit Committee (cont'd)*****Yearly Assessment on Suitability and Independence of External Auditors***

The AC performs a yearly assessment on the suitability, objectivity and independence of the External Auditors.

The AC is satisfied with the performance and objectivity of the Company's External Auditors, BDO PLT, for the audit engagement throughout the financial year ended 30 April 2020 before recommending to the Board for the re-appointment of BDO PLT as External Auditors for the financial year ending 30 April 2021.

***Related Party Transaction***

An internal compliance framework exists to ensure that the Group meets its obligations relating to related party transactions under the MMLR. The Board, through the AC, reviews all material related party transactions involved. A Director who has an interest in a transaction must abstain from deliberation and voting on the relevant resolution in respect of such transaction at the Board and at any general meeting convened to consider such matter.

The Circular to Shareholders dated 28 August 2020 as well as the notes to the financial statements herein provide further details on these related party transactions.

***Terms of Reference***

The details of the Terms of Reference of the AC are available at the Company's website at [www.lbalum.com](http://www.lbalum.com).

***Attendance Record and Summary of Work Conducted***

The attendance record of the AC members and summary of work conducted by the committee are disclosed in the Audit Committee Report of this Annual Report.

**II. Risk Management and Internal Control Framework*****Risk Management Framework***

The Board has formalised a risk management framework to safeguard the interest, and meet the expectations of its shareholders, employees, customers, other stakeholders and the many communities in which the Group conducts its business. This involves:

- Enhancing strategic competitiveness and operational efficiency that increases long term shareholders' value;
- Minimising unexpected impact to earnings and returns to shareholders;
- Safeguarding valuable assets and resources;
- Balancing expectations of various stakeholders; and
- Meeting existing regulatory requirements on risk management.

The Board requires the Group to maintain a rigorous risk management framework for identifying, evaluating, monitoring and managing the risks taken to achieve the Group's business objectives.



**PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)****II. Risk Management and Internal Control Framework (cont'd)*****Risk Management Committee***

The Board has established the Risk Management Committee, headed by the Group's CEO and assisted by the Group's Head of Finance and other Senior Management to lead the implementation of the Group's Risk Management Policy. The Risk Management Committee reports to the AC on its findings and the AC will report to the Board accordingly.

The Statement of Risk Management and Internal Control included in this Annual Report provides an overview of the state of risk management and internal controls within the Group.

***Internal Audit Function***

The AC is responsible to ensure that the Group's internal audit function is operating effectively and independently.

An independent Internal Audit function was set up internally to assist and report directly to the AC in respect of the adequacy of the Group's internal control and risk management systems from the perspectives of governance, risks and controls. A summary of activities conducted by the Internal Audit function as well as the costs incurred in carrying out the function in respect of the financial year under review were set out in the Audit Committee Report of this Annual Report.

The cost incurred for the internal audit function in respect of the financial year was RM168,285.

**PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS****I. Communication with Stakeholders*****Communication Policy***

The Board recognizes the importance of maintaining an effective communication channel between the Board, shareholders and other stakeholders for timely dissemination of information. To facilitate this process, the Board has formalised a Corporate Disclosure Policies and Procedures with regards to the handling and disclosing of material information to the public.

Besides the direct communication and interaction with shareholders at the Company's Annual General Meeting, the Group has an official website at [www.lbalum.com](http://www.lbalum.com) where useful information including corporate information, products and facilities, financial result and announcements are uploaded for easy access by the public. Shareholders or potential investor can also send their feedback or inquiries to the Company via the website. The Group's website is continuously updated to provide timely and accurate information to the users.

Shareholders may also contact the Company's Executive Secretary, Ms Irene Leong to address any concern which a shareholder may have and she can be contacted via telephone, facsimile or electronic mail as follows:-

Tel. No. 03-2163 3688

Fax No. 03-2163 2122

e-mail: [irene@lbalum.com.my](mailto:irene@lbalum.com.my)

**PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)****I. Communication with Stakeholders (cont'd)*****Corporate Disclosure Policies and Procedures***

The Board has outlined the Company's approach towards the determination and dissemination of material information, the circumstances under which the confidentiality of information will be maintained, preventing abuse of undisclosed material information and provides guidelines for achieving consistent disclosure practices.

The Corporate Disclosure Policies and Procedures ("Policy") applies to the conduct of all Directors and employees of the Company with regards to handling and disclosing material information.

The Policy covers all methods that the Company uses to communicate to the public:

- (a) Documents filed with the regulators, written statements made in the Company's annual and quarterly reports, press releases, letters, circulars to shareholders, e-mail communications and information on the Company's website; and
- (b) Oral statements made in group and individual meetings, interviews and press conferences and telephone conversations with members of the investment community (which includes analysts, investors, investment dealers, advisors and media).

The Policy does not apply to communication made in the ordinary course of business not involving material information.

**II. Conduct of General Meetings*****Notice of Annual General Meeting***

The Company encourages its shareholders to attend the forthcoming Annual General Meeting ("AGM") which will be held in September this year. The Annual Report and notice of the AGM are sent to all shareholders at least twenty eight (28) days prior to the AGM. The notice of AGM is also published in a national newspaper. The notice would include explanatory statements for proposed resolutions to facilitate understanding and evaluation of issues involving the shareholders.

***Attendance at Annual General Meeting***

The AGM serves as a useful platform for shareholders to meet and communicate with the Board and encourages shareholders to participate in any discussion. The full Board including the Executive Chairman, Chief Executive Officer, Executive Director and the Chairman of all the Board Committees attended the last AGM held on 30 September 2019. The Company's External Auditors, Head of Finance and Company Secretary were also present to clarify and explain any issues.

***Voting at Annual General Meeting***

The last AGM of the Company was held on 30 September 2019 with the appointment of a poll administrator and a scrutineer for the poll voting process. In accordance with the MMLR, the Board put all resolutions to vote by way of poll at the AGM and the results of the polling were made to Bursa Securities on the same day.

**PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)****III. Statement on Directors' Responsibility**

The Directors are required, pursuant to Section 251(2) of the Companies Act, 2016 (the "Act"), to draw up financial statements for each financial year that gives a true and fair view of the state of affairs of the Company and of the Group as at the end of the accounting period and of their results and cash flow for the year then ended. In addition, the Directors have the general responsibility for taking such steps as they are reasonably open to them to safeguard the assets of the Group and to prevent fraud and other irregularities. In preparing the financial statements for the year ended 30 April 2020, the Directors have:-

- (i) adopted the appropriate accounting policies, which are consistently applied;
- (ii) made reasonable and prudent judgments and estimates; and
- (iii) ensured that the applicable approved Financial Reporting Standards in Malaysia and the provisions of the Act are complied with.

The Statement of Directors pursuant to the Act is set out in the Annual Report.

# ADDITIONAL COMPLIANCE INFORMATION

## 1. AUDIT FEES AND NON-AUDIT FEES

The amount of non-audit fees paid or payable to firms or corporations affiliated to the external auditors for the financial year ended 30 April 2020 amounted to RM14,300 for the Company and RM49,930 for the Group respectively (2019: RM14,840 for the Company and RM44,421 for the Group). The amounts of audit fees paid or payable to the external auditors of the Company and the Group have been disclosed under Note 27 to the Audited Financial Statements of this Annual Report.

## 2. MATERIAL CONTRACTS

No material contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company and/or its subsidiaries which involved Directors' and/or major shareholders' interests, either still subsisting at the end of the financial year ended 30 April 2020 or, if not then subsisting, entered into since the end of the previous financial year.

## 3. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE NATURE OR TRADING NATURE

The related party transactions are set out in the notes to the financial statements in which the transactions were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

Further information on the related party transactions of a revenue or trading nature are set out in the Circular to Shareholders dated 28 August 2020.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL



The Malaysian Code on Corporate Governance requires the Board of Directors (“Board”) to maintain an effective risk management and internal control framework to safeguard shareholders’ investments and the Group’s assets. Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad (“Bursa Malaysia”), the Board is pleased to present herewith the Statement on Risk Management and Internal Control (“SORMIC”), prepared in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“SORMIC Guidelines”) endorsed by Bursa Malaysia, which outlines the nature and state of risk management and internal control of the Company and its subsidiaries (“the Group”) for the financial year under review.

## BOARD RESPONSIBILITY

The Board recognises the importance of a sound system of internal control and risk management practices are essential in ensuring good corporate governance. The Board acknowledges its overall responsibility of ensuring the adequacy, effectiveness and integrity of the risk management and internal control system to safeguard shareholders’ investments and the Group’s assets. Such a system is designed to manage an acceptable risk profile rather than eliminate the risk of failure to achieve the business objectives; and can only provide reasonable and not absolute assurance against the occurrence of any material misstatement of management and financial information and records, financial losses or fraud.

In pursuing its responsibility, the Board confirms that there is continuous effort to enhance the overall risk management process of identifying, evaluating, managing and monitoring the significant risks by pursuing various initiatives and to enhance the tools and processes for effective management of risks faced by the Group in its achievement of objectives and strategies.

The Board, assisted by the Audit Committee and Risk Management Committee (“RMC”) will continue to assess the adequacy and effectiveness of the risk management and internal control system including financial, operational, information technology and compliance controls as well as the governance process.

## RISK MANAGEMENT POLICY

The Board has, through its RMC, established a risk management and internal control framework that was implemented throughout the Group, which is firmly embedded in the Group’s processes and structure.

The Board’s primary objective and direction in managing the Group’s risks are focused on the achievement of the Group’s business objectives. Overall, the Board balances the need for risk-taking and the requirement for sustainable business growth in view of maximizing long-term shareholders’ value growth. The Risk Management Policy has been in place to identify key risks, the likelihood of those risks occurring as well as any strategy to control or manage those risks affecting the business. Ongoing overall risk management process also includes budgetary controls and regular meetings among Senior Management to assess:

- Performances of branches and other operating subsidiaries;
- Impact of changes in competition and operating environment; and
- Risks and opportunities in the business and the ensuing action plans.

The Risk Management Policy shall be to safeguard the interest and meet the expectations of its shareholders, employees, customers and the many communities as well as environment in which the Group conducts its business. This involves:

- Enhancing strategic competitiveness and operational efficiency that increases long term shareholders’ value;
- Minimising unexpected impact to earning and returns to shareholders;
- Safeguarding valuable assets and resources;
- Balancing expectations of various stakeholders; and
- Meeting existing regulatory requirements on risk management.



## MONITORING AND REVIEW OF THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL CONTROLS

The Board is committed to maintain a strong control structure and environment for the proper conduct of the Group's business operation. The key elements are:

### Control Environment

- Clear Group vision, mission, corporate philosophy and strategic direction which are communicated to employees at all levels.
- The Board has established an organization structure with clearly defined lines of responsibilities, authority limits, and accountability aligned to business and operations requirements which support the maintenance of a strong control environment.
- The Board acknowledges the importance of establishing a healthy corporate culture among the Directors and has formalized in writing a Code of Conduct and a Code of Ethics for Directors, which set out the standards of good behavior by underscoring the core ethical values that are vital for their business decisions. The Code of Conduct and Code of Ethics for Directors are included in the Board Charter which is published at the Company's website at [www.lbalum.com](http://www.lbalum.com).
- The Group demonstrates commitment to integrity and ethical values. An Employee Policy Manual relating to the professional conduct and ethics that are applicable to all employees is available to foster long-lasting and harmonious working relationship among the employees including setting out standards Code of Conduct to be adhered by the employees in performing their duties. The manual is regularly reviewed to incorporate the changes that will enhance working efficiency, integrity and ethical values. The Code of Conduct is also uploaded on the Company's website at [www.lbalum.com](http://www.lbalum.com).
- Emphasis is being placed on enhancing the quality and ability of employees through continuous training and development base on annual training plan as well as structured training program. Employees' competencies are assessed through the performance evaluation systems, potential areas for further development and training are highlighted by the heads of departments to expand the level of competencies of the employees.
- There is a strong inherent corporate culture wherein any and all exceptional matters that require Senior Management's attention and/or decision were communicated and/or reported accordingly.
- As part of its preparation for compliance with Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act 2009 (Amendment 2018), the Group has engaged a consultant to put in place an Anti-Bribery and Corruption Management System ("ABMS") comprising policies and procedures, and a compliance, monitoring and reporting framework for the Group.

### Control Activities

- Limits of authorities are imposed and regularly reviewed for improvements for revenue and capital expenditure for all operating units as well as credit limits and credit terms given to customers to keep potential exposure under control. Capital and revenue expenditure, acquisition and disposal of investment interests as well as business dealings with customers are all properly approved and documented before they are carried out.
- Standard Operating Procedures ("SOP") manual sets out the policies and procedures for day to day operations to be carried out, periodic reviews are performed to ensure that the SOP remains current, relevant and aligned with evolving business environment and operational needs.



## MONITORING AND REVIEW OF THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL CONTROLS (CONT'D)

### Control Activities (cont'd)

- Health and Safety Policies and Procedures are developed to assist in maintaining a safe working environment for all employees, under the purview of an Occupational Safety and Health Committee.
- Regular visits to operating units within the Group by Executive Directors and key members of the Management.
- The Group is ISO 9001-2015 certified. The effectiveness of the system of internal control is also reviewed through the ISO 9001 Quality Management System certification evidenced by the range of controls and processes that have already been established, to create efficiencies by aligning and streamlining processes throughout the organization.

### Information and Communication Processes

- Implementation of Human Resources Management System is to assist users in managing its human resource optimally with greater effectiveness and efficiency. It covers the entire payroll function, ranging from capturing employees' information, calculation of salaries and pay, documentation and acting as an analytical tool for Human Resource planning and reports submission to authorities.
- Accounting Policies approved by the Board are applicable to the entire Group. Revisions and additions are made when necessary.
- The Group has in place a business applications and related peripheral in maintaining an ethos of being responsive to changing market needs and resolve operational deficiencies.
- The Audit Committee reviews the quarterly financial results and evaluates the explanations and reasons for significant unusual variances noted thereof.
- The Audit Committee assists the Board in assessing the effectiveness of internal controls by reviewing reports from the internal and external auditors.
- The Group has implemented a Whistle Blowing Policy to provide an avenue for employees, vendors and customers to report actual or suspected malpractice, misconduct or violations within the Group in a confidential manner with the assurance that the report will be dealt with confidentially and that the whistle blower's identity will be protected, to develop and maintain high standard of corporate governance and business integrity. The Whistle Blowing Policy is made available on the Company's website.
- A Personnel Data Protection Policy is available on the Company's website for the management, control and protection of confidential information used by the Group to avoid leakage and improper use of such information.
- The Group aspires to the highest standards of integrity and honesty in the everyday conduct of its business, the No Gift Policy is in place to assert the Group's stand on giving and accepting gifts in relation to suppliers and customers, to avoid conflict of interest or the appearance of conflict of interest in ongoing or potential business dealings between the Group and external parties.



## MONITORING AND REVIEW OF THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL CONTROLS (CONT'D)

### Monitoring

- The Group also adopts a budgeting process where operating units prepare budgets for the following year, discussions are held between the Management and the heads of operating units to ensure the budgets are attainable and realistic. A management reporting system is in place to carry out monthly monitoring and review of financial results and forecasts against budgets for all business units, with remedial action taken immediately for major variances and followed up, where necessary.
- The Group has implemented the Recurrent Related Party Transactions (“RRPT”) Procedures to ensure proper identification and reporting of RRPT, and to ensure that the RRPT are conducted on arms-length basis, on prices and terms not more favourable to the Related Parties than those generally available to the public and not to the detriment of the minority shareholders of the Group.
- Monthly Management Meetings are held regularly to identify, discuss and resolve strategic, operational, financial and key management issues.
- Other scheduled meetings held monthly or bimonthly include Credit Control Meeting to evaluate and approve credit terms and limits for customers; Sales and Marketing Meeting to formulate sales strategies, update market information as well as to review collection; and Production Meeting to resolve operational issues.
- In line with the Management’s desire to enhance the performance of the Group, the Management has implemented a performance evaluation system based on Key Performance Indicators (“KPIs”) to assess and reward executives and above of the Group. Top down target setting process with target cascading from the Executive Chairman has improved strategic focus and direction.

### Risk Management

- The Board had established a Risk Management Committee (“RMC”), headed by the Group’s Chief Executive Officer (“CEO”) which comprises the Group’s Executive Director, Head of Finance (“HOF”) and other Senior Management to identify, manage, update and assess the Group’s risks, and thereafter to develop, implement and monitor appropriate risk management processes and internal controls to address and mitigate such risks.
- Risk management has been part of the Management’s day-to-day operations and has in place a Risk Register where key risk profiles are established. The Risk Register is updated periodically wherein each fundamental risk has a risk owner who is responsible for ongoing monitoring and review of the risks and related controls and that action plans are developed and implemented to manage these risks and will report to the RMC on half yearly basis, and the same is presented at the Audit Committee meetings.
- Identify and review the risk elements that impact on the financial performances of the Group and establish mechanism to manage risk including and not limiting to volatility of foreign exchange rates, escalating cost of operations and competitive pricing of products.
- Adequate insurance of major assets is in place to ensure that assets are sufficiently covered against any mishap that may result in material losses and business interruption to the Group, which is reviewed annually.
- The RMC meets twice a year to review the execution of the risk management framework as well as to deliberate on the top business risk and the actions to be taken to mitigate the risk identified and present report to Audit Committee in a timely manner.
- Assessment of RMC’s own performance with the signing off of the Risk Committee Performance Evaluation – Self-Assessment Questionnaire on an annual basis.





## INTERNAL AUDIT FUNCTION

The internal audit department on quarterly basis reports directly to the Audit Committee. Internal audit plans are reviewed and approved by the Audit Committee and the plans include independent appraisal on the compliance, adequacy and effectiveness of the Group's internal controls and to assess and monitor the effectiveness and implementation of the Groups' Risk Management Policies. Included in the reports are risk measures of issues identified and recommended corrections for implementation by the Management. Follow-up reviews on previous audit recommendations are carried out to ensure compliance and appropriate actions have been implemented to address weaknesses highlighted to ensure that they are dealt with adequately.

## ADEQUACY AND EFFECTIVENESS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Based on the framework established and the reviews conducted, the Board is of the opinion, with the concurrence of the RMC, that there are sound and sufficient controls in place within the Group addressing material financial, operational, regulatory compliance and information technology risks to meet the business objectives and strategies of the Group in its current business environment.

During the financial year under review, a number of internal control weaknesses were identified, all of which have been or are being addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report were noted. The Board confirms that its system of risk management and internal control was operational throughout the financial year and up to the date of approval of this statement for inclusion in the Annual Report.

Notwithstanding the fact that the Group's system of risk management and internal controls do not eliminate the possibility of collusion or deliberate circumvention of procedures by employees or fraud or other unforeseen circumstances, the Board has received assurances from the Group's CEO and the Acting HOF that the Group's risk management and internal control system is operating adequately and effectively in all material aspects, based on the risk management model adopted by the Group. The Management will continue to review and take measures to ensure the ongoing effectiveness and adequacy of the system on risk management and internal controls.

The Board is satisfied that during the financial year under review, there is a process in identifying, evaluating, managing and monitoring the risks of the business to mitigate any significant risks faced by the Group so as to safeguard shareholders' investments and the Group's assets.

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITOR

As required by Paragraph 15.23 of the Listing Requirements of Bursa Malaysia, the external auditors has reviewed this SORMIC in accordance with Audit and Assurance Practice Guide 3 ("AAPG 3"), for inclusion in the Annual Report for the financial year ended 30 April 2020 and reported that nothing has come to their attention that causes them to believe that the SORMIC included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of the SORMIC Guidelines, nor is the SORMIC factually inaccurate.

This SORMIC is made in accordance with the resolution of the Board of Directors dated 14 August 2020.



# SUSTAINABILITY STATEMENT

The preservation of the eco-system and the natural environment for the future generation while providing solutions for our customers has been an integral part of our corporate culture. We believe that by consistently following the sustainable development path will enable us to achieve our vision of becoming the **“Preferred Global Partner in Aluminium”**.

## ABOUT THIS REPORT

Our Sustainability Statement is designed to reflect the significant Economic, Environmental and Social (“EES”) impacts of the Group’s operations to facilitate decision making of stakeholders and contribute to the development of a sustainable aluminium industry.

### Scope and Boundary

This report covers all subsidiaries of the Group which the Group has direct control.

### Reporting Period

This report accounts our EES activities from 1 May 2019 to 30 April 2020. Historical information collected from previous

years is included to provide a basis of comparison.

### Report Guidelines

This report is prepared based on the following guidelines:-

- Principal Guideline: Bursa Malaysia Sustainability Reporting Guide
- Reference Global Reporting Initiatives (“GRI”) Standards

### Reporting Cycle

This report is prepared annually coinciding with our financial year ended 30 April 2020 (“FY2020”).

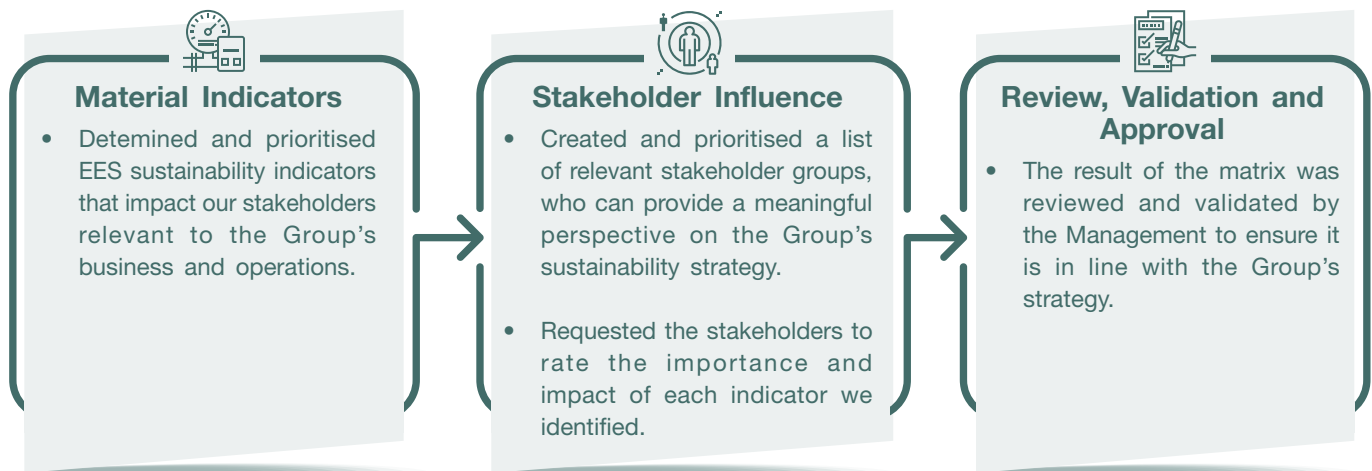
### Feedback and Comments

Please direct your feedback and comments to: [irene@lbalum.com.my](mailto:irene@lbalum.com.my)

## MATERIALITY

We have used a materiality determination and prioritisation process to identify the most relevant topics to address in this report. To assess materiality, we considered our overall Mission and Vision, competitive strategy, and the interests of our stakeholders. Materiality analysis allows us to identify key issues to help guide our actions to achieve sustainable improvements.

### Materiality Process

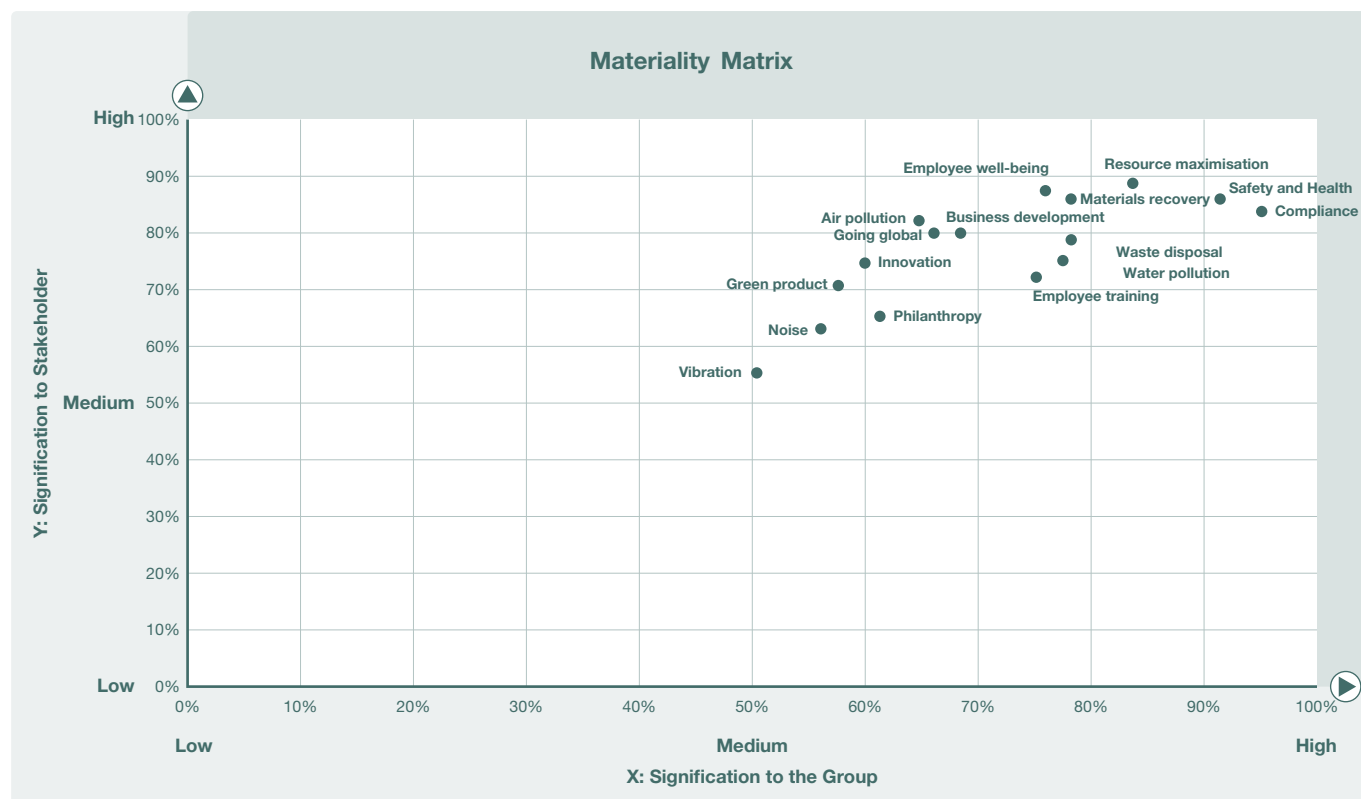




### Materiality Matrix

The outcome of our materiality assessment in terms of the significance of the EES impacts to the organisation or their influence on stakeholder assessments and decisions are illustrated below:

The Group has identified sixteen (16) material issues as shown below. The X-axis represents EES issues relevant to the Group and the Y-axis denotes the issues material to our stakeholders. The issues on the top right of the matrix are considered of highest significance to our Group and stakeholders.



The four (4) sustainable aspects that we determined to be the most important to our stakeholders and the Group are Resource Maximisation, Safety and Health, Compliance and Material Recovery. Resource Maximisation, Material Recovery and Compliance are intertwined and significant to protect the environment and reduce virgin material extraction. The Health and Safety of our employees are directly connected to our operation, and thus, we keep close risk management in these areas.

The least significant aspects are Vibration, Noise and Philanthropy. Our factory does not create noise and vibration that could adversely affect the community where we operate. Also, our factory location is away from residential community and located at a dedicated industrial area.

**STAKEHOLDER ENGAGEMENT**

Stakeholder engagement is a collaborative process that is critical to the success of the Group.

We practice a year-round engagement with stakeholders to offer timely responses that address and anticipate their concerns.

The table below shows the list of stakeholders with whom we engage and who we believe are impacted the most by our business activities. The table also catalogues their concerns and our responses to resolve such issues:

Stakeholder Group	Concerns	Responses
SHAREHOLDERS	The Group's financial performance	<ul style="list-style-type: none"> <li>The Group will continue innovating and concentrate on improving its operational performance to ensure that the Group's margins are maintained</li> <li>The Group will keep on identifying new business opportunities to sustain future business growth</li> </ul>
	Communication with shareholders	<ul style="list-style-type: none"> <li>Shareholders are encouraged to attend the Company's General Meeting, where they can interact with the Management</li> <li>Timely disclosure of important information on the Company's website and immediate announcement made to Bursa Malaysia Securities Berhad</li> </ul>
EMPLOYEES	Occupational safety and health	<ul style="list-style-type: none"> <li>Establishment of an Occupational Safety and Health Committee</li> <li>24-hour security surveillance</li> <li>Provision of safety gears for the protection of employees against serious injuries</li> <li>Consistent promotion and constant updating of the awareness for safety precautions and health issues</li> </ul>
	Career development	<ul style="list-style-type: none"> <li>Annual training plan</li> <li>Employee participation in local and international trade fairs and exhibitions</li> <li>Apprenticeship opportunities for eligible employees under HRDF's Apprenticeship Scheme</li> </ul>
SUPPLIERS	Long-term business relationship	<ul style="list-style-type: none"> <li>Conducting site visits at the suppliers' premises</li> <li>Maintaining two-way communication with suppliers</li> <li>Fair and ethical procurement process</li> </ul>
COMMUNITY	Community development	<ul style="list-style-type: none"> <li>Donations to schools, charity foundations and welfare bodies</li> <li>Distribution of gifts to the needy during festivals</li> </ul>
CUSTOMERS	Quality of products, after-sales service and on-time delivery	<ul style="list-style-type: none"> <li>Stringent quality control</li> <li>ISO 9001 certification</li> <li>Adopting the <b>"Do it right the first time"</b> motto to achieve operational excellence</li> <li>Annual customer surveys</li> <li>Continuing to introduce state-of-the-art technologies and products</li> </ul>
GOVERNMENT	Statutory compliance	<ul style="list-style-type: none"> <li>Conducting relevant trainings for employees</li> <li>Strict monitoring to ensure compliance with relevant rules and regulations</li> </ul>



## SUSTAINABILITY GOVERNANCE

Our key business principles:-

- State-of-the-art equipment
- Vigorous quality-control measures
- Listening to and working with our customers
- On-time delivery
- Innovation in design
- Commitment to eco-sustainability

In line with the Group's key business principles, the Management is committed towards achieving the highest sustainability practices in driving our business to be a good steward of the Environment, Community and our Employees.

The Board provides guidance and oversight to ensure that the Company is equipped with the appropriate strategies and risk management processes to create sustainable values for all stakeholders. The Group's CEO drives the operational responsibility for sustainability matters, whereas the Management Team is responsible for formulating and implementing sustainability policies across the organisation.

The CEO and the Senior Management Team report to the Board on a regular basis regarding sustainability issues and recommend the best practices for implementation.

All heads of departments are dedicated and unified to the common goal of proactively enhancing their respective department's sustainability practices throughout the Group. The Group's Occupational Safety and Health Committee is headed by our CEO and its members are represented by both the Management and employee representatives.

The Group's Risk Management Policy includes EES components to safeguard the interest and meet the expectations of its shareholders, employees, customers, communities and the environment that are impacted by our business and operations.

By adhering to our key business principles and responding to shifts in sustainability matters, the Management looks forward to continually improve the delivery of sustainable products and services.

### Creating Worthiness

As we journey towards further success, the Group strives to create worthiness by becoming a company that our clients, employees and the community can depend on. As we

unswervingly overcome the challenges brought about by economic, technological and geopolitical changes, we push our capability to navigate our trajectory towards the right path.

### Supporting Local Business

We support Malaysia's infrastructure projects as well as property development and construction sectors. We constantly look into upgrading our technology, and augmented by our ongoing initiatives, we endeavour to produce better products and offerings.

### Going Global

We are constantly upgrading the quality of our products to meet both local and international demand. As at today, our export markets include destinations in North America, China and South Asia, Australia and New Zealand as well as South East Asia.

## ECONOMIC, ENVIRONMENTAL AND SOCIAL

### (A) ECONOMIC

#### INVESTOR

The Group strives to enrich its corporate value by implementing a stable and long-term growth strategy that will benefit its shareholders. The Group maintains its efforts to engage with its shareholders through the following initiatives:

- Maximises the shareholders' wealth through consistent initiatives for achieving operational excellence and sustainable growth;
- Discloses and disseminates all material information in a timely, open, fair and transparent manner;
- Ensures that a robust system of corporate governance is in place;
- Implements policies that will promote ethical behaviour and conducts business responsibly in accordance with high standards and business ethics; and
- Engages with the shareholders and investors via various channels of communication, such as General Meetings of shareholders, press releases and the Company's website.

## ECONOMIC, ENVIRONMENTAL AND SOCIAL (CONT'D)

### (A) ECONOMIC (CONT'D)

#### SUPPLIER

The Group respects and works closely with its suppliers by fostering long-term relationships to realise mutual growth based on mutual trust. In this regard, the Group engages its suppliers through the following protocols:

- We are ISO 9001 certified. All of our suppliers must strictly comply with all relevant local laws and regulations. As part of our assessment process, we conduct site visits at selected suppliers and evaluate their financial performance to determine the viability of the supplies and assess any associated customer complaint. Biannual evaluation is performed for selected key suppliers to make sure that the bulk of our supplies remain optimal;
- We engage in ethical procurement practices by adopting standard and equitable procedures in evaluating the vendors' qualifications;
- We ensure that the supplied products are in accordance with the Group's requirements and standards; and
- We conduct an evaluation of suppliers to verify that the required standards are satisfied in the supply chain.

#### CUSTOMER

In line with the Group's Mission of "Customer Focus", we are cognizant of our role as a responsible corporate entity and we endeavour to identify, manage and deliver sustainable value in our products and services.

#### Quality and Reliability

We have established our quality policy to prove our unwavering commitment in fulfilling the stringent requirements of product reliability and quality. In addition to our continuous ISO9001 certification and our adherence to the other global quality standards, we are endeavouring to maintain world-class quality aluminium products.

#### Technology

The Group stays ahead of the market competition because of our initiatives to invest in new technologies.

Our factories are equipped with the state-of-the-art machineries and equipment from Japan, Italy, Germany as well as China. With technological advantage on our side, we are able to satisfy the strict requirements and specifications of our customers, as all our products are tested for quality assurance before delivery to customers.

#### Customer Engagement

We have established various forms of customer communication channels so that we can work closely and collaboratively with our valued customers to understand their needs and feedbacks. Timely and sustainable solutions will be devised in order to resolve the challenges.

##### (a) Regular visits

Regular visits to the customers enable us to meet market demands and modify the designs and technical specifications to meet the requirements of our global network of customers.

##### (b) Monitoring

Quality reports and complaint systems are monitored closely to ensure issues are resolved in the shortest time and that similar problems do not reoccur.

##### (c) Satisfaction Survey

Satisfaction surveys are conducted and results are used to understand our customers' satisfaction levels and experiences which give us a deeper understanding of our customers' expectations and define our actions moving forward.

Below are the results of the surveys conducted for past 3 years:

Customer Satisfaction Survey			
Rating Criteria	Scores (out of 100%)		
	2017	2018	2019
Quality	78%	78%	78%
Finishing	79%	78%	78%
Delivery	81%	79%	81%
Price	83%	69%	70%
After Sales Service	83%	83%	82%
Technical Support	80%	77%	79%
<b>Overall</b>	<b>82%</b>	<b>78%</b>	<b>78%</b>



## ECONOMIC, ENVIRONMENTAL AND SOCIAL (CONT'D)

### (A) ECONOMIC (CONT'D)

#### CUSTOMER (CONT'D)

#### Customer Engagement (cont'd)

##### (d) Company's website

Our customers may visit the Company's website at [www.lbalum.com](http://www.lbalum.com) to gain information on our company profile, facilities, products and services. Product catalogues are downloadable and our contact information is provided for customers who wish to reach us.

##### (e) Mobile application

By using the Company's mobile application, our customers can access and download information on our products and catalogues anytime and anywhere on their mobile devices, such as smart phones and tablets.

### (B) ENVIRONMENTAL

The growth of our Group is reflected not only by economic factors alone but also by our alignment with our stakeholders' interest and the Company's Mission of "Care for the environment".

In contrast to other metal industries, the aluminium industry is in a remarkable position to offer sustainable and functional solutions for the society and the economy. Aluminium's elemental nature possesses an inherent and unique recyclability property. Once a particular aluminium product has reached its end of life, it can undergo an infinite recycling process for the benefit of future generations.

Our production process operates in a procedure designed to conserve resources, reduce discharges and emissions as well as recycling of waste and production residuals. We identify and strive to minimise our environmental impacts during production by installing environmentally friendly mechanisms, practising active monitoring on waste management and continuously working on conserving resources.

### Environmental Compliance

The environmental regulations that specifically apply to the Group are:-

- Environmental Quality Act 1974;
- Environmental Quality (Clean Air) Regulations 2014;
- Environmental Quality (Industrial Effluent) Regulations 2009; and
- Environmental Quality (Scheduled Wastes) Regulations 2005

We are committed to operate in accordance with these relevant laws and regulations, so that we can ensure that our operation procedures are of the prescribed standards.

### Waste and Resources Management

In all of our facilities, we apply the "Reduce, Reuse and Recycle ("3Rs")" approach to achieve a more sustainable factory waste and resources management system. Our aim is to reduce the disposal costs, toxicity and consumption of natural resources and overall waste-related impacts.

#### (a) Material Recovery

We strongly believe in fully harnessing the advantages of aluminium scrap recycling. This strategy leads to multiple pronged rewards: reduces waste, boosts the economy by supplying the demand for more aluminium products and curtails further extraction of metals. These ultimately result in savings in environmental and social costs.

Below is the percentage (%) of the recycled aluminium used in the production for the past 3 financial years:-

	Recycled Aluminium		
	FY2018	FY2019	FY2020
% of recycled aluminium	26%	24%	25%

**ECONOMIC, ENVIRONMENTAL AND SOCIAL  
(CONT'D)**
**(B) ENVIRONMENTAL (CONT'D)**
**Waste and Resources Management (cont'd)**
**(b) Glove Recycling Project**

A project that has been fundamental in our journey towards consistent improvement, particularly in terms of both environmental conservation and cost reduction is our Glove Recycling Project.

Instead of a one-time use, our used gloves for certain operation departments with heavy usage are sent to external party for reconditioning and cleaning. This endeavour is not merely a cost-saving measure but also an environmentally friendly way to reduce our impact to the surroundings. Gloves can be recycled as many times as possible as long as the gloves are intact.

**(c) Scheduled Wastes**

To reduce the quantity and toxicity of our scheduled wastes, we have installed eco-friendly systems such as Caustic Recovery System, Acid Recovery System and Sludge Dryer while we reuse and refill chemical containers for liquid raw materials and/or chemicals.

In addition, there are established procedures for the collection of recyclable wastes which will contribute to environmental preservation. The following are the recyclable wastes that were collected and sold to external recycling companies during the financial year under review:

Nature of Waste	Recyclable Waste	
	Quantity	
	FY2019	FY2020
Aluminium Hydroxide	907,543 Kg	797,802 Kg
Aluminium Scrap and Saw Dust	149,798 Kg	70,139 Kg
Iron Scrap	74,980 Kg	38,511 Kg
Broken Mould	64,015 Kg	113,590 Kg
Paper and Plastic	41,782 Kg	25,614 Kg

For non-recyclable wastes, we have hired an external qualified waste management company to collect the non-recyclable hazardous wastes from our premises for proper disposal in accordance with the industrial standards.

**(d) Water Management**

We endeavour to reduce our water consumption and manage our water discharge responsibly, so that the treated water can be returned safely to the water cycle whilst imposing minimum impact on the environment.

**Effluent**

We monitor closely the wastewater discharge in terms of quality and actual destination of discharge at our premises. We assess a total of more than 30 water quality parameters in our wastewater treatment plant. The analysis of the samples of wastewater that are discharged from our factories is carried out by an external party at a laboratory certified by Department of Environment.

Volume of the wastewater treated for the past 3 financial years:

	Treated Wastewater		
	FY2018	FY2019	FY2020
Volume (M <sup>3</sup> )	511,890	424,317	353,127

**Energy Management**

The key to saving energy in our organisation is energy management. For this reason, our Group is consistently working to reduce our energy consumption and constantly raising awareness amongst employees about ways to improve process efficiencies and maximise productivity, strengthen standard operating procedures and implement the use of energy-efficient equipment.

Below are the details of energy consumption for the past 3 financial years:-

	Energy Consumption		
	FY2018	FY2019	FY2020
Diesel (litres)	98,993	97,723	84,374
Natural Gas (Sm <sup>3</sup> )	4,064,897	3,901,824	3,425,980
Electricity (kWh)	41,433,560	40,359,516	34,859,854





## ECONOMIC, ENVIRONMENTAL AND SOCIAL (CONT'D)

### (B) ENVIRONMENTAL (CONT'D)

#### Solar Energy

We are constantly exploring the use of renewable energy to reduce production cost as well as to minimise the energy-related environmental damage caused by fossil fuels. At present, purchased electricity and fuels (diesel, natural gas and liquefied petroleum gas) are our main energy sources. The initiative to transition towards solar energy will reduce our dependency on fossil fuels and at the same time increase our commitment towards environmentally friendly renewable energy sources.

During the financial year under review, we have commissioned the Group's maiden 1 MWp Solar System at our main factory in Beranang and recorded electricity saving of 964 megawatts or equivalent to RM342,000 over a period of seven months.

Looking forward, we are in the midst of studying the viability to add a second Solar System with capacity of 1.2 MWp at our main factory in Beranang for the upcoming financial year.

#### Environmental Training

To instil more sustainable practices in our workplace, we have designed sustainable environmental initiatives. In addition to daily reminders and internal environmental trainings, we will send our employees to external trainings as and when there are suitable topics in relation to our operations to ensure that we are in line with the current good practices, regulations and existing standards.

### (C) SOCIAL

#### EMPLOYEE

*The Group's employees are amongst its most valuable assets and are key drivers of our organisational success.*

To this end, we employ various means of employee engagement in order to build a bright future and a decent working environment for our people.

#### Employee Trainings

The Company has made a concerted effort to attract, retain, motivate and develop the best talents that the industry can offer. We have organised multiple comprehensive training programmes that cover a wide range of topics: compulsory product and induction training; management and leadership skills; operation, technical and maintenance skills; sales and marketing; and quality and productivity improvement courses.

Each training category comprises a number of sub-categories that are specialised for employees of different classes and departments.

The following are the summary of the trainings provided to employees in the year under review:-

Training Type	Training Subcategories	No. of Attendees	Number of Hours
Compulsory Product and Induction	• New employee orientation	43	4
	• Intra-departmental training	10	3
	• Key performance indicator training	11	4
Sales and Marketing	• Product and system training	36	7

**ECONOMIC, ENVIRONMENTAL AND SOCIAL (CONT'D)****(C) SOCIAL (CONT'D)****EMPLOYEE (CONT'D)****Diverse Workforce**

The Group welcomes talented employees from different backgrounds as we believe that the skill, expertise and work ethic of the employees are the attributes that will ultimately determine their success within the organisation.

The Group upholds equal opportunity and forbids harassment of any kind. Employees who are found engaging in activities of harassment or discrimination will be held liable to strict disciplinary action.

The number of our employees categorised by gender and age group:-

Number of Employees	By Age Group			Total
	20 – 30 years old	31 – 40 years old	41 years old and above	
<b>By Gender</b>				
<i>As at 30 April 2020</i>				
Male	295	234	219	748
Female	53	44	31	128
<b>Total</b>	<b>348</b>	<b>278</b>	<b>250</b>	<b>876</b>
<i>As at 30 April 2019</i>				
Male	317	250	224	791
Female	55	51	33	139
<b>Total</b>	<b>372</b>	<b>301</b>	<b>257</b>	<b>930</b>

**Work Life Balance**

Our employees collectively work towards a shared objective and spend a significant amount of time interacting with one another in a professional setting. As such, the Group recognises the importance of nurturing positive employee relationships through team-building activities and social gatherings. We highlight the celebration of major achievements, important milestones and other events that are important to our employees.

The employees are encouraged to participate in weekly badminton games sponsored by the Company to promote work life balance among the employees. Sports tournament of badminton and bowling are organised annually with winners receiving awards.

For the financial year under review, the Group has organised a Hari Raya Celebration for our Muslim staffs in June 2019. The Group has postponed its Annual Dinner Event for year 2020 to a later date amidst the outbreak of the Covid-19 pandemic as we place the safety of our employees as our utmost priority.

**Employee Retention**

The Group recognises the employees' contributions and achievements in accomplishing the Company's goals by rewarding bonuses and incentives to maintain a high performance work force. We established Long Service Award in recognition of our employees' loyalty, dedication and commitment towards the Company. Meanwhile, we also provide medical benefits, hospitalisation and personal accident insurance coverage as well as educational support for the children of employees in need.

**ECONOMIC, ENVIRONMENTAL AND SOCIAL (CONT'D)**

**(C) SOCIAL (CONT'D)**

**EMPLOYEE (CONT'D)**

**Safety and Health**

Safety and Health is embedded in our Mission of “*We provide safe work environment*” and is ranked high amongst our materiality theme. The Group’s Occupational Safety and Health Committee (“OSHC”) is headed by the CEO and consists of Management and employee representatives from different functional groups. The OSHC is responsible for the group-wide continuous improvement, enforcement and promotion of the internal and external workplace safety, health and welfare in our operations.

The following is the structure of the OSHC:-



**ECONOMIC, ENVIRONMENTAL AND SOCIAL (CONT'D)****(C) SOCIAL (CONT'D)****EMPLOYEE (CONT'D)****Safety and Health (cont'd)**

Personal protective equipment including ear plugs, helmets, safety shoes, eye goggles, mask and gloves are provided to relevant employees to prevent the consequences of serious injuries. Employees are required to wear the protective equipment at all times during work hours to minimise the effects of workplace hazards.

After the Movement Control Order is enforced by Malaysian Government in March 2020, the Company has reacted promptly to establish the standard operating procedure required by Ministry of International Trade and Industry ("MITI") for the Company to resume operation in May 2020. The Company continues to ensure the procedure is followed by all level of employees as well as visitors in order to contain the spread of the Covid-19 pandemic.

**Safety and Health Trainings**

Our internal and external safety and health programmes are structured by our OSHC and prioritised based on the requirements of specific operation sites and work areas. The orientation and job trainings on safety and health education aim to instil proper knowledge as well as to eliminate unsafe working habits and attitude that may result in possible accidents in the workplace.

The following are the safety and health programmes conducted in the year:-

Topics	Objectives	Participants	Training Hours
Use of Fire Extinguisher	To teach employees how to use a fire extinguisher	All employees	1
22nd Conference and Exhibition on Occupational Safety and Health	To embrace latest development in occupational safety and health issues	Safety and Health Officer	14
Products, Technical and Safety Knowledge on using Grease and Lube	To create awareness among employees on the appropriate ways to use grease and lube	Production workers	3
Safety of Handling Overhead Crane	To impart the safe operating procedure, awareness and understanding of potential hazards and accidents in crane operation	Crane operator; Assistant supervisor; and Production supervisors	1
Safety of Handling Industrial Fan	To impart the safe operating procedure awareness and understanding of potential hazards and accidents in operating of industrial fan	Production workers	1
Forklift Safety	To show the safe operation of an industrial forklift	Forklift driver; Assistant Supervisor; and Production supervisors	1



## ECONOMIC, ENVIRONMENTAL AND SOCIAL (CONT'D)

### (C) SOCIAL (CONT'D)

#### COMMUNITY

The Group takes great care to prevent any adverse EES impact in the communities that we operate in. We pride ourselves on being a responsible corporate entity and we strictly adhere to all laws and regulations put forth within the district of operations.

Moreover, the Group recognises the co-relationship between business growth and community well-being and welfare. Therefore, to fulfil our corporate responsibility to the community, we express our commitment to improve community sustainability by organising various activities that are aimed towards promoting community engagement and addressing the needs of less-fortunate and underprivileged families.

The initiatives taken by the Group include:

- Monetary donations to schools, charity, welfare and voluntary associations;
- Welfare visits and contributions to charitable organisations;
- Distribution of gifts to neighbouring communities and the needy during festivals; and
- Encouragement of our employees to participate in voluntary works for charitable events.

For the financial year under review, the Group visited Persatuan Kebajikan Insan Istimewa Chahaya Selangor, Semenyih in August 2019 and donated household items and electrical appliances for the benefit of the children who were in need. The Group also organised a “Clean the Beach Day” activity in October 2019 of which the employees cleaned up the Pantai Bagan Lalang, Sepang for one day.

# AUDIT COMMITTEE REPORT

## COMPOSITION

### Toh Khiam Huat (Chairman)

Independent Non-Executive Director

### Neoh Lay Keong

Senior Independent Non-Executive Director

### Dato' Dr Mohd Husni Bin Ahmad

Independent Non-Executive Director

## TERMS OF REFERENCE

The terms of reference for the Audit Committee can be viewed at the Company's website at [www.lbalum.com](http://www.lbalum.com).

## ATTENDANCE

During the financial year ended 30 April 2020, three (3) Audit Committee's meetings were held. The number of meetings held in the financial year is less than the minimum four (4) times as stated in the terms of reference due to cancellation of a scheduled meeting in March 2020 to comply with the MCO. The details of attendance of each member at the Audit Committee meetings held during the financial year ended 30 April 2020 are as follows:-

Name of Audit Committee Members	Number of Audit Committee Meeting	
	Held	Attendance
Toh Khiam Huat	3	3
Neoh Lay Keong	3	3
Dato' Dr Mohd Husni Bin Ahmad	3	2

## SUMMARY OF WORK CONDUCTED DURING THE FINANCIAL YEAR

The activities conducted were in accordance with the terms of reference of the Committee that included the following:

- (i) reviewed the quarterly and year-end results of the Company and the Group before recommending to the Board for its approval;
- (ii) reviewed the audited financial statements of the Company and the Group prior to submission to the Board for consideration and approval;
- (iii) reviewed the External Auditors' scope of work and audit plan for the financial year. The audit plan was presented by representatives from the External Auditors;
- (iv) met with the External Auditors before finalisation of the audited accounts for the financial year under review without the presence of Executive Directors and Management;
- (v) reviewed the Internal Auditors' reports and audit plan for the financial year;
- (vi) reviewed the External Auditors' report and management letter;
- (vii) reviewed the Risk Management Policy and the Risk Management Committee's reports;



## SUMMARY OF WORK CONDUCTED DURING THE FINANCIAL YEAR (CONT'D)

- (viii) reviewed the related party transactions and any conflict of interest that may arise within the Group;
- (ix) considered and recommended to the Board the re-appointment of the External Auditors and their audit fees after taking into consideration the independence of the External Auditors;
- (x) reviewed the Audit Committee Report and Statement on Risk Management and Internal Control prior to inclusion in the Company's Annual Report;
- (xi) conducted self-assessment on the effectiveness of the Committee and the contribution of each individual committee member; and
- (xii) reviewed the adequacy of the scope, functions, competency and resources of the Company's Internal Audit Function and whether it has the necessary authority to carry out its work.

All the requirements under the terms of reference except for the requirement on the minimum number of meeting to be held for the year were complied with and the Audit Committee did not see any matters in breach of the Bursa Malaysia Securities Berhad's Listing Requirements that warrant reporting to Bursa Malaysia Securities Berhad.

## INTERNAL AUDIT FUNCTION

The internal audit function is independent and has no involvement in the operations of the Group. It was set up within the Company to assist and report directly to the Audit Committee in providing assurances that the internal control system of the Group is effective and adequate.

For the financial year under review, audits were performed to evaluate and identify any weaknesses of the internal controls affecting the Group, the adequacy of the existing system of controls and to recommend measures to Management to improve and rectify any weaknesses. The Management is responsible for ensuring corrective actions on reported weaknesses are taken within the required time frame.

For the financial year ended 30 April 2020, a total of Sixty-seven (67) audit reviews were carried out in various areas. The audit reviews covered the following key risk areas, in accordance with the approved audit plan:-

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>(a) Manufacturing Division               <ul style="list-style-type: none"> <li>• Planning</li> <li>• Packing</li> <li>• Extrusion</li> <li>• Anodising</li> <li>• Die Fabrication and Maintenance</li> <li>• Designing and Drafting</li> <li>• Aluminium Processing Works</li> </ul> </li> <li>(b) Trading Division               <ul style="list-style-type: none"> <li>• Despatch</li> <li>• Sales and Marketing</li> <li>• Warehouse</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>(c) Support Division               <ul style="list-style-type: none"> <li>• Human Resources</li> </ul> </li> <li>(d) Branches               <ul style="list-style-type: none"> <li>• Sabah</li> <li>• Klang Valley</li> <li>• Johor Bahru</li> </ul> </li> <li>(e) Subsidiaries               <ul style="list-style-type: none"> <li>• LB Aluminium (Singapore) Pte Ltd</li> <li>• ALBE Marketing Sdn Bhd</li> </ul> </li> </ul> |
|--|---|

The costs incurred for the internal audit functions in respect of the financial year ended 30 April 2020 was RM168,285.

# EXECUTIVE CHAIRMAN'S STATEMENT

## Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of the Group and of the Company for the financial year ended 30 April 2020.

### OVERVIEW

We had started FY2020 on a bullish note as reflected in our quarterly announcements of results for the first three quarters of the financial year under review. However, the Malaysian government had on 18 March 2020 implemented the Movement Control Order ("MCO") to contain the spread of the Covid-19 pandemic in the country.

My first thought with the implementation of the MCO was the welfare and health of all our employees. We have to make sure that our employees are suitably protected and not infected. Whether in the early stages of the pandemic or the eventual gradual process of resuming production, we have to put in place proper procedures as well as to educate all our employees on cleanliness and other measures to protect themselves. In this regard, I have ensured that the Group has sufficient supply of face masks for all employees which was in short supply then. We also continued to pay salaries to all our employees on time during the MCO. I am happy to add that up to today we have not retrenched any employee.

My thought also goes out to our customers. I have instructed our sales and marketing team to continuously engage with our customers during the MCO. In time of crisis, we have to conduct regular and timely communication with our customers to understand their problems as well as continue to serve them. With the proper communication and engagement, we can foster closer relationship with customers which would be mutually beneficial in the long term.

Finally, I have requested for an evaluation of the Group's financial situation and the impact of the MCO on our cashflow position. This is to ensure that we are able to meet our obligations to our bankers as well as our suppliers. As at todate, I am pleased to report that we have been able to meet both obligations as and when they fell due.

### FINANCIAL PERFORMANCE

The implementation of the MCO which included the prohibition of business activities for non-essential goods and services, restriction of interstate travel, closure of government agencies and mandatory social distancing had adversely impacted our financial performance. As the Group's business activities are considered to be non-essential, we had to stop operations from 18 March 2020 until the end of the financial year, a period of one and a half month.

The stoppage had severely impacted our core activity which is the aluminium segment of our business. Revenue had declined from RM532.9 million last year to RM457.2 million for the year under review. For FY2020, the Group reported a profit before taxation of RM4.0 million for the aluminium segment compared to profit before taxation of RM13.1 million for the previous year. The lower profit before taxation is explained in the Management Discussion and Analysis in this Annual Report.

On a brighter note, the property segment had maintained its financial performance for FY2020. The property segment reported a profit before taxation of RM2.7 million for the financial year under review compared to profit before taxation of RM2.4 million for the preceding year.

Earnings per share for FY2020 was 1.55 sen (FY2019: 4.90 sen) based on the total number of issued shares of 248,486,334. As at 30 April 2020, the Group's net assets per share was RM1.18 (FY2019: RM1.18) while shareholders' funds stood at RM293.5 million (FY2019: RM293.4 million).





## CORPORATE DEVELOPMENT

The Company had on 16 May 2019 acquired one (1) ordinary share representing 100% equity interest in Greentech Paramount Sdn Bhd ("GPSB") for a cash consideration of RM1.00. GPSB had on 16 May 2019, subscribed for 2,005,000 new ordinary shares representing 50.06% equity interest in Pembinaan Serta Hebat Sdn Bhd ("PSH") for a cash consideration of RM2,005,000 only. Following the share subscription, PSH became a 50.06%-owned subsidiary of GPSB which in turn is a wholly-owned subsidiary of the Company. The principal activity of PSH is property development.

The Company had on 10 October 2019 entered into share sale agreements to acquire a total of 60,000 ordinary shares, representing 60% equity interest in SEMS Sdn Bhd ("SEMS") for a cash consideration of RM2,200,000 only. SEMS's principal activities are metal stamping and other engineering works. Following the completion of the acquisition on 27 November 2019, SEMS became a 60%-owned subsidiary of the Company.

Other than the above, the Group did not have any other significant corporate developments to report.

## DIVIDEND

Despite the challenging operating environment following the aftermath of the MCO, the Group is committed to consistently reward our loyal shareholders for their continuous support with payment of a reasonable return in their investment. Your Board has considered the financial results and position of the Group as well as the need to conserve adequate funds to meet its financial obligations and is of the opinion that the payment of dividend will not adversely impact its cashflow.

The Board of Directors is pleased to recommend a first and final single-tier dividend of 1.0 sen (2019: 1.5 sen) per ordinary share based on the total number of issued shares of 248,486,334 amounting to RM2,484,863 (2019: RM3,727,295) in respect of the financial year ended 30 April 2020 which is subject to approval of the shareholders at the forthcoming annual general meeting.

“  
We are cautiously optimistic with  
our outlook of the prospect of  
the Group”

## OUTLOOK

With the gradual easing of the MCO and stimulus packages announced by the Malaysian government as well as the several downward revisions of the Overnight Policy Rate ("OPR") by Bank Negara Malaysia, we are cautiously optimistic with our outlook of the prospect of the Group. Although uncertainties abound over the continuous impact of the Covid-19 pandemic, we believe that the Malaysian economy, given its resilience, will recover in the latter half of 2020. We have also put in place measures to reduce operational costs and improve efficiencies as well as keeping a very close watch on our cashflow.

Barring unforeseen circumstances, your Board is optimistic that the Group will be profitable for the forthcoming year.

## APPRECIATION

On behalf of the Board, I would like to express our heartfelt appreciation to all our employees for their hard work, commitment and loyalty especially during these difficult times. Our thanks are also extended to our shareholders, customers, suppliers, bankers, government agencies and others whose support are invaluable to the continued success of the Group. Finally, I would like to thank my fellow directors for their inputs and contributions throughout the financial year.

## DATUK LEOW CHONG HOWA

Executive Chairman

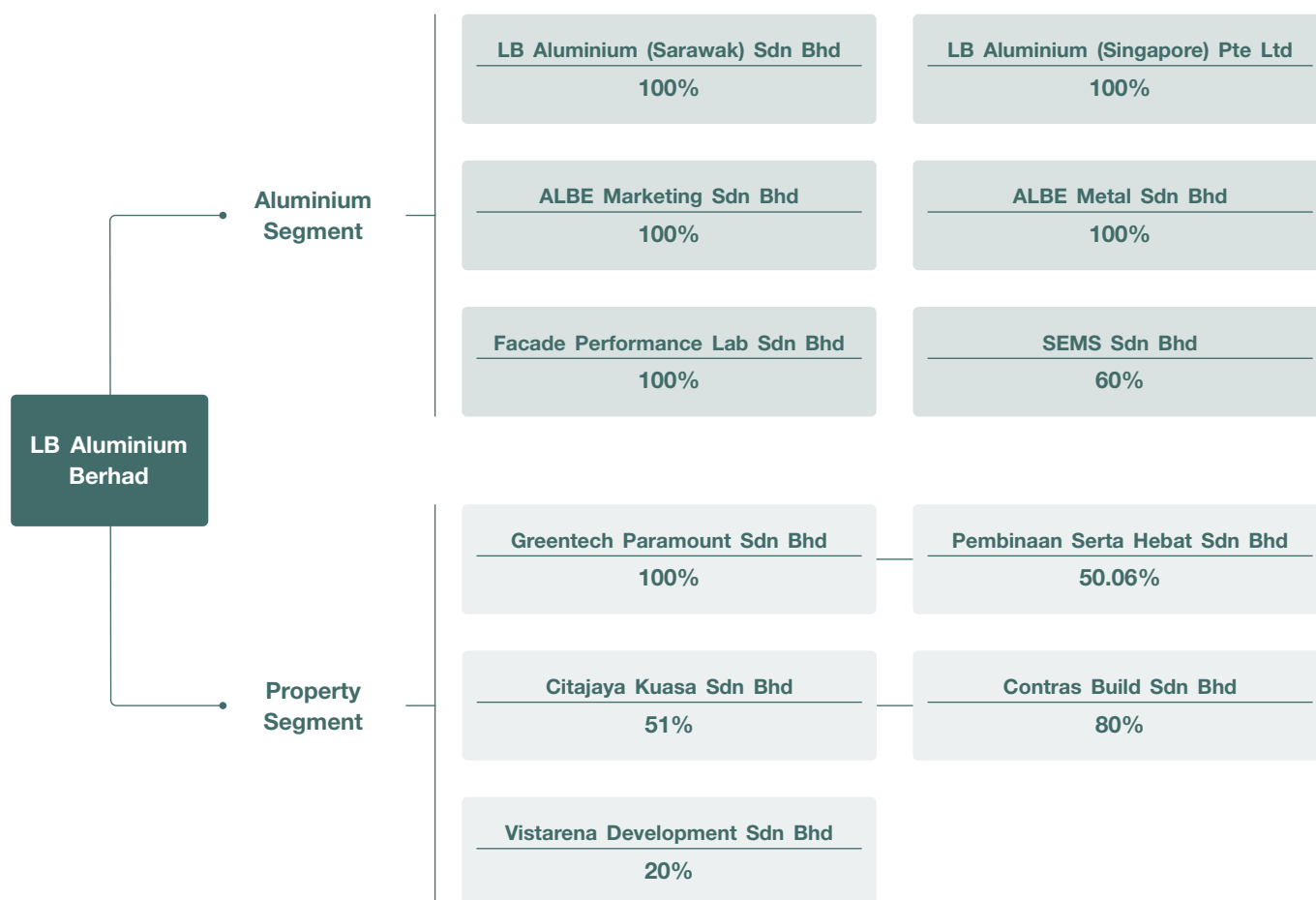
# MANAGEMENT DISCUSSION AND ANALYSIS

The objective of this Management Discussion and Analysis (“MD&A”) is to enable shareholders, investors and other stakeholders to view and understand the Group’s performance, financial condition, risk exposure as well as future prospects through Management’s point of view.

The MD&A is to complement the financial statements by providing material non-financial information that may not be reflected in the financial statements to facilitate better comprehension and deeper understanding by the stakeholders.

## GROUP STRUCTURE AND BUSINESS SEGMENTS

The Group structure as at 30 April 2020 is as follows:-



The Group has categorised its business operations into two segments namely the Aluminium Segment and Property Segment.



## GROUP STRUCTURE AND BUSINESS SEGMENTS (CONT'D)

### Aluminium Segment

The Aluminium Segment represents the Group's core business which includes manufacturing, marketing and trading of aluminium and other metal products as well as ancillary businesses of property holding, providing performance tests for windows, doors and facades, providing metal stamping and other engineering works.

The detailed information of the Aluminium Segment is stated in the Corporate Profile of this Annual Report at pages 2 and 3.

### Property Segment

The Company had in March 2018 received the approval of its shareholders to diversify its principal activities to include property development. In this respect, the Company had acquired a 20% equity interest in Vistarena Development Sdn Bhd ("Vistarena") which is developing a residential project, Platinum OUG Residence, at Kampung Muhibah, Kuala Lumpur with a gross development value of approximately RM468.0 million. In addition, the Company has two subsidiaries, namely Contras Build Sdn Bhd ("CBSB") and Pembinaan Serta Hebat Sdn Bhd ("PSH") which are involved in property development. As at todate, PSH is in the early stage of project development whilst CBSB has not commenced operation.

## OVERVIEW OF BUSINESS AND OPERATIONS

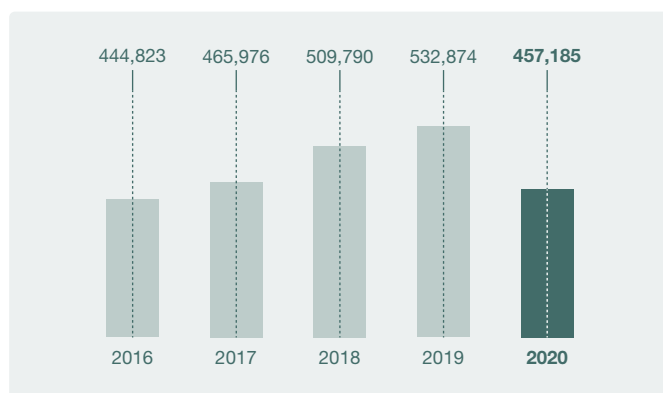
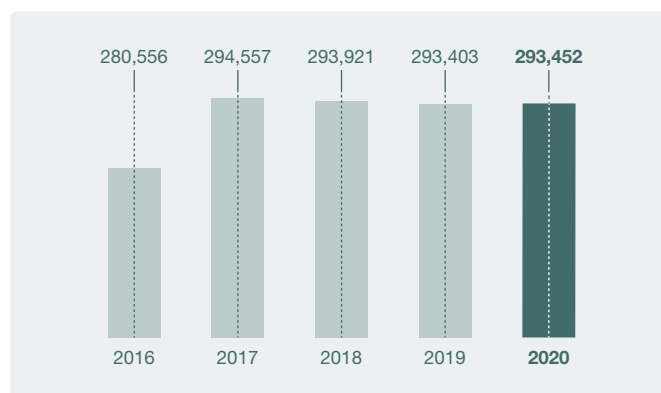
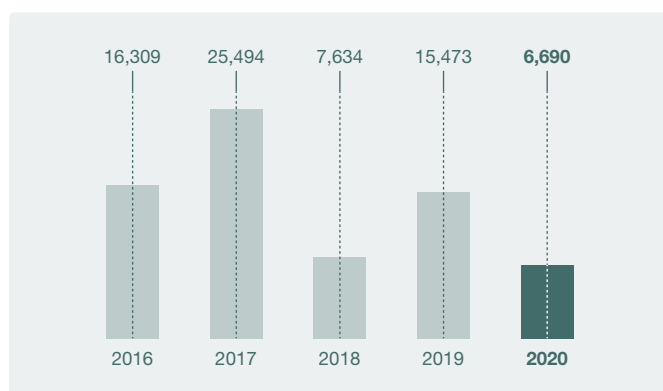
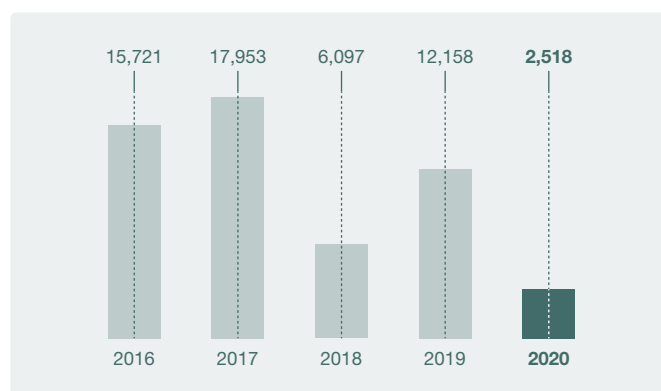
The unprecedented outbreak of the Covid-19 pandemic since December 2019 has severely dampened the global economy activities. On 18 March 2020, the Malaysian government has implemented the Movement Control Order ("MCO") to contain the spread of the Covid-19 pandemic with measures including the prohibition of business activities for non-essential services, restriction of interstate travelling, closure of government agencies as well as introduction of mandatory social distancing.

Consequently, the Group's current year performance was negatively affected and it has reported a loss before taxation of RM8.8 million in the fourth quarter ended 30 April 2020. The quarterly loss was due mainly to the Aluminium Segment following the stoppage of business activity for one and a half months and higher provision of impairment on trade receivables of RM4.7 million as a result of longer aging of trade receivables due to the MCO. In addition, we had written down our raw material inventory to the lower of its costs and net realisable value by RM6.2 million following the sharp decline in global aluminium prices.

**REVIEW OF GROUP'S FINANCIAL RESULTS AND FINANCIAL CONDITIONS**

The following table is the financial highlights of the Group for the past 5 financial years:-

		Financial Year Ended 30 April ("FY")				
		2020	2019	2018	2017	2016
Revenue	RM'000	<b>457,185</b>	532,874	509,790	465,976	444,823
EBITDA	RM'000	<b>27,173</b>	33,911	30,455	47,466	38,767
Profit Before Taxation	RM'000	<b>6,690</b>	15,473	7,634	25,494	16,309
Profit After Taxation	RM'000	<b>2,518</b>	12,158	6,097	17,953	15,721
PATAMI	RM'000	<b>3,844</b>	12,169	6,097	17,953	15,721
Total Assets	RM'000	<b>584,739</b>	509,880	503,258	488,381	448,897
Total Liabilities	RM'000	<b>290,555</b>	215,975	209,337	193,824	168,341
Total Shareholders' Equity	RM'000	<b>293,452</b>	293,403	293,921	294,557	280,556
Net Gearing Ratio	Times	<b>0.41</b>	0.35	0.30	0.18	0.16
Earnings Per Share	Sen	<b>1.55</b>	4.90	2.45	7.22	6.33
Net Asset Per Share	RM	<b>1.18</b>	1.18	1.18	1.19	1.13

**Revenue (RM,000)**

**Total Shareholders' Equity (RM,000)**

**Profit Before Taxation (RM,000)**

**Profit After Taxation (RM,000)**




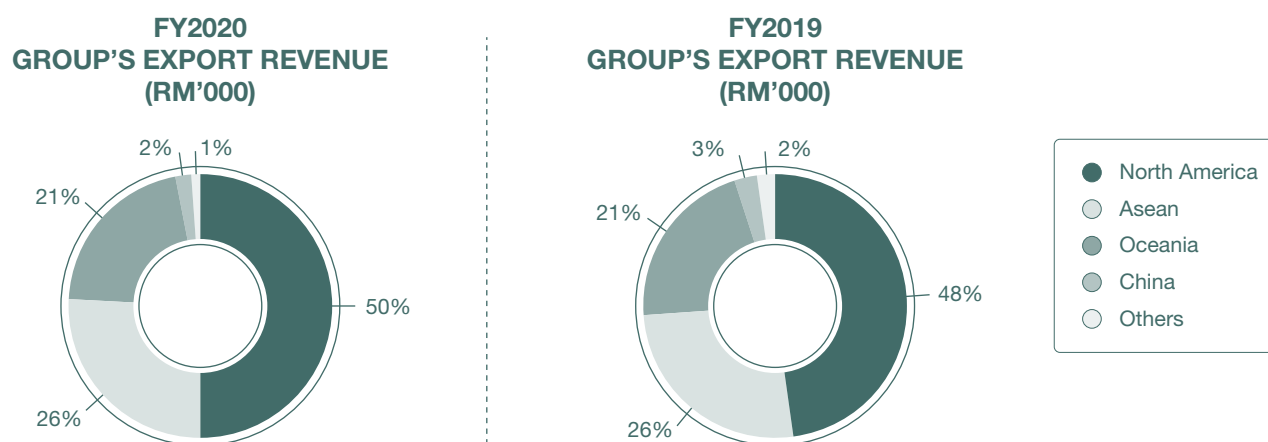
**REVIEW OF GROUP'S FINANCIAL RESULTS AND FINANCIAL CONDITIONS (CONT'D)**

The following table is the breakdown of the Group's performance for FY2020 and FY2019 by business segments:-

	FY2020			FY2019		
	Aluminium RM'000	Property RM'000	Group RM'000	Aluminium RM'000	Property RM'000	Group RM'000
Revenue	457,185	–	457,185	532,874	–	532,874
Profit Before Taxation	4,020	2,670	6,690	13,076	2,397	15,473
(Loss)/Profit After Taxation	(152)	2,670	2,518	9,761	2,397	12,158
Total Assets	478,889	105,850	584,739	488,599	21,281	509,880
Total Liabilities	235,799	54,756	290,555	215,412	563	215,975

**(a) Revenue**

The Group's revenue decreased by RM75.7 million or 14% to RM457.2 million in the current financial year attributed mainly to the loss of revenue during the MCO period as the Group's operations had been halted for nearly one and a half months from 18 March 2020 to 30 April 2020. The Group's export markets had contributed 38% to the total revenue compared to 34% of the previous year. North America remained the main contributor followed by Asean countries and Oceania region for the Group's export market.



The Group's revenue for FY2020 was solely contributed by the Aluminium Segment as the Property Segment was still in its early stages during the financial year.

**(b) Profit before taxation ("PBT")**

The Group's profit before taxation decreased by RM8.8 million or 57% to RM6.7 million in the current financial year due mainly to lower contribution from the Aluminium Segment.

**Aluminium Segment**

The Aluminium Segment's PBT decreased by RM9.1 million or 69% to RM4.0 million due mainly to the following:-

- (i) Stoppage of operation in March and April 2020 because of the MCO

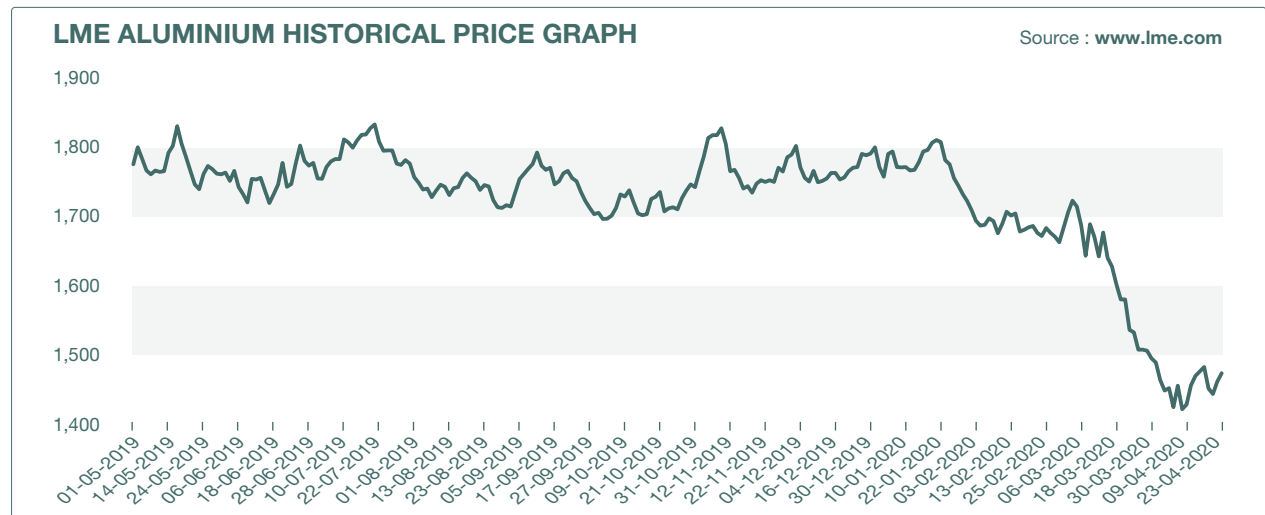
For FY2020, the Group's operations had been halted from 18 March 2020 to 30 April 2020 during the MCO period. Consequently, the Aluminium Segment had lost its revenue for almost one and a half months.

**REVIEW OF GROUP'S FINANCIAL RESULTS AND FINANCIAL CONDITIONS (CONT'D)**
**(b) Profit before taxation ("PBT") (cont'd)**
**Aluminium Segment (cont'd)**
**(ii) Provision of impairment loss on trade receivables**

The Aluminium Segment had provided impairment loss on trade receivables of RM4.7 million for FY2020 as a result of longer trade receivables aging due to the MCO. This provision is expected to be gradually reversed after the financial year end, as and when collections from trade receivables are normalised.

**(iii) Inventories written down**

Due to the sharp decline of global aluminium prices in April 2020 as a result of the Covid-19 pandemic, the Aluminium Segment had written down the carrying amount of its raw material inventory to the lower of its costs and net realisable value by RM6.2 million as at the end of the financial year under review. The movement of aluminium prices as quoted on the London Metal Exchange during the financial year is depicted in the chart below:-



Meanwhile, the Aluminium Segment recorded finance costs in the current financial year of RM6.5 million (FY2019: RM6.3 million).

**Property Segment**

The Property Segment's PBT increased by RM273,000 or 10% to RM2.7 million due mainly to higher contribution from the Group's associate, Vistarena, which contributed profit of RM5.1 million for FY2020 compared to RM2.5 million of the preceding year. Vistarena's existing residential project has achieved overall sales of 99% and development progress of approximately 33% as at 30 April 2020. The property subsidiaries had not commenced operations yet but had incurred preliminary expenses which reduced the overall results of the Property Segment accordingly.

**(c) Taxation**

The Group's effective tax rate for the financial year under review was higher than the statutory tax rate due mainly to the non-deductibility of provisions incurred during the financial year.

**(d) Profit after taxation**

The Group's profit after taxation decreased by RM9.7 million or 79% to RM2.5 million in the current financial year in line with the aforementioned lower PBT and higher effective tax rate.

**REVIEW OF GROUP'S FINANCIAL RESULTS AND FINANCIAL CONDITIONS (CONT'D)****(e) Financial position****Total Assets**

The Group's total assets increased by RM74.9 million or 15% to RM584.7 million attributed mainly to the increase in the assets of the Property Segment during the financial year. The assets of the Property Segment increased by RM84.6 million or 397% to RM105.9 million in FY2020 due mainly to the consolidation of assets amounted to RM67.2 million of the newly acquired subsidiary, PSH. PSH's total assets as at 30 April 2020 include inventories (property development costs) of RM54.9 million.

Meanwhile, the Group had adopted MFRS 16: Leases during the financial year and recognised right-of-use assets of RM11.9 million comprises the Group's leasehold land and other future lease commitments mainly arising from leasing of hostel and equipment.

The Group's cash position including short term fund, fixed deposits as well as cash and bank balances was RM48.3 million as at 30 April 2020 (FY2019: RM31.3 million).

**Total Liabilities**

The Group's total liabilities increased by RM74.6 million or 35% to RM290.6 due mainly to the increase in liabilities of the Property Segment. The liabilities of the Property Segment increased by RM54.2 million to RM54.8 million in FY2020 due mainly to consolidation of PSH's liabilities which include a term loan of RM35.0 million drawn down to part finance the land premium of its development land.

**Gearing**

The Group's gearing ratio was kept at a healthy and manageable level of 0.41 times (FY2019: 0.35 times) as at 30 April 2020. The marginal increase in the gearing ratio during the financial year was due mainly to the drawdown of the term loan of RM35.0 million by PSH as explained in the preceding paragraph. The Group's capital management strategy is to focus on maintaining a low and healthy gearing ratio whilst creating and maximising shareholders' value. By having a healthy gearing ratio, the Group will be able to place itself in a better position to capture new business opportunity and withstand economic adversities.

**CAPITAL EXPENDITURE ("CAPEX")**

The Group's estimated total CAPEX for the financial year ending 30 April 2021 ("FY2021") is at RM18.3 million, of which its breakdown is shown below:

Asset Group	Main Usage	Amount	
		(RM'000)	(RM'000)
Plant and machinery	General upgrading works	8,684	
	Solar power system	4,440	
			13,124
Office equipment	Upgrade of ERP system and IT hardware		4,798
Other			350
<b>Total CAPEX for FY2021</b>			<b>18,272</b>

After the commission of the Group's maiden solar power system with capacity of 1.0 MWp during FY2020, the Group is in the midst of studying the viability of investing in another solar power system with capacity of 1.2 MWp at its Beranang's factory.



## ANTICIPATED BUSINESS RISKS

The Group is exposed to several business risks such as market competition, fluctuations of aluminium prices, volatility in currency exchange rates, political and economic instability, execution risk for property development projects and weak sentiments for property market.

### (a) Market competition

Today, aluminium is used in many industries including transport, construction, consumer goods, packaging as well as electrical engineering due to its light weight, excellent conductor of electricity and durability in nature.

In dealing with market competition, the Group has adopted a proactive approach by continuously improving efficiencies and upgrading its facilities to ensure on time delivery of quality products and provision of the expected services to our ever discerning customers.

### (b) Fluctuations of aluminium price

The Group's main raw material is aluminium billet. As aluminium is a global resource, the prices for aluminium billets are susceptible to factors like disruption in supply chain, changes in economic conditions, geopolitical tensions and fluctuation of foreign exchange rates. When the price of the aluminium billets fluctuates, the Group's profit margin will be affected.

The Group is constantly monitoring the price movement of aluminium and will adjust the selling prices accordingly. The Group is also actively managing the costs of production as well as improving efficiency and recovery to maintain our margins and competitive edge. For large orders, we will hedge forward the aluminium prices to lock in our margins.

### (c) Volatility in currency exchange rates

The Group is subject to foreign currency risk as our imports of the aluminium and most of the exports are both denominated in USD. When the MYR fluctuates against the USD, the price of the imported aluminium and revenue generated from export sales will fluctuate and profit margins will be impacted accordingly. Under normal circumstances, exports sales that are denominated in USD will provide a natural hedge against any impact of volatility in currency exchange rates on the imported aluminium prices and vice versa. In the event the MYR is weakening against the USD and price of imported aluminium goes up, the Group will also adjust our selling prices to mitigate its impact.

To minimise the impact of the foreign currency risk, the Group also practises foreign currency hedging of significant payment for raw material in USD as and when we see fit.

### (d) Political and economic instability

The Group operates mainly in Malaysia with approximately 62% of its revenue for the current financial year derived from domestic sales. The performance of the Group is significantly dependent upon the stability of the local political climate as well as the solidity of the Malaysian economy.

The Group is following closely on the development of the local political and economic conditions to detect any potential downside risk as well as to take preventive measures to mitigate the impact of such risks.

### (e) Execution risk for property development projects

The Group's property development business comprises its investments in associate and non-wholly owned subsidiaries. The delay in completion of any property development project will result in liquidated ascertained damages payable to the house buyers which will adversely affect the Group's profits as well as cash flows.

The Group is working closely with its business partners to execute the operation and management of the property development as well as to ensure all the development progresses are up to date. Our business partners are reputable entities that have proven track record in property development industry for many years. Notwithstanding, the Group will be closely monitoring every development of each project undertaken to ensure its performance and sustainability as it progresses.



## ANTICIPATED BUSINESS RISKS (CONT'D)

### (f) Weak sentiments for property market

The property market in Malaysia has been sluggish since the outbreak of the Covid-19 pandemic at beginning of 2020. This has been evidenced by the statistic issued by the National Property Information Centre which reported that the actual transacted volume of residential property as well as commercial property for the first quarter of 2020 has declined by 9.9% and 27.9% respectively compared to first quarter of 2019. A prolonged weak property demand in the country will increase the liquidity risk of the Group as the payback of the investments will be delayed.

The Group will work closely with its business partners to study the viability of the future projects including the type of properties, pricing as well as the timing of the new launching. As the Group's land bank that are earmarked for property development are located at strategic locations, the Group is optimistic that with the correct strategies and proper planning, the future launches should be able to achieve satisfactory take-up rate.

## OUTLOOK

The Malaysian economy ended the first quarter of 2020 with its slowest quarterly growth in the decade at 0.7% due mainly to the MCO. Looking forward, the local economy is expected to contract in the next quarter before the recovery starts in the second half of 2020.

### Aluminium Segment

The Group's Aluminium Segment had lost approximately one and a half months of FY2020's revenue due to the MCO but we managed to move on and cautiously adapt to the volatile business environment post MCO. As at the date of this report, the Group's operations have resumed to above 90% of the production level prior to the MCO. We expect sales order to gradually increase for the remaining of the year in tandem with the economy recovery as a result of the relaxation of the MCO by Malaysian government. In addition, the stimulus packages announced by the Malaysian government and the several downward revisions of the Overnight Policy Rate ("OPR") by Bank Negara Malaysia ("BNM") should provide further resilience to the Malaysian economy.

Meanwhile, we have implemented cost cutting measures including hiring freeze as well as adopting other steps to reduce operational costs and improve efficiency. We are also closely monitoring our financial position especially our cash flow to ensure we meet our obligations with our suppliers and bankers. In addition, we are constantly engaging with our customers to ensure that their outstanding debts to us are settled.

### Property Segment

The outlook for property market in Malaysia is expected to be weak for year 2020 as the MCO has contributed to a fall of property demand as well as new property launches in the country since March 2020. There are several measures aimed to lift the property market sentiment taken by the Malaysian government and BNM, which include the introduction of the Home Ownership Campaign 2020 and the consecutive reductions of the OPR.

### Overall

Given the resilience of the Malaysian economy, Management is cautiously optimistic, barring unforeseen circumstances, that the prospects of LB Aluminium Berhad for the forthcoming year would remain profitable.

# BRANCH NETWORK

## BRANCHES IN MALAYSIA

### Head Office

Lot 11, Jalan Perusahaan 1  
 Kawasan Perusahaan Beranang  
 43700 Beranang, Semenyih  
 Selangor Darul Ehsan  
 Tel : 03-8725 8822 (General)  
       03-8725 8833 (Sales)  
 Fax : 03-8725 8828 (General)  
       03-8725 8826 (Sales)  
       03-8725 8886 (Sales)  
       03-8725 8866 (Export)  
 Email : enquiry@lbalum.com.my  
 Website : www.lbalum.com

### Johor Bahru

14 & 18, Lot PLO 206  
 Jalan Angkasa Mas 5  
 Kawasan Perindustrian Tebrau II  
 81100 Johor Bahru  
 Johor Darul Takzim  
 Tel : 07-355 0546  
 Fax : 07-355 0549

### Penang

Lot 241 (PT 1075)  
 Tingkat Perusahaan 6  
 Kawasan Perusahaan Perai  
 13600 Perai  
 Pulau Pinang  
 Tel : 04-397 6998  
       04-397 6995  
 Fax : 04-397 6997

### Kuantan

No. 4, Jalan IM 3/6  
 Kawasan Perindustrian Bandar Indera Mahkota  
 25200 Kuantan  
 Pahang Darul Makmur  
 Tel : 09-573 6666  
 Fax : 09-573 3322

### Kota Kinabalu

Lot 7, Lorong Mangga-3 SEDCO Industrial Estate  
 5½ Miles (Off Jalan Kolombong)  
 88450 Kota Kinabalu, Sabah  
 Tel : 088-436 421  
       088-436 422  
 Fax : 088-436 423

### Klang Valley

Block 3-1-17, Jalan Nagasari A 36/A  
 Pusat Dagangan Latania  
 Desa Latania, Seksyen 36  
 40470 Shah Alam  
 Selangor Darul Ehsan  
 Tel : 03-5166 2239  
       03-5166 5078  
       03-5166 5079  
 Fax : 03-5166 3829

### Melaka

Lot 90, Jalan IKS MJ 4  
 Taman Malim Jaya  
 75250 Melaka  
 Tel : 06-337 3389  
 Fax : 06-337 2389



## OPERATING SUBSIDIARIES IN MALAYSIA

### ALBE MARKETING SDN. BHD. [199701031224 (446723-K)]

53 & 55, Jalan PBS 14/10  
Taman Perindustrian Bukit Serdang  
43300 Seri Kembangan  
Selangor Darul Ehsan  
Tel : 03-8945 4919  
03-8945 4920  
03-8945 4921  
Fax : 03-8945 4916  
Email : albemarketing@lbalum.com.my

### ALBE METAL SDN. BHD. [200101026250 (562008-A)]

Lot 9A, Jalan Fimas  
Off Jalan Simpang Balak  
Kawasan Perindustrian Fimas  
43000 Kajang  
Selangor Darul Ehsan  
Tel : 03-8736 3988  
03-8733 8188  
03-8733 8288  
Fax : 03-8741 8993

### LB ALUMINIUM (SARAWAK) SDN BHD [200801009978 (811266-T)]

Lot 846 & 847, Block 7, MTL D  
Sejingkat Industrial Park  
93050 Kuching  
Sarawak  
Tel : 082-439 633  
Fax : 082-432 893

### FACADE PERFORMANCE LAB SDN BHD [201801033311 (1295338-T)]

Lot 11, Jalan Perusahaan 1  
Kawasan Perusahaan Beranang  
43700 Beranang, Semenyih  
Selangor Darul Ehsan  
Tel : 03-8725 8933  
Email : enquiry@fpl.com.my

## OVERSEAS SUBSIDIARY

### LB ALUMINIUM (SINGAPORE) PTE LTD (200009299G)

No.11 Kaki Bukit Road 1  
#03-07 Eunost Technolink  
Singapore 415939  
Tel : +65-6345 9131  
+65-6745 5693  
Fax : +65-6745 5627

## DISTRIBUTORS / DEALERS IN MALAYSIA

- Kangar
- Alor Setar
- Butterworth
- Ipoh
- Kuala Lumpur
- Shah Alam
- Seremban
- Melaka
- Johor Bahru
- Kuantan
- Kuala Terengganu
- Kota Bharu
- Kota Kinabalu
- Kuching

# FINANCIAL STATEMENTS

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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 30 April 2020.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of manufacturing, marketing and trading of aluminium extrusions and other metal products. The principal activities and details of the subsidiaries and an associate are disclosed in Notes 10 and 11 to the financial statements respectively. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

## RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	2,518	424
Attributable to:		
Owners of the parent	3,844	424
Non-controlling interests	(1,326)	-
	2,518	424

## DIVIDENDS

Dividends paid, declared or proposed since the end of the previous financial year were as follows:

	RM'000
In respect of financial year ended 30 April 2019:	
First and final single tier dividend of 1.50 sen per ordinary share, was paid on 18 October 2019	3,727

At the forthcoming Annual General Meeting, a first and final single tier dividend of 1.00 sen per ordinary share amounting to RM2,484,863 in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 30 April 2021.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

## ISSUES OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

## **OPTIONS GRANTED OVER UNISSUED SHARES**

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year.

## **DIRECTORS OF LB ALUMINIUM BERHAD**

The Directors who have held office during the financial year and up to the date of this report are as follows:

Datuk Leow Chong Howa  
Mark Wing Kong  
Yap Chee Woon  
Leow Sok Hoon  
Neoh Lay Keong  
Dato' Dr. Mohd Husni Bin Ahmad  
Toh Khiam Huat  
Chew Kat Nyap  
Teh Kok Heng  
Leow Vinken (Alternate Director to Datuk Leow Chong Howa)

## **DIRECTORS OF SUBSIDIARIES OF LB ALUMINIUM BERHAD**

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

Datuk Leow Chong Howa  
Mark Wing Kong  
Yap Chee Woon  
Leow Vinken  
Leow Vinzie  
Chia King Ling  
Khik Lap Fun  
Ng Yong Huat  
Tan Chung Tee  
Tan Wei Kiat  
Yap Chee Keong  
Yap Chee Sen  
Datuk Seri Gan Yu Chai  
Gan Kah Siong  
Gan Yee Hin (Alternate Director to Datuk Seri Gan Yu Chai)  
Chin Pooi Wai  
Lim Soo Wai  
Shaik Ahmad Sufian B.Shaik Kamal Farid



## DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares of the Company and of its related corporations during the financial year ended 30 April 2020 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	<----- Number of ordinary shares ----->			Balance as at 30.4.2020
	Balance as at 1.5.2019	Bought	Sold	
<b>Shares in the Company</b>				
<b>Direct interests</b>				
Datuk Leow Chong Howa	74,973,406	-	-	<b>74,973,406</b>
Mark Wing Kong	3,643,500	-	-	<b>3,643,500</b>
Yap Chee Woon	844,300	-	-	<b>844,300</b>
Leow Sok Hoon	18,368,504	-	-	<b>18,368,504</b>

By virtue of Datuk Leow Chong Howa's substantial interest in the shares of the Company, he is deemed to have interest in the shares of all the subsidiaries to the extent that the Company has an interest.

The other Directors holding office at the end of the financial year did not hold any beneficial interest in the ordinary shares of the Company or ordinary shares and debentures of its related corporations during the financial year.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than the followings:

- (i) remuneration received or due and receivable by certain Directors from the related corporations in their capacity as Directors or executives of the related corporation; and
- (ii) deemed benefits arising from related party transactions as disclosed in Note 32 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed in Note 32(c) to the financial statements.



## INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Group and the Company effected Directors' liability insurance during the financial year to protect the Directors of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors.

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and the officers of the Group and of the Company are RM10,000,000 and RM20,000 respectively.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

## OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

### (I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

### (II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
  - (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
  - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
  - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.





## OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONT'D)

### (III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

## SUBSIDIARIES

Details of subsidiaries are set out in Note 10 to the financial statements.

## SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 39 to the financial statements.

## AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

The details of auditors' remuneration of the Company and its subsidiaries for the financial year ended 30 April 2020 are disclosed in Note 27 to the financial statements.

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

**Datuk Leow Chong Howa**  
Director

**Mark Wing Kong**  
Director

Kuala Lumpur  
14 August 2020



## STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 78 to 179 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the 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 at 30 April 2020 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

**Datuk Leow Chong Howa**  
Director

**Mark Wing Kong**  
Director

Kuala Lumpur  
14 August 2020

## STATUTORY DECLARATION

I, Wong Say Young (CA 29905), being the officer primarily responsible for the financial management of LB Aluminium Berhad, do solemnly and sincerely declare that the financial statements set out on pages 78 to 179 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly )  
declared by the abovenamed at )  
Kuala Lumpur this )  
14 August 2020 )

Before me:

**Wong Say Young**

Baloo T. Pichai  
No. W663  
Commissioner for Oath

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LB ALUMINIUM BERHAD  
(INCORPORATED IN MALAYSIA)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of LB Aluminium Berhad, which comprise the statements of financial position as at 30 April 2020 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 financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 78 to 179.

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 30 April 2020, and of their financial performance and their cash flows for the financial 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 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 financial 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.

#### (a) *Carrying amount of inventories at lower of cost and net realisable value*

As at 30 April 2020, the carrying amount of inventories of the Group and of the Company, which were generally aluminium products, were RM99,039,000 and RM86,442,000 respectively. Details of the inventories, as disclosed in Note 15 to the financial statements.

We have focused on the audit risk that the carrying amount of inventories may not be stated at the lower of cost and net realisable value. Writing down of inventories to net realisable value is mainly based on management estimates, which have been derived from estimates of selling prices that are subject to price volatility of aluminium, incorporating the impact of the Covid-19 pandemic, and if not accounted for properly, may lead to the valuation of inventories being misstated.

**Key Audit Matters (cont'd)****(a) Carrying amount of inventories at lower of cost and net realisable value (cont'd)*****Audit response***

Our audit procedures included the following:

- (i) compared the net realisable values determined by management against the movements of world aluminium prices, incorporating the impact of the Covid-19 pandemic;
- (ii) analysed inventories turnover period by comparing that to the assessment of management on the identification of slow moving inventories; and
- (iii) tested inventories for sales subsequent to the year end to supporting documentation and assessed that the carrying amount of inventories is at the lower of cost and net realisable value.

**(b) Recoverability of trade receivables**

As at 30 April 2020, gross third parties trade receivables of the Group and the Company were RM97,856,000 and RM80,401,000 respectively, as disclosed in Note 16 to the financial statements.

We have focused on the audit risk that carrying amount of trade receivables may not be recovered. Assessment on recoverability of trade receivables requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information, incorporating the impact of the Covid-19 pandemic.

***Audit response***

Our audit procedures included the following:

- (i) assessed the adequacy of credit impaired for significant outstanding balances exceeding the credit term granted or are otherwise old;
- (ii) recomputed the probability of default using historical data and forward-looking information adjustment applied by the Group and the Company, incorporating the impact of the Covid-19 pandemic;
- (iii) recomputed the correlation coefficient between the macroeconomic indicators, used by the Group and the Company, and historical credit losses to determine the appropriateness of the forward-looking information used by the Group and the Company; and
- (iv) inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses.



## **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 other information 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 other information and, in doing so, consider whether the other information 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 this other information, 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.

## **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:

- (a) 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.

**AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)**

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 (cont'd):

- (b) 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 internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) 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.
- (e) 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 achieves fair presentation.
- (f) 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 report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 10 to the financial statements.

### **Other matters**

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.

**BDO PLT**  
LLP0018825-LCA & AF 0206  
Chartered Accountants

**Ng Soe Kei**  
02982/08/2021 J  
Chartered Accountant

Kuala Lumpur  
14 August 2020

# STATEMENTS OF FINANCIAL POSITION

AS AT 30 APRIL 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	7	193,193	194,759	163,763	162,736
Right-of-use assets	8	11,875	–	9,696	–
Investment property	9	24,793	24,914	–	–
Investments in subsidiaries	10	–	–	16,314	14,114
Investment in an associate	11	13,559	8,452	6,000	6,000
Other investment	12	851	1,103	851	1,103
Goodwill on consolidation	13	2,490	–	–	–
Amounts owing by subsidiaries	16	–	–	51,475	44,561
Deferred tax assets	14	–	97	–	–
		<b>246,761</b>	<b>229,325</b>	<b>248,099</b>	<b>228,514</b>
<b>Current assets</b>					
Inventories	15	153,910	105,089	86,442	92,073
Trade and other receivables	16	134,775	140,897	95,345	105,127
Current tax assets		955	3,282	811	3,250
Short term fund	17	13,327	14,260	13,327	14,260
Cash and bank balances	18	35,011	17,027	20,918	13,510
		<b>337,978</b>	<b>280,555</b>	<b>216,843</b>	<b>228,220</b>
<b>TOTAL ASSETS</b>		<b>584,739</b>	<b>509,880</b>	<b>464,942</b>	<b>456,734</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	19	125,771	125,771	125,771	125,771
Reserves	20	167,681	167,632	132,952	136,307
		<b>293,452</b>	<b>293,403</b>	<b>258,723</b>	<b>262,078</b>
Non-controlling interests	10(c)	732	502	–	–
<b>TOTAL EQUITY</b>		<b>294,184</b>	<b>293,905</b>	<b>258,723</b>	<b>262,078</b>



**STATEMENTS OF FINANCIAL POSITION**  
AS AT 30 APRIL 2020 (CONT'D)

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	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	21	35,000	–	–	–
Deferred tax liabilities	14	20,522	20,468	19,328	18,891
Lease liabilities	8	3,040	–	3,298	–
		<b>58,562</b>	20,468	<b>22,626</b>	18,891
<b>Current liabilities</b>					
Trade and other payables	23	97,759	59,985	52,990	44,095
Borrowings	21	131,915	135,190	128,495	131,670
Lease liabilities	8	1,498	–	2,108	–
Current tax liabilities		821	332	–	–
		<b>231,993</b>	195,507	<b>183,593</b>	175,765
<b>TOTAL LIABILITIES</b>		<b>290,555</b>	215,975	<b>206,219</b>	194,656
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>584,739</b>	509,880	<b>464,942</b>	456,734

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	24	457,185	532,874	414,451	484,367
Cost of sales		(400,937)	(472,256)	(370,411)	(436,197)
Gross profit		56,248	60,618	44,040	48,170
Other operating income	25	3,815	4,386	9,015	5,722
Marketing and distribution expenses		(25,290)	(25,539)	(20,121)	(20,766)
Administrative expenses		(19,529)	(18,231)	(15,682)	(15,971)
Other operating expenses		(6,999)	(1,960)	(5,873)	(2,095)
Finance costs	26	(6,662)	(6,253)	(7,756)	(8,558)
Share of results of an associate	11	5,107	2,452	-	-
Profit before tax	27	6,690	15,473	3,623	6,502
Tax expense	28	(4,172)	(3,315)	(3,199)	(2,332)
Profit for the financial year		2,518	12,158	424	4,170
<b>Other comprehensive income, net of tax</b>					
<b>Item that may be reclassified subsequently to profit or loss:</b>					
Foreign currency translations		25	208	-	-
<b>Total comprehensive income for the financial year</b>		<b>2,543</b>	<b>12,366</b>	<b>424</b>	<b>4,170</b>

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020 (CONT'D)



	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Profit/(Loss) attributable to:</b>					
Owners of the parent		3,844	12,169	424	4,170
Non-controlling interests		(1,326)	(11)	-	-
		<b>2,518</b>	<b>12,158</b>	<b>424</b>	<b>4,170</b>
<b>Total comprehensive income/(loss) attributable to:</b>					
Owners of the parent		3,869	12,377	424	4,170
Non-controlling interests		(1,326)	(11)	-	-
		<b>2,543</b>	<b>12,366</b>	<b>424</b>	<b>4,170</b>
<b>Earnings per ordinary share attributable to owners of the parent (sen):</b>					
- Basic and diluted	29	<b>1.55</b>	<b>4.90</b>		

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

Group	Note	Non-Distributable		Distributable	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
		Share capital RM'000	Exchange translation reserve RM'000	Retained earnings RM'000			
Balance as at 1 May 2018		125,771	4,189	153,551	283,511	-	283,511
Profit/(Loss) for the financial year		-	-	12,169	12,169	(11)	12,158
Other comprehensive income, net of tax		-	208	-	208	-	208
Total comprehensive income/(loss)		-	208	12,169	12,377	(11)	12,366
<b>Transactions with owners</b>							
Dividend paid	30	-	-	(2,485)	(2,485)	-	(2,485)
Acquisition of subsidiaries	38	-	-	-	-	513	513
Total transactions with owners		-	-	(2,485)	(2,485)	513	(1,972)
Balance as at 30 April 2019		125,771	4,397	163,235	293,403	502	293,905
Balance as at 1 May 2019		<b>125,771</b>	<b>4,397</b>	<b>163,235</b>	<b>293,403</b>	<b>502</b>	<b>293,905</b>
Effects on adoption of MFRS 16	5.1	-	-	(93)	(93)	-	(93)
Balance as at 1 May 2019, as restated		<b>125,771</b>	<b>4,397</b>	<b>163,142</b>	<b>293,310</b>	<b>502</b>	<b>293,812</b>
Profit/(Loss) for the financial year		-	-	3,844	3,844	(1,326)	2,518
Other comprehensive income, net of tax		-	25	-	25	-	25
Total comprehensive income/(loss)		-	25	3,844	3,869	(1,326)	2,543
<b>Transactions with owners</b>							
Dividend paid	30	-	-	(3,727)	(3,727)	-	(3,727)
Acquisition of subsidiaries	38	-	-	-	-	1,556	1,556
Total transactions with owners		-	-	(3,727)	(3,727)	1,556	(2,171)
Balance as at 30 April 2020		<b>125,771</b>	<b>4,422</b>	<b>163,259</b>	<b>293,452</b>	<b>732</b>	<b>294,184</b>

**STATEMENTS OF CHANGES IN EQUITY**  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020 (CONT'D)



Company	Note	<i>Distributable</i>		Total equity RM'000
		Share capital RM'000	Retained earnings RM'000	
Balance as at 1 May 2018		125,771	134,622	260,393
Profit for the financial year		-	4,170	4,170
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	4,170	4,170
<b>Transaction with owners</b>				
Dividend paid	30	-	(2,485)	(2,485)
Total transaction with owners		-	(2,485)	(2,485)
Balance as at 30 April 2019		125,771	136,307	262,078
Balance as at 1 May 2019		<b>125,771</b>	<b>136,307</b>	<b>262,078</b>
Effects on adoption of MFRS 16	5.1	-	(52)	(52)
Balance as at 1 May 2019, as restated		<b>125,771</b>	<b>136,255</b>	<b>262,026</b>
Profit for the financial year		-	424	424
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	424	424
<b>Transaction with owners</b>				
Dividend paid	30	-	(3,727)	(3,727)
Total transaction with owners		-	(3,727)	(3,727)
Balance as at 30 April 2020		<b>125,771</b>	<b>132,952</b>	<b>258,723</b>

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before tax		<b>6,690</b>	15,473	<b>3,623</b>	6,502
Adjustments for:					
Depreciation of:					
– property, plant and equipment	7	<b>12,347</b>	12,099	<b>11,304</b>	11,015
– right-of-use assets	8	<b>1,353</b>	–	<b>1,978</b>	–
– investment property	9	<b>121</b>	86	–	–
Dividend income from:					
– other investment	25	<b>(53)</b>	(49)	<b>(53)</b>	(49)
– subsidiaries	25	–	–	<b>(4,208)</b>	(600)
Fair value loss on:					
– derivative instruments		–	70	–	70
– other investment		<b>252</b>	–	<b>252</b>	–
Impairment losses on:					
– trade receivables	16(e)	<b>5,348</b>	287	<b>3,968</b>	99
– other receivables	16(f)	<b>12</b>	–	<b>289</b>	326
Inventories written down	15	<b>6,180</b>	28	<b>5,311</b>	–
Interest income:					
– deposits with licensed banks	25	<b>(918)</b>	(931)	<b>(632)</b>	(906)
– amounts owing by subsidiaries	25	–	–	<b>(1,985)</b>	(1,613)
Interest expense	26	<b>6,662</b>	6,253	<b>7,756</b>	8,558
Loss on acquisition of subsidiaries	38	–	24	–	–
Net (gain)/loss on disposal of property, plant and equipment		<b>(25)</b>	142	<b>(25)</b>	142
Reversal of impairment losses on:					
– trade receivables	16(e)	<b>(82)</b>	(1,004)	<b>(51)</b>	(777)
– other receivables	16(f)	<b>(131)</b>	(144)	<b>(448)</b>	(8)
Share of profit of an associate	11	<b>(5,107)</b>	(2,452)	–	–
Net unrealised gain on foreign exchange	25	<b>(74)</b>	(146)	<b>(68)</b>	(146)
Written off of:					
– inventories	15	<b>75</b>	156	<b>75</b>	156
– other receivables		<b>112</b>	77	<b>112</b>	77
– property, plant and equipment	7	<b>57</b>	1	<b>51</b>	–
Operating profit before changes in working capital		<b>32,819</b>	29,970	<b>27,249</b>	22,846
Changes in working capital:					
Inventories		<b>(52,557)</b>	4,352	<b>246</b>	5,015
Trade and other receivables		<b>3,641</b>	(12,447)	<b>15,673</b>	8,136
Trade and other payables		<b>(9,412)</b>	8,317	<b>9,132</b>	(3,342)
Amounts owing by subsidiaries		–	–	<b>1,702</b>	(819)
Cash (used in)/generated from operations		<b>(25,509)</b>	30,192	<b>54,002</b>	31,836

**STATEMENTS OF CASH FLOWS**  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020 (CONT'D)

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)</b>					
Cash (used in)/generated from operations		<b>(25,509)</b>	30,192	<b>54,002</b>	31,836
Tax paid		<b>(3,519)</b>	(4,326)	<b>(2,500)</b>	(3,649)
Tax refunded		<b>2,277</b>	123	<b>2,177</b>	–
Net cash (used in)/from operating activities		<b>(26,751)</b>	25,989	<b>53,679</b>	28,187
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Acquisition of subsidiaries, net of cash acquired	38	<b>40,697</b>	92	–	–
Acquisition of subsidiaries	10	–	–	<b>(2,200)</b>	(51)
Proceeds from disposal of property, plant and equipment		<b>25</b>	474	<b>25</b>	474
Purchase of property, plant and equipment	7	<b>(17,744)</b>	(3,990)	<b>(16,580)</b>	(3,694)
Purchase of investment property	9	–	(25,000)	–	–
Interest received		<b>918</b>	931	<b>632</b>	906
Advances to subsidiaries		–	–	<b>(17,771)</b>	(26,889)
Dividends received		<b>53</b>	49	<b>53</b>	49
Withdrawals of deposits with licensed banks (more than 3 months)		–	14,510	–	14,510
Investment in an associate	11	–	(6,000)	–	(6,000)
Net change in short term fund	17	<b>933</b>	(14,260)	<b>933</b>	(14,260)
Net cash from/(used in) investing activities		<b>24,882</b>	(33,194)	<b>(34,908)</b>	(34,955)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Interest paid		<b>(6,435)</b>	(6,253)	<b>(6,137)</b>	(6,122)
Dividend paid	30	<b>(3,727)</b>	(2,485)	<b>(3,727)</b>	(2,485)
Advances from subsidiaries		–	–	<b>4,208</b>	600
Payment for lease liabilities	8	<b>(1,503)</b>	–	<b>(2,315)</b>	–
Drawdown of term loan		<b>35,000</b>	–	–	–
Repayment of term loan		<b>(5,000)</b>	(5,000)	<b>(5,000)</b>	(5,000)
Net drawdown of revolving credits		<b>16,000</b>	20,000	<b>16,000</b>	20,000
Net repayments of bankers' acceptances		<b>(14,275)</b>	(4,682)	<b>(14,175)</b>	(5,430)
Net cash from/(used in) financing activities		<b>20,060</b>	1,580	<b>(11,146)</b>	1,563
Net increase/(decrease) in cash and cash equivalents		<b>18,191</b>	(5,625)	<b>7,625</b>	(5,205)
Effects of exchange rate changes on cash and cash equivalents		<b>(207)</b>	36	<b>(217)</b>	82
Cash and cash equivalents at beginning of the financial year		<b>17,027</b>	22,616	<b>13,510</b>	18,633
Cash and cash equivalents at end of the financial year	18	<b>35,011</b>	17,027	<b>20,918</b>	13,510

**RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Borrowings</b>					
Borrowings at 1 May		<b>135,190</b>	124,872	<b>131,670</b>	122,100
Cash flows		<b>31,725</b>	10,318	<b>(3,175)</b>	9,570
Borrowings at 30 April	21	<b>166,915</b>	135,190	<b>128,495</b>	131,670
<b>Lease liabilities</b>					
At 1 May, as previously reported		-	-	-	-
Effect on adoption of MFRS 16	5.1	<b>2,930</b>	-	<b>4,288</b>	-
At 1 May, as restated		<b>2,930</b>	-	<b>4,288</b>	-
Cash flows:					
Payment of lease liabilities		<b>(1,503)</b>	-	<b>(2,315)</b>	-
Non-cash flows:					
Acquisition of a subsidiary	38	<b>181</b>	-	-	-
Unwinding of interest		<b>227</b>	-	<b>268</b>	-
Addition of lease liabilities		<b>2,703</b>	-	<b>3,165</b>	-
At 30 April	8	<b>4,538</b>	-	<b>5,406</b>	-

The accompanying notes form an integral part of the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2020



## 1. CORPORATE INFORMATION

LB Aluminium Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan.

The principal place of business of the Company is located at Lot 11, Jalan Perusahaan 1, Kawasan Perusahaan Beranang, 43700 Beranang, Selangor Darul Ehsan.

The consolidated financial statements for the financial year ended 30 April 2020 comprise the Company and its subsidiaries and the interest of the Group in an associate. These financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 14 August 2020.

## 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of manufacturing, marketing and trading of aluminium extrusions and other metal products. The principal activities and details of the subsidiaries and an associate are disclosed in Notes 10 and 11 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

## 3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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 (“IFRSs”) and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of the new MFRSs during the financial year. The new MFRSs and amendments to MFRSs adopted during the financial year are disclosed in Note 5 to the financial statements.

The Group and the Company applied MFRS 16 *Leases* and IC Interpretation 23 *Uncertainty over Income Tax Treatments* for the first time during the current financial year, using the cumulative effect method as at 1 May 2019. Consequently, the comparative information were not restated and are not comparable to the financial information of the current financial year.

## 4. SIGNIFICANT ACCOUNTING POLICIES

### 4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of these financial statements in conformity with MFRSs and IFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

### 4.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- (a) power over the investee;
- (b) exposure, or rights, to variable returns from its involvement with the investee; and
- (c) the ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associate are eliminated to the extent of the interest of the Group in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statements of profit or loss and other comprehensive income and within equity in the consolidated statements of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.



## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.2 Basis of consolidation (cont'd)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the financial year are included in the statements of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed off. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 *Financial Instruments* or, where applicable, the cost on initial recognition of an investment in an associate.

### 4.3 Business combination

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

- (a) Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
- (b) Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and
- (c) Assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.3 Business combination (cont'd)

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

- (a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.
- (b) Other contingent consideration that:
  - (i) is within the scope of MFRS 9 shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss in accordance with MFRS 9.
  - (ii) is not within the scope of MFRS 9 shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Components of non-controlling interests in the acquiree that present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at fair value, or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the consolidated statement of financial position. The accounting policy for goodwill is set out in Note 4.8 to the financial statements. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

### 4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the subsequent costs would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has a different useful life, is depreciated separately.



#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.4 Property, plant and equipment and depreciation (cont'd)

After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight-line basis over their estimated useful lives. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. The principal depreciation rates and periods are as follows:

Leasehold land*	Over the lease period
Buildings	2%
Plant and machinery	Over the useful lives of 10 to 25 years
Motor vehicles	10% – 20%
Office equipment	10% – 25%
Furniture and fittings	10%
Dies and moulds	20%

Freehold land has unlimited useful life and is not depreciated.

\* Upon adoption of MFRS 16 *Leases*, the carrying amount of the leasehold land previously classified as finance leases had been recognised by the Group and the Company immediately before transition as the carrying amount of the right-of-use assets at the date of initial application as disclosed in Note 8 to the financial statements.

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.9 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

##### 4.5 Investment property

Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties also include properties that are being constructed or developed for future use as investment properties. Investment properties are initially measured at cost, including transaction costs, less any accumulated depreciation and any accumulated impairment losses.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.5 Investment property (cont'd)

Subsequent costs are included in the carrying amount of the investment properties or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the assets would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of investment properties are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the investment properties are acquired, if applicable.

After initial recognition, investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Freehold land is not depreciated. Depreciation is charged to profit or loss on straight-line method over the estimated useful lives of the investment property. The principal depreciation rate of building is 2%.

At the end of each reporting period, the carrying amount of an item of the investment properties are assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.9 to the financial statements on impairment of non-financial assets).

Investment property is derecognised when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in the profit or loss in the period of the retirement or disposal.

### 4.6 Leases

#### Current financial year – Accounting policies applied from 1 May 2019

##### The Group as lessee

The Group recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases excluding short-term leases or leases for which the underlying asset is of low value, conveying the right to control the use of an identified asset for a period of time.

The Group determines the lease term as the non-cancellable period of a lease, together with both:

- (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
- (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

The Group has elected not to recognise right-of use assets and lease liabilities for short-term leases and leases of low-value assets of RM20,000 and below. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.



#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.6 Leases (cont'd)

###### Current financial year – Accounting policies applied from 1 May 2019 (cont'd)

###### The Group as lessee (cont'd)

###### *Right-of-use asset*

The right-of-use asset is initially recorded at cost, which comprises:

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date of the lease, less any lease incentives received;
- (c) any initial direct costs incurred by the Group; and
- (d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lessor.

Subsequent to the initial recognition, the right-of-use asset is measured at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of the lease liability.

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

Land	Over the lease period
Buildings	2 to 3 years
Plant and machinery	5 to 10 years
Hostels	2 to 10 years
Motor vehicles	2 to 5 years

###### *Lease liability*

The lease liability is initially measured at the present value of the contractual lease payments that are not paid at the commencement date. The lease payments are discounted using the incremental borrowing rate of the Group. Subsequent to the initial recognition, the Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.6 Leases (cont'd)

#### Previous financial year – Accounting policies applied until 30 April 2019

(a) Finance leases and hire purchase

Assets acquired under finance leases and hire purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the incremental borrowing rate is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire purchase liabilities.

(b) Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

(c) Leases of land and buildings

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and buildings are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and the buildings element of the lease at the inception of the lease.

For a lease of land and building in which the amount that would initially be recognised for the land element is immaterial, the land and building are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the building is regarded as the economic life of the entire leased asset.





## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.7 Investments

#### (a) Subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost less accumulated impairment losses, if any. Put options written over non-controlling interests on the acquisition of subsidiary shall be included as part of the cost of investment in the separate financial statements of the Company. Subsequent changes in the fair value of the written put options over non-controlling interests shall be recognised in profit or loss. Investments accounted for at cost shall be accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale in accordance with MFRS 5).

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date when control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

#### (b) Associates

An associate is an entity over which the Group and the Company have significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is neither control nor joint control over those policies.

In the separate financial statements of the Company, an investment in associate is stated at cost less impairment losses.

An investment in associate is accounted for in the consolidated financial statements using the equity method of accounting. The investment in associate in the consolidated statement of financial position is initially recognised at cost and adjusted thereafter for the post acquisition change in the share of net assets of the investments of the Group.

The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long term interest that, in substance, form part of the net investment in the associate of the Group.

The share of the profit or loss of the associate by the Group during the financial year is included in the consolidated financial statements, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount could also be necessary for changes in the proportionate interest of the Group in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The share of those changes by the Group is recognised directly in equity of the Group.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.7 Investments (cont'd)

#### (b) Associates (cont'd)

Unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the interest of the Group in the associate to the extent that there is no impairment.

When the share of losses of the Group in the associate equals to or exceeds its interest in the associate, the carrying amount of that interest is reduced to nil and the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

The most recent available financial statements of the associate are used by the Group in applying the equity method. When the end of the reporting periods of the financial statements are not coterminous, the share of results is arrived at using the latest available audited financial statements for which the difference in end of the reporting periods is no more than three (3) months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening periods.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when the equity method is discontinued is recognised in profit or loss.

When the interest of the Group in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

### 4.8 Goodwill on consolidation

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount could be impaired. Objective events that would trigger a more frequent impairment review include adverse industry or economic trends, significant restructuring actions, significantly lowered projections of profitability, or a sustained decline in the acquiree's market capitalisation. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill arising on acquisition of an associate is the excess of cost of investment over the share of the net fair value of net assets of the associates' identifiable assets and liabilities by the Group at the date of acquisition.



#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.8 Goodwill on consolidation (cont'd)

Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. The excess of the share of the net fair value of the associate's identifiable assets and liabilities by the Group over the cost of investment is included as income in the determination of the share of the associate's profit or loss by the Group in the period in which the investment is acquired.

##### 4.9 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries and an associate), deferred tax assets and inventories are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill that has an indefinite useful life is tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the Group's CGU or groups of CGU that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with MFRS 8 *Operating Segments*.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal 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 for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the goodwill, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU. The impairment loss is recognised in profit or loss immediately.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' 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. Such reversals are recognised as income immediately in profit or loss.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.10 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the weighted average method. Cost of consumables and raw materials comprises all costs of purchase plus the cost of bringing the inventories to their existing location and condition. The cost of work-in-progress and manufactured inventories includes the cost of raw materials, direct labour, other direct costs and a proportion of production overheads based on normal operating capacity of the production facilities.

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.

#### Property development expenditure

Property development expenditure not recognised as an expense are recognised as an asset measured at the lower of cost and net realisable value.

Property development expenditure comprise all costs that are directly attributable to the development activities or that can be allocated on a reasonable basis to such activities. Such development expenditure comprises the cost of land under development, construction costs and other related development costs common to the whole project including professional fees, stamp duties, commissions, conversion fees and other relevant levies as well as borrowing costs.

The Group recognises in profit or loss the property development revenue and costs by reference to the progress towards complete satisfaction of that performance obligation at the reporting period. It is measured based on direct measurements of the value transferred by the Group to the purchasers and the Group's effort or inputs to the satisfaction of the performance obligation.

Substantial changes in cost estimates can have a significant effect on the Group's profitability in future periods. In making the above judgement, the Group relies on past experience and work of specialists. There is no estimation required in determining the transaction prices as revenue from property development is based on cost plus margin.

### 4.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statements of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, an entity shall measure a financial asset (unless it is a trade receivable that does not contain a significant financing component) or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.



## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.11 Financial instruments (cont'd)

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

#### (a) Financial assets

When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at Fair Value Through Profit or Loss ("FVTPL"), directly attributable transaction costs.

The Group determines the classification of financial assets upon initial recognition. The measurement for each classification of financial assets are as below:

##### (i) Financial assets measured at amortised cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process. Financial assets are carried net of impairment losses, if any.

##### (ii) Financial assets measured at fair value

Financial assets that are debt instruments are measured at Fair Value Through Other Comprehensive Income ("FVTOCI"), if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income, except for impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Financial assets that are debt instruments which do not satisfy the requirements to be measured at amortised cost or FVTOCI are measured at FVTPL.

Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Equity instruments are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives). The Group had elected an irrevocable option to designate its equity instruments not held for trading other than investments in subsidiaries and associates at initial recognition as financial assets measured at FVTPL.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.11 Financial instruments (cont'd)

#### (a) Financial assets (cont'd)

##### (ii) Financial assets measured at fair value (cont'd)

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

Cash and bank balances are measured at amortised cost. Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less and are used by the Group in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

#### (b) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and meet the definition of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities measured at FVTPL or financial liabilities measured at amortised cost.

##### (i) Financial liabilities measured at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This includes derivatives entered into by the Group that does not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss except for when the Group's own credit risk increases or decreases and which is recognised in other comprehensive income. Net gains or losses on derivatives include exchange differences.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.11 Financial instruments (cont'd)

#### (b) Financial liabilities (cont'd)

- (ii) Financial liabilities measured at amortised cost

Financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a 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.

#### (c) Financial guarantee contract

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.

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 Insurance Contracts. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of every reporting period, the Group assesses whether its recognised insurance liabilities, if any, are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities, if any, are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.12 Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the proceeds received at issuance and classified as equity. Transaction costs directly related to the issuance of equity instrument are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at the end of each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution.

On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

When the Company repurchases its own equity share capital, the consideration paid including any directly attributable incremental external costs are included in equity attributable to the Company's equity holders as treasury shares until they are cancelled, reissued or disposed.

The shares repurchased are being held as treasury shares in accordance with Section 127 of Companies Act 2016. The Company may distribute the treasury shares as dividend to the Shareholders or re-sell the treasury shares in the market in accordance with the Rules of Bursa Securities or cancel the shares in accordance with Section 127 of Companies Act 2016.

When repurchased shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, are included in equity attributable to the owners of the Company. Any difference between the resale price and the carrying amount of the repurchased shares is accounted as a movement in reserves in statements of changes in equity.

### 4.13 Impairment of financial assets

The Group and the Company recognise an impairment loss allowance for expected credit losses on a financial asset that is measured at amortised cost. The Group and the Company apply the simplified and general approach to measure expected credit loss ("ECL") on trade and other receivables.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the asset's original effective interest rate of the asset.

Impairment for trade receivables and contract assets that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses. The Group and the Company consider credit loss experience and observable data such as current changes and future forecasts in economic conditions by grouping its receivables into different market segments of the Group and the Company to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.



## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.13 Impairment of financial assets (cont'd)

In measuring the expected credit losses on trade receivables, the probability of non-payment by the trade receivables is adjusted by forward-looking information such as Malaysia Gross Domestic Product and Aluminium Price multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

Impairment for other receivables and amounts owing by related parties are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. At the end of the reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group and the Company defined significant increase in credit risk based on operating performance of the receivables, changes to contractual terms, payment trends and past due information.

The probability of non-payment by other receivables and related parties are adjusted by forward looking information such as aluminium price and multiplied by the amount of the expected loss arising from default to determine the twelve-month or lifetime expected credit loss for the other receivables and amounts owing by related parties.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of the impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

### 4.14 Borrowing costs

Borrowing costs that are directly attributable to the acquisition or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.15 Income taxes

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes and real property gains taxes payable on the disposal of properties.

Taxes in the statements of profit or loss and other comprehensive income comprise current tax and deferred tax.

#### (a) Current tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profit (including withholding taxes payable by foreign subsidiary on distribution of retained earnings to companies in the Group), and real property gains taxes payable on disposal of properties.

#### (b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

- (i) the same taxable entity; or
- (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.16 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

### 4.17 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but discloses its existence where the inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

### 4.18 Employee benefits

#### (a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.18 Employee benefits (cont'd)

#### (b) Defined contribution plans

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund and foreign subsidiary makes contributions to its country's statutory pension schemes. The contributions are recognised as a liability after deducting any contributions already paid and as an expense in the period in which the employees render their services.

### 4.19 Foreign currencies

#### (a) Functional and presentation currency

Items included in the financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

#### (b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost, are translated using the historical rate as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

#### (c) Foreign operation

Financial statements of foreign operation is translated at the end of the reporting period exchange rates with respect to its assets and liabilities, and at exchange rates at the dates of the transactions with respect to items reflected in profit or loss or other comprehensive income. All resulting translation differences are recognised as a separate component of equity.

In the consolidated financial statements, exchange differences arising from the translation of the net investment in foreign operation is taken to equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

Exchange differences arising on a monetary item that forms part of the net investment of the Company in a foreign operation shall be recognised in profit or loss in the separate financial statements of the Company or the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in profit or loss upon disposal of the net investment.

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the end of the reporting period.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.20 Revenue recognition

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 overtime 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.

Revenue is measured at the fair value of consideration received or receivable. The following describes the performance obligations in contracts with customers:

(a) Sale of goods

Revenue from sales of goods is recognised at a point in time when the goods have been transferred to the customer and coincides with the delivery of goods and acceptance by customers.

There is no material right of return and warranty provided to the customers on the sale of goods.

(b) Services

Revenue from services rendered is recognised at a point in time when services have been rendered to the customer and coincides with the delivery of services and acceptance by customers.

Revenue recognition not in relation to performance obligations is described below:

(a) Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

(b) Management fee

The provision of management fee is recognised when services are rendered.

(c) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(d) Rental income

Rental income is accounted for on a straight-line basis over the lease term of an ongoing lease.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.21 Earnings per share

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

### 4.22 Operating segments

Operating segments are defined as components of the Group that:

- (a) engage in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);
- (b) whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and
- (c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenue.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

- (a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments.
- (b) The absolute amount of its reported profit or loss is ten percent (10%) or more of the greater, in absolute amount of:
  - (i) the combined reported profit of all operating segments that did not report a loss; and
  - (ii) the combined reported loss of all operating segments that reported a loss.
- (c) Its assets are ten percent (10%) or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy five percent (75%) of the revenue of the Group. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.23 Fair value measurements

The 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 fair value measurement method adopted 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.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

- (a) The condition and location of the asset; and
- (b) Restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant 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.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

- (a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and
- (b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

## 5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

### 5.1 New MFRSs adopted during the financial year

The Group and Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015-2017 Cycle</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015-2017 Cycle</i>	1 January 2019

## 5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (CONT'D)

### 5.1 New MFRSs adopted during the financial year (cont'd)

The Group and Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board (“MASB”) during the financial year: (cont'd)

Title	Effective Date
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015-2017 Cycle</i>	1 January 2019
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015-2017 Cycle</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendment to MFRS 16 <i>Covid-19-Related Rent Concessions</i>	1 June 2020 (early adopted)

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company except for the adoption of MFRS 16 as described in the following section.

#### **MFRS 16 Leases**

MFRS 16 supersedes MFRS 117 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the financial statements.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors would continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 does not have a material impact for leases for which the Group is the lessor.

The Group applied MFRS 16 using the modified retrospective approach, for which the cumulative effect of initial application is recognised in retained earnings as at 1 May 2019. Accordingly, the comparative information presented is not restated.

On adoption of MFRS 16, the Group and the Company recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of MFRS 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of the Group and of the Company as of 1 May 2019. The incremental borrowing rate of the Group and of the Company applied to the lease liabilities on 1 May 2019 was 5.5%.

In order to compute the transition impact of MFRS 16, a significant data extraction exercise was undertaken by management to summarise all property and equipment lease data such that the respective inputs could be uploaded into management’s model. The incremental borrowing rate method has been adopted where the implicit rate of interest in a lease is not readily determinable.

For leases previously classified as finance leases, the Group and the Company recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability respectively at the date of initial application. The measurement principles of MFRS 16 are only applied after that date.



## 5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (CONT'D)

### 5.1 New MFRSs adopted during the financial year (cont'd)

#### MFRS 16 Leases (cont'd)

In applying MFRS 16 for the first time, the Group and the Company have used the following practical expedients permitted by the standard:

- (a) Applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- (b) Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review - there were no onerous contracts as at 1 May 2019;
- (c) Accounting for operating leases with a remaining lease term of less than twelve (12) months as at 1 May 2019 and do not contain a purchase option as short-term leases;
- (d) Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- (e) Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

On transition to MFRS 16, the Group and the Company recognised right-of-use assets and lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below:

	Note	As at 30 April 2019 RM'000	Impact RM'000	As at 1 May 2019 RM'000
<b>Group</b>				
Property, plant and equipment equipment		194,759	(7,329)	187,430
Right-of-use assets	(a)	-	10,241	10,241
Retained earnings		163,235	(93)	163,142
Trade and other payables		59,985	75	60,060
Lease liabilities	(b)	-	2,930	2,930
<b>Company</b>				
Property, plant and equipment equipment		162,736	(4,198)	158,538
Right-of-use assets	(a)	-	8,509	8,509
Retained earnings		136,307	(52)	136,255
Trade and other payables		44,095	75	44,170
Lease liabilities	(b)	-	4,288	4,288

- (a) The right-of-use assets were measured at their carrying amounts as if MFRS 16 had been applied since the commencement date, but discounted using the Group's and Company's incremental borrowing rate at the date of initial application.

## 5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (CONT'D)

### 5.1 New MFRSs adopted during the financial year (cont'd)

#### MFRS 16 Leases (cont'd)

On transition to MFRS 16, the Group and the Company recognised right-of-use assets and lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below: (cont'd)

(b) Lease liabilities are measured as follows:

	Group RM'000	Company RM'000
Operating lease commitments at 30 April 2019 as disclosed under MFRS 117	441	1,104
Weighted average incremental borrowing rate as at 1 May 2019	5.5%	5.5%
Discounted operating lease commitments as at 1 May 2019	394	1,024
Contracts reassessed as lease contracts	2,549	3,268
Recognition exemption for leases of low value assets	(13)	(4)
<b>Lease liabilities recognised at 1 May 2019</b>	<b>2,930</b>	<b>4,288</b>

### 5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2020

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020
<i>Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform</i>	1 January 2020
<i>MFRS 17 Insurance Contracts</i>	1 January 2021
<i>Amendments to MFRS 101 Classification of Liabilities as Current or Non-current</i>	1 January 2022
<i>Annual Improvements to MFRS Standards 2018-2020</i>	1 January 2022
<i>Amendments to MFRS 3 Reference to the Conceptual Framework</i>	1 January 2022
<i>Amendments to MFRS 116 Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
<i>Amendments to MFRS 137 Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
<i>Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards, since the effects would only be observable for future financial years.

## 6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the management of the Group and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have a material impact to the Group's and the Company's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Recoverability of trade receivables

Recoverability of trade receivables requires management to exercise significant judgements in determining the probability of default by trade receivables and appropriate forward looking information.

(b) Carrying amount of inventories at lower of cost and net realisable value

The Group and the Company writes down its obsolete or slow moving inventories based on an assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyse sales trend and current economic trends when making a judgement to evaluate the adequacy of the write down. Where expectations differ from the original estimates, the differences would impact the carrying amount of inventories.

**7. PROPERTY, PLANT AND EQUIPMENT**

Group	Balance as at 1.5.2019 RM'000	Effects on adoption of MFRS 16 (Note 5.1) RM'000	Additions RM'000	Written off RM'000	Acquisition of subsidiaries (Note 38) RM'000	Depreciation charge for the financial year RM'000	Exchange translation differences RM'000	Balance as at 30.4.2020 RM'000
<b>Carrying amount</b>								
Freehold land	23,555	-	-	-	-	-	-	23,555
Leasehold land	7,329	(7,329)	-	-	-	-	-	-
Buildings	74,459	-	7,679	-	-	(1,872)	-	80,266
Plant and machinery	80,777	-	8,459	(55)	381	(8,800)	-	80,762
Motor vehicles	2,116	-	153	-	-	(588)	-	1,681
Office equipment	1,006	-	253	(2)	42	(242)	(1)	1,056
Furniture and fittings	5,515	-	1,200	-	3	(844)	(2)	5,872
Dies and moulds	2	-	-	-	-	(1)	-	1
	194,759	(7,329)	17,744	(57)	426	(12,347)	(3)	193,193

<----- At 30.4.2020 ----->

	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment losses RM'000	Carrying amount RM'000
Freehold land	23,555	-	-	23,555
Buildings	96,834	(16,333)	(235)	80,266
Plant and machinery	208,848	(126,960)	(1,126)	80,762
Motor vehicles	6,635	(4,954)	-	1,681
Office equipment	10,184	(9,128)	-	1,056
Furniture and fittings	15,525	(9,653)	-	5,872
Dies and moulds	93	(92)	-	1
	361,674	(167,120)	(1,361)	193,193

## 7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Balance as at 1.5.2018 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Depreciation charge for the financial year RM'000	Reclassifications RM'000	Exchange translation differences RM'000	Balance as at 30.4.2019 RM'000
<b>Carrying amount</b>								
Freehold land	23,555	-	-	-	-	-	-	23,555
Leasehold land	7,478	-	-	-	(149)	-	-	7,329
Buildings	76,892	16	(606)	-	(1,857)	(23)	37	74,459
Plant and machinery	86,512	2,628	(9)	-	(8,377)	23	-	80,777
Motor vehicles	2,009	734	-	-	(627)	-	-	2,116
Office equipment	1,140	122	(1)	-	(256)	-	1	1,006
Furniture and fittings	5,856	490	-	(1)	(832)	-	2	5,515
Dies and moulds	3	-	-	-	(1)	-	-	2
	203,445	3,990	(616)	(1)	(12,099)	-	40	194,759

----- At 30.4.2019 ----->

	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment losses RM'000	Carrying amount RM'000
Freehold land	23,555	-	-	23,555
Leasehold land	8,471	(1,142)	-	7,329
Buildings	89,146	(14,452)	(235)	74,459
Plant and machinery	199,099	(117,196)	(1,126)	80,777
Motor vehicles	6,400	(4,284)	-	2,116
Office equipment	9,841	(8,835)	-	1,006
Furniture and fittings	14,335	(8,820)	-	5,515
Dies and moulds	113	(111)	-	2
	350,960	(154,840)	(1,361)	194,759

**7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

Company	Balance as at 1.5.2019 RM'000	Effects on adoption of MFRS 16 (Note 5.1) RM'000	Additions RM'000	Written off RM'000	Depreciation charge for the financial year RM'000	Balance as at 30.4.2020 RM'000
<b>Carrying amount</b>						
Freehold land	8,710	-	-	-	-	8,710
Leasehold land	4,198	(4,198)	-	-	-	-
Buildings	67,702	-	7,679	-	(1,639)	73,742
Plant and machinery	74,045	-	7,601	(50)	(8,189)	73,407
Motor vehicles	1,948	-	-	-	(515)	1,433
Office equipment	941	-	180	(1)	(211)	909
Furniture and fittings	5,190	-	1,120	-	(749)	5,561
Dies and moulds	2	-	-	-	(1)	1
	<b>162,736</b>	<b>(4,198)</b>	<b>16,580</b>	<b>(51)</b>	<b>(11,304)</b>	<b>163,763</b>

<----- At 30.4.2020 ----->

	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment losses RM'000	Carrying amount RM'000
Freehold land	8,710	-	-	8,710
Buildings	87,780	(14,038)	-	73,742
Plant and machinery	195,037	(120,504)	(1,126)	73,407
Motor vehicles	5,868	(4,435)	-	1,433
Office equipment	9,554	(8,645)	-	909
Furniture and fittings	13,791	(8,230)	-	5,561
Dies and moulds	93	(92)	-	1
	<b>320,833</b>	<b>(155,944)</b>	<b>(1,126)</b>	<b>163,763</b>

## 7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Balance as at 1.5.2018 RM'000	Additions RM'000	Disposals RM'000	Depreciation charge for the financial year RM'000	Reclassifications RM'000	Balance as at 30.4.2019 RM'000
<b>Carrying amount</b>						
Freehold land	8,710	-	-	-	-	8,710
Leasehold land	4,281	-	-	(83)	-	4,198
Buildings	69,929	16	(606)	(1,614)	(23)	67,702
Plant and machinery	79,379	2,462	(9)	(7,810)	23	74,045
Motor vehicles	1,898	615	-	(565)	-	1,948
Office equipment	1,061	112	(1)	(231)	-	941
Furniture and fittings	5,412	489	-	(711)	-	5,190
Dies and moulds	3	-	-	(1)	-	2
	170,673	3,694	(616)	(11,015)	-	162,736

<----- At 30.4.2019 ----->

	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment losses RM'000	Carrying amount RM'000
Freehold land	8,710	-	-	8,710
Leasehold land	4,855	(657)	-	4,198
Buildings	80,101	(12,399)	-	67,702
Plant and machinery	187,594	(112,423)	(1,126)	74,045
Motor vehicles	5,868	(3,920)	-	1,948
Office equipment	9,380	(8,439)	-	941
Furniture and fittings	12,686	(7,496)	-	5,190
Dies and moulds	93	(91)	-	2
	309,287	(145,425)	(1,126)	162,736

**8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**
**Right-of-use assets**

	Land RM'000	Buildings RM'000	Plant and machinery RM'000	Hostels RM'000	Motor vehicles RM'000	Total RM'000
<b>Group</b>						
<b>Carrying amount</b>						
At 1 May 2019	-	-	-	-	-	-
Effects on adoption of MFRS 16 (Note 5.1)	7,329	282	834	887	909	10,241
Acquisition of a subsidiary (Note 38)	-	37	218	11	18	284
Additions	-	283	1,157	971	292	2,703
Depreciation	(150)	(237)	(166)	(448)	(352)	(1,353)
At 30 April 2020	7,179	365	2,043	1,421	867	11,875
<b>Company</b>						
<b>Carrying amount</b>						
At 1 May 2019	-	-	-	-	-	-
Effects on adoption of MFRS 16 (Note 5.1)	4,198	1,680	835	887	909	8,509
Additions	1,145	-	1,157	863	-	3,165
Depreciation	(83)	(1,031)	(155)	(414)	(295)	(1,978)
At 30 April 2020	5,260	649	1,837	1,336	614	9,696



## 8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

### Lease liabilities

	Buildings RM'000	Plant and machinery RM'000	Hostels RM'000	Motor vehicles RM'000	Total RM'000
<b>Group</b>					
<b>Carrying amount</b>					
At 1 May 2019	-	-	-	-	-
Effects on adoption of MFRS 16 (Note 5.1)	283	810	906	931	2,930
Acquisition of a subsidiary (Note 38)	48	93	11	29	181
Additions	283	1,157	971	292	2,703
Lease payments	(250)	(384)	(500)	(369)	(1,503)
Interest expense	20	76	80	51	227
At 30 April 2020	384	1,752	1,468	934	4,538

### Company

#### Carrying amount

At 1 May 2019	-	-	-	-	-
Effects on adoption of MFRS 16 (Note 5.1)	1,641	810	906	931	4,288
Additions	1,145	1,157	863	-	3,165
Lease payments	(1,170)	(354)	(463)	(328)	(2,315)
Interest expense	77	74	74	43	268
At 30 April 2020	1,693	1,687	1,380	646	5,406

Represented by:

	Group RM'000	Company RM'000
Current liabilities	1,498	2,108
Non-current liabilities	3,040	3,298
	4,538	5,406
	Group RM'000	Company RM'000
Lease liabilities owing to financial institutions	308	-
Lease liabilities owing to non-financial institutions	4,230	5,406
	4,538	5,406

## 8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

### Lease liabilities (cont'd)

(a) The Group and the Company have certain leases of buildings, machine and hostels with lease term of 12 months or less, and low value leases of office equipment. The Group and the Company applies the “short-term lease” and “lease of low-value assets” exemptions for these leases.

(b) The following are the amounts recognised in profit or loss:

	Group RM'000	Company RM'000
<b>30 April 2020</b>		
Depreciation charge of right-of-use assets (included in cost of sales, administrative expenses and marketing and distribution expenses)	1,353	1,978
Interest expense on lease liabilities (included in finance cost)	227	268
Expense relating to short-term leases (included in cost of sales and administrative expenses)	120	87
Expense relating to leases of low-value assets (included in cost of sales, administrative expenses and marketing and distribution expenses)	39	38
	<b>1,739</b>	<b>2,371</b>

(c) The Group and the Company lease several lease contracts that include extension options. These are used to maximise operational flexibility in terms of managing the assets used in the Group's and Company's operations. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised.

The following are the undiscounted potential future rental payments that are included in the lease term:

	Within five years RM'000	More than five years RM'000	Total RM'000
<b>Group</b>			
<b>2020</b>			
Extension options expected to be exercised	2,120	229	2,349
<b>Company</b>			
<b>2020</b>			
Extension options expected to be exercised	2,822	196	3,018

(d) Lease liabilities are denominated in RM.

## 8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

### Lease liabilities (cont'd)

(e) The lease liabilities of the Group and of the Company bear the following interest rates per annum:

	Group		Company	
	2020 %	2019 %	2020 %	2019 %
Lease liabilities	2.52 – 5.50	–	5.50	–

(f) Information on financial risks of lease liabilities is disclosed in Note 37 to the financial statements.

## 9. INVESTMENT PROPERTY

	Group	
	2020 RM'000	2019 RM'000
<b>Cost</b>		
At 1 May 2019/2018	25,000	–
Addition	–	25,000
At 30 April 2020/2019	25,000	25,000
<b>Accumulated depreciation</b>		
At 1 May 2019/2018	86	–
Depreciation charge for the financial year	121	86
At 30 April 2020/2019	207	86
<b>Carrying amount</b>		
At 30 April 2020/2019	24,793	24,914
<b>Group</b>		
	2020 RM'000	2019 RM'000
Freehold land	18,939	18,939
Building	5,854	5,975
	24,793	24,914

(a) As at the end of reporting period, rental income of the Group derived from an investment property amounted to RM1,500,000 (2019: RM1,063,000).

(b) During the financial year, the valuation of investment property at Level 3 fair value amounting to RM33,000,000 (2019: RM33,000,000) is based on the estimates of market value by the Directors.

(c) Information on the fair value hierarchy is disclosed in Note 36 to the financial statements.

**10. INVESTMENTS IN SUBSIDIARIES**

	Company	
	2020 RM'000	2019 RM'000
Unquoted equity shares, at cost		
– in Malaysia	13,881	13,830
– outside Malaysia	233	233
	<b>14,114</b>	14,063
Acquisition of subsidiaries (Note 38)	<b>2,200</b>	51
	<b>16,314</b>	14,114

Name of company	Country of incorporation	Effective interest in equity held by the Group		Principal activities
		2020 %	2019 %	
ALBE Marketing Sdn. Bhd.	Malaysia	100.00	100.00	Marketing and trading of aluminium hardware and other fittings
ALBE Metal Sdn. Bhd.	Malaysia	100.00	100.00	Trading of aluminium sheets and other metal products
LB Aluminium (Sarawak) Sdn. Bhd.	Malaysia	100.00	100.00	Manufacturing, marketing and trading of aluminium extrusion
LB Aluminium (Singapore) Pte. Ltd. <sup>(1)</sup>	Singapore	100.00	100.00	Retail and trading of aluminium extrusion and accessories
Rank Metal Sdn. Bhd.	Malaysia	100.00	100.00	Property holding
Omega Pesona Sdn. Bhd.	Malaysia	100.00	100.00	Property holding
Poly Acres Sdn. Bhd.	Malaysia	100.00	100.00	Property holding
Facade Performance Lab Sdn. Bhd.	Malaysia	100.00	100.00	Providing performance tests for windows, doors and facades
Citajaya Kuasa Sdn. Bhd. <sup>(1)</sup>	Malaysia	51.00	51.00	Investment holding
Greentech Paramount Sdn. Bhd.	Malaysia	100.00	–	Investment holding
SEMS Sdn. Bhd.	Malaysia	60.00	–	Providing metal stamping and other engineering works

## 10. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of company	Country of incorporation	Effective interest in equity held by the Group		Principal activities
		2020 %	2019 %	
<b>Subsidiary of LB Aluminium (Sarawak) Sdn. Bhd.</b>				
LB Sarawak Industries Sdn. Bhd.	Malaysia	100.00	100.00	Property holding
<b>Subsidiary of Citajaya Kuasa Sdn. Bhd.</b>				
Contras Build Sdn. Bhd. <sup>(1)</sup>	Malaysia	40.80	40.80	Property development
<b>Subsidiary of Greentech Paramount Sdn. Bhd.</b>				
Pembinaan Serta Hebat Sdn. Bhd. <sup>(1)</sup>	Malaysia	50.06	–	Property development

<sup>(1)</sup> Subsidiaries not audited by BDO PLT or member firms.

(a) During the financial year ended 30 April 2020:

- (i) On 16 May 2019, the Company acquired the entire equity interest comprising 1 ordinary share in Greentech Paramount Sdn. Bhd. (“GPSB”) for a cash consideration of RM1. The transaction has been completed during the financial year. Consequently, the Company became the holding company of GPSB. There is no material impact to the financial statements upon acquisition of GPSB.
- (ii) On 16 May 2019, a wholly-owned subsidiary of the Company, GPSB subscribed for 50.06% of equity interest comprising 2,005,000 ordinary shares in Pembinaan Serta Hebat Sdn. Bhd. (“PSHSB”) for a cash consideration of RM2,005,000. The transaction has been completed during the financial year. Consequently, the Company became the ultimate holding company of PSHSB. Details of the subscription are disclosed in Note 38 to the financial statements.
- (iii) On 27 November 2019, the Company subscribed for 60% of equity interest comprising 60,000 ordinary shares in SEMS Sdn. Bhd. (“SEMS”) for a cash consideration of RM2,200,000. The transaction has been completed during the financial year. Consequently, the Company became the holding company of SEMS. Details of the subscription are disclosed in Note 38 to the financial statements.

**10. INVESTMENTS IN SUBSIDIARIES (CONT'D)**

(b) In the previous financial year ended 30 April 2019:

- (i) A wholly-owned subsidiary of the Company, Facade Performance Lab Sdn. Bhd. ("FPLSB") was incorporated with issued and paid-up share capital of RM2.
- (ii) The Company subscribed for 51% of equity interest comprising 51,000 ordinary shares in Citajaya Kuasa Sdn. Bhd. ("CKSB") for a cash consideration of RM51,000. The transaction had been completed in the previous financial year. Consequently, the Company became the holding company of CKSB. Details of the subscription were disclosed in Note 38 to the financial statements.
- (iii) A subsidiary of the Company, CKSB subscribed for 80% of equity interest comprising 2,000,000 ordinary shares in Contras Build Sdn. Bhd. ("CBSB") for a cash consideration of RM2,000,000. The transaction had been completed in the previous financial year. Consequently, the Company became the ultimate holding company of CBSB. Details of the subscription were disclosed in Note 38 to the financial statements.

(c) Subsidiaries of the Group that have non-controlling interests ("NCI") are as follows:

2020	CKSB RM'000	CBSB RM'000	PSHSB RM'000	SEMS RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	49.00%	59.20%	49.94%	40.00%	
Carrying amount of NCI	45	450	32	205	732
Loss allocated to NCI	(2)	(5)	(1,213)	(106)	(1,326)
2019			CKSB RM'000	CBSB RM'000	Total RM'000
NCI percentage of ownership interest and voting interest			49.00%	59.20%	
Carrying amount of NCI			47	455	502
Loss allocated to NCI			-	(11)	(11)

## 10. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(d) The summarised financial information before intra-group elimination of the subsidiaries that have NCI as at the end of each reporting period are as follows:

2020	CKSB RM'000	CBSB RM'000	PSHSB RM'000	SEMS RM'000
<b>Assets and liabilities</b>				
Non-current asset	2,000	-	227	915
Current assets	18,293	39,931	66,937	1,214
Non-current liabilities	-	-	(35,416)	(90)
Current liabilities	(20,202)	(37,515)	(31,685)	(1,526)
Net assets	91	2,416	63	513
<b>Results</b>				
Revenue	-	-	-	1,556
Loss for the financial year	(5)	(8)	(2,429)	(266)
Total comprehensive loss	(5)	(8)	(2,429)	(266)
<b>Cash flows</b>				
Cash flows (used in)/from operating activities	(3)	(606)	(56,162)	224
Cash flows (used in)/from investing activities	-	-	(258)	763
Cash flows from/(used in) financing activities	2	605	68,412	(1,223)
Net (decrease)/increase in cash and cash equivalents	(1)	(1)	11,992	(236)
<b>2019</b>				
<b>Assets and liabilities</b>				
Non-current assets			2,000	-
Current assets			18,294	21,281
Current liabilities			(20,198)	(18,857)
Net assets			96	2,424
<b>Results</b>				
Loss for the financial year			(1)	(18)
Total comprehensive loss			(1)	(18)
<b>Cash flows</b>				
Cash flows from operating activities			2	18,606
Cash flows used in investing activities			(101)	(18,645)
Cash flows from financing activities			100	-
Net increase/(decrease) in cash and cash equivalents			1	(39)

## 10. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (e) The Company has assessed whether there are any indicators of impairment during the financial year. In doing this, management considered the current environments and performance of the Cash Generating Units (“CGUs”). Management has considered the losses in certain subsidiaries in the current financial year as impairment indicators.

Management has made estimates about the future results and key assumptions applied to cash flow projections of the CGUs in determining their recoverable amounts using the value-in-use model. These key assumptions include turnover growth rate, expenses growth rate, terminal value as well as determining an appropriate pre-tax discount rate used for subsidiaries. Based on these assumptions, the Directors are of the view that no impairment loss is required as the recoverable amounts determined are higher than the carrying amounts of the CGUs.

## 11. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unquoted shares, at cost	6,000	6,000	6,000	6,000
Share of post-acquisition profit	7,559	2,452	–	–
	<b>13,559</b>	<b>8,452</b>	<b>6,000</b>	<b>6,000</b>

The details of the associate are as follows:

Name of company	Country of incorporation	Effective interest in equity		Principal activity
		2020 %	2019 %	
Vistarena Development Sdn. Bhd.*	Malaysia	20	20	Property development

\* Associate not audited by BDO PLT.

- (a) In the previous financial year, the Company completed the acquisition of 20% of equity interest comprising 400,000 ordinary shares in Vistarena Development Sdn. Bhd. (“VDSB”) for a purchase consideration of RM6,000,000. The transaction had been completed in the previous financial year. Consequently, the VDSB became an associate of the Company.
- (b) The associate has a financial year end of 31 December. Management account of this associate for the financial year ended 30 April 2020 has been used for the purpose of applying the equity method of accounting.



## 11. INVESTMENT IN AN ASSOCIATE (CONT'D)

(c) The summarised financial information of the associate are as follows:

	VDSB RM'000
<b>2020</b>	
<b>Assets and liabilities</b>	
Non-current assets	118
Current assets	96,471
Non-current liabilities	(14,545)
Current liabilities	(44,025)
Net assets	<u>38,019</u>
<b>Results</b>	
Revenue	91,982
Profit for the financial year	25,535
Total comprehensive income	<u>25,535</u>
<b>Share of results by the Group for the financial year</b>	
Share of profit by the Group for the financial year	<u>5,107</u>
<b>2019</b>	
<b>Assets and liabilities</b>	
Non-current assets	134
Current assets	35,972
Non-current liabilities	(665)
Current liabilities	(22,958)
Net assets	<u>12,483</u>
<b>Results</b>	
Revenue	51,874
Profit for the financial year	12,259
Total comprehensive income	<u>12,259</u>
<b>Share of results by the Group for the financial year</b>	
Share of profit by the Group for the financial year	<u>2,452</u>

**11. INVESTMENT IN AN ASSOCIATE (CONT'D)**

- (d) Reconciliation of the summarised financial information presented above to the carrying amount of the interest in the associate of the Group.

	<b>VDSB RM'000</b>
<b>2020</b>	
Net assets as at 30 April	<b>38,019</b>
Interest in associate as at year end	<u>20%</u>
	<b>7,604</b>
Goodwill	<u>5,955</u>
Carrying value of Group's interest in the associate	<u><b>13,559</b></u>
<b>2019</b>	
Net assets as at 30 April	12,483
Interest in associate as at year end	<u>20%</u>
	2,497
Goodwill	<u>5,955</u>
Carrying value of Group's interest in the associate	<u><b>8,452</b></u>

**12. OTHER INVESTMENT**

	<b>Group and Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Financial asset at fair value through profit or loss</b>		
Quoted shares in Malaysia, at market value	<u>851</u>	1,103

Information on the fair value hierarchy is disclosed in Note 36 to the financial statements.

**13. GOODWILL ON CONSOLIDATION**

		<b>Group</b>	
		<b>2020</b>	<b>2019</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cost</b>			
Acquisition of subsidiaries	38	<u>2,490</u>	–



### 13. GOODWILL ON CONSOLIDATION (CONT'D)

The carrying amounts of goodwill allocated to the Group's cash-generating-units ("CGUs") are as follows:

	Aluminium RM'000	Property development RM'000	Total RM'000
<b>Cost</b>			
Goodwill on consolidation	1,733	757	2,490

(a) For the purpose of impairment testing, goodwill is allocated to the Group's cash generating units ("CGUs") which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

(i) Aluminium

The recoverable amount of the CGU has been determined based on value in use calculations using cash flow projections from financial budget approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flows for the five-year period are as follows:

	Aluminium %
Revenue growth rate	5.0
Expenses growth rate	5.0
Pre-tax discount rate	8.0

The calculation of value in use for the CGU is most sensitive to the following assumptions:

(i) Revenue growth rate

The forecasted growth rate is determined based on past performance of the CGU.

(ii) Expenses growth rate

Expenses are projected at annual increase of approximately 5.0% per annum.

(iii) Discount rate

Pre-tax discount rate, which is the weighted average cost of capital adjusted for specific risks relating to the segment, of 8.0% per annum has been applied in determining the recoverable amount of the CGU.

(ii) Property

The recoverable amount of the CGU has been determined based on the valuation of a piece of land at Level 3 fair value amounting to RM158,700,000, is based on the estimates of market value by the Directors.

### 13. GOODWILL ON CONSOLIDATION (CONT'D)

- (b) Based on these assumptions, no impairment loss was recognised in relation to goodwill as the recoverable amounts determined are higher than the carrying amount.
- (c) Sensitivity to changes in assumptions

The management believes that a reasonably possible change in the key assumptions on which management has based its determination of the CGUs' recoverable amounts would not cause the CGUs' carrying amounts to further exceed their recoverable amounts.

### 14. DEFERRED TAX ASSETS/(LIABILITIES)

- (a) The deferred tax assets and liabilities are made up of the following:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Balance as at 1 May	(20,371)	(19,409)	(18,891)	(18,212)
Acquisition of a subsidiary (Note 38)	(34)	–	–	–
Recognised in profit or loss (Note 28)	(117)	(962)	(437)	(679)
Balance as at 30 April	(20,522)	(20,371)	(19,328)	(18,891)
Presented after appropriate offsetting:				
Deferred tax assets, net*	–	97	–	–
Deferred tax liabilities, net*	(20,522)	(20,468)	(19,328)	(18,891)
	(20,522)	(20,371)	(19,328)	(18,891)

\* The amounts of set-off between deferred tax assets and deferred tax liabilities of the Group and of the Company were RM4,425,000 (2019: RM1,849,000) and RM3,295,000 (2019: RM1,230,000) respectively.

#### 14. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

- (b) The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

##### Deferred tax assets of the Group

	Unabsorbed tax losses RM'000	Unutilised capital allowances RM'000	Lease liabilities RM'000	Allowances RM'000	Others RM'000	Total RM'000
At 1 May 2018	45	728	-	1,376	17	2,166
Recognised in profit or loss	-	(383)	-	(170)	333	(220)
At 30 April 2019	45	345	-	1,206	350	1,946
Acquisition of a subsidiary (Note 38)	-	-	-	3	-	3
Recognised in profit or loss	-	(45)	1,784	964	(227)	2,476
<b>At 30 April 2020</b>	<b>45</b>	<b>300</b>	<b>1,784</b>	<b>2,173</b>	<b>123</b>	<b>4,425</b>

##### Deferred tax liabilities of the Group

	Property, plant and equipment RM'000	Right-of-use assets RM'000	Others RM'000	Total RM'000
At 1 May 2018	(21,591)	-	16	(21,575)
Recognised in profit or loss	(726)	-	(16)	(742)
At 30 April 2019	(22,317)	-	-	(22,317)
Acquisition of a subsidiary (Note 38)	(37)	-	-	(37)
Recognised in profit or loss	(36)	(2,557)	-	(2,593)
<b>At 30 April 2020</b>	<b>(22,390)</b>	<b>(2,557)</b>	<b>-</b>	<b>(24,947)</b>

**14. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)**

- (b) The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows (cont'd):

**Deferred tax assets of the Company**

	Lease liabilities RM'000	Allowances RM'000	Others RM'000	Total RM'000
At 1 May 2018	–	1,047	141	1,188
Recognised in profit or loss	–	(167)	209	42
At 30 April 2019	–	880	350	1,230
Recognised in profit or loss	<b>1,298</b>	<b>992</b>	<b>(225)</b>	<b>2,065</b>
<b>At 30 April 2020</b>	<b>1,298</b>	<b>1,872</b>	<b>125</b>	<b>3,295</b>

**Deferred tax liabilities of the Company**

	Property, plant and equipment RM'000	Right-of-use assets RM'000	Others RM'000	Total RM'000
At 1 May 2018	(19,383)	–	(17)	(19,400)
Recognised in profit or loss	(738)	–	17	(721)
At 30 April 2019	(20,121)	–	–	(20,121)
Effect of adoption of MFRS 16	<b>3</b>	<b>(3)</b>	–	–
Recognised in profit or loss	<b>(178)</b>	<b>(2,324)</b>	–	<b>(2,502)</b>
<b>At 30 April 2020</b>	<b>(20,296)</b>	<b>(2,327)</b>	–	<b>(22,623)</b>

- (c) The amount of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group	
	2020 RM'000	2019 RM'000
Unabsorbed capital allowances	410	–
Unused tax losses		
– Expires by 31 December 2025	6	6
– Expires by 31 December 2026	1,248	1,248
– Expires by 31 December 2027	1,482	–
Other temporary differences	139	126
	<b>3,285</b>	1,380

#### 14. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

- (c) The amount of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows: (cont'd)

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised.

For the Malaysian entities, the unused tax losses up to the year of assessment 2018 shall be deductible until the year of assessment 2025 (within a period of seven (7) consecutive years of assessment). The unused tax losses for the year of assessment 2019 onwards will expire after seven (7) consecutive years of assessment.

The use of tax losses of a subsidiary in another country is subject to the agreement of the tax authorities and the tax legislation of the country in which the subsidiary operates.

#### 15. INVENTORIES

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>At cost</b>					
Raw materials		41,784	46,291	36,219	40,372
Finished goods		54,027	54,930	47,262	48,052
Consumables		3,228	3,868	2,961	3,649
Property development expenditure	(a)	54,871	-	-	-
		<b>153,910</b>	<b>105,089</b>	<b>86,442</b>	<b>92,073</b>

- (a) Property development expenditure

Group	Note	Balance	Acquisition	Cost	Balance
		as at 1.5.2019 RM'000	of a subsidiary (Note 38) RM'000	incurred during the year RM'000	as at 30.4.2020 RM'000
Leasehold land	(b)	-	-	40,756	40,756
Development costs		-	2,513	11,602	14,115
		<b>-</b>	<b>2,513</b>	<b>52,358</b>	<b>54,871</b>

**15. INVENTORIES (CONT'D)**

- (b) Property development land of a subsidiary with carrying amount of RM40,756,000 (2019: Nil) is pledged as security for term borrowing granted to the subsidiary as disclosed in Note 21(d).
- (c) During the financial year, inventories of the Group and of the Company recognised as cost of sales amounted to RM400,937,000 (2019: RM472,256,000) and RM370,411,000 (2019: RM436,197,000) respectively.
- (d) Inventories written off for finished goods of the Group and of the Company during the financial year amounting to RM75,000 (2019: RM156,000) and are included in cost of sales.
- (e) During the financial year, the impact of novel coronavirus (“COVID-19”) pandemic to the Group and to the Company are as follows:
- (i) In conjunction with the COVID-19 pandemic and followed by the Movement Control Order (“MCO”) issued by the Government of Malaysia, the Group’s and the Company’s factory operations were not allowed during MCO.
- Allocation of the fixed production overheads of RM1,634,000 was therefore expensed to the profit or loss as the production was operating below normal capacity in April 2020.
- (ii) The Group and the Company recorded a charge to profit or loss pertaining to inventories written down of RM6,180,000 and RM5,311,000 respectively due to the significant declined in aluminium prices throughout the financial period and are included in cost of sales.
- (f) In previous financial year, the Group and the Company recorded a charge to profit or loss pertaining to inventories written down of RM28,000 and was included in cost of sales.

**16. TRADE AND OTHER RECEIVABLES**

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Non-current</b>					
Amounts owing by subsidiaries	(c)	-	-	51,719	44,853
Less: Impairment losses	(f)	-	-	(244)	(292)
		-	-	51,475	44,561
<b>Current</b>					
<b>Trade receivables</b>					
Third parties	(a)	97,856	110,581	80,401	89,562
Amounts owing by subsidiaries	(b)	-	-	964	2,666
		97,856	110,581	81,365	92,228
Less: Impairment losses					
- third parties	(e)	(9,667)	(4,390)	(6,006)	(2,089)
- subsidiaries	(f)	-	-	-	(17)
Total trade receivables		88,189	106,191	75,359	90,122



## 16. TRADE AND OTHER RECEIVABLES (CONT'D)

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Current (cont'd)</b>					
Total trade receivables		<b>88,189</b>	106,191	<b>75,359</b>	90,122
<b>Other receivables</b>					
Other receivables		<b>7,107</b>	12,300	<b>4,244</b>	10,581
Deposits		<b>481</b>	624	<b>403</b>	559
Amounts owing by subsidiaries	(d)	<b>-</b>	-	<b>14,411</b>	2,716
		<b>7,588</b>	12,924	<b>19,058</b>	13,856
Less: Impairment losses					
- other receivables	(f)	<b>(227)</b>	(342)	<b>(138)</b>	(260)
- subsidiaries	(f)	<b>-</b>	-	<b>(45)</b>	(17)
		<b>7,361</b>	12,582	<b>18,875</b>	13,579
<b>Total receivables</b>		<b>95,550</b>	118,773	<b>94,234</b>	103,701
Prepayments	(j)	<b>39,225</b>	22,124	<b>1,111</b>	1,426
<b>Total trade and other receivables (current)</b>		<b>134,775</b>	140,897	<b>95,345</b>	105,127
<b>Total trade and other receivables (non-current and current)</b>		<b>134,775</b>	140,897	<b>146,820</b>	149,688

- (a) Trade receivables are non-interest bearing and the normal credit terms granted by the Group and the Company range from seven (7) to ninety (90) days (2019: seven (7) to ninety (90) days) from the date of invoice. They are recognised at their original invoices amounts, which represent their fair values on initial recognition.
- (b) Current amounts owing by subsidiaries in trade receivables are trade in nature and are subject to the normal credit terms granted by the Company range from seven (7) to ninety (90) days (2019: seven (7) to ninety (90) days) from the date of invoice. They are recognised at their original invoices amounts, which represent their fair values on initial recognition.
- (c) Non-current amounts owing by the subsidiaries of the Company represent loan and advances amounts, which are unsecured, bear interest range from 5.5% to 6.0% (2019: 5.5% to 6.0%) per annum and are not repayable within the next twelve (12) months.
- (d) Current amounts owing by subsidiaries in other receivables represent advances and payments made on behalf, which are unsecured, interest-free and payable within the next twelve (12) months in cash and cash equivalents.

**16. TRADE AND OTHER RECEIVABLES (CONT'D)**

(e) The reconciliation of movements in the impairment losses on trade receivables is as follows:

	<b>Lifetime expected credit losses ("ECL") allowance RM'000</b>
<b>Group</b>	
<b>At 1 May 2019</b>	<b>4,390</b>
Acquisition of a subsidiary	4
Charge for the financial year	<b>5,348</b>
Reversal of impairment loss	(82)
Exchange differences	7
	<hr/>
<b>At 30 April 2020</b>	<b>9,667</b>
	<hr/>
<b>At 1 May 2018</b>	5,067
Charge for the financial year	287
Reversal of impairment loss	(1,004)
Exchange differences	40
	<hr/>
<b>At 30 April 2019</b>	<b>4,390</b>
	<hr/>
<b>Company</b>	
<b>At 1 May 2019</b>	<b>2,089</b>
Charge for the financial year	<b>3,968</b>
Reversal of impairment loss	(51)
	<hr/>
<b>At 30 April 2020</b>	<b>6,006</b>
	<hr/>
<b>At 1 May 2018</b>	2,767
Charge for the financial year	99
Reversal of impairment loss	(777)
	<hr/>
<b>At 30 April 2019</b>	<b>2,089</b>
	<hr/>

Significant increase in expected credit loss during the financial year arose from revised forward-looking information used in the calculation of probabilities of default to include adjustments arising from Malaysia Gross Domestic Product as a result of the COVID-19 pandemic.

## 16. TRADE AND OTHER RECEIVABLES (CONT'D)

- (f) The reconciliation of movements in the impairment losses on other receivables and amounts owing by related parties are as follows:

	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Total RM'000
<b>Group</b>			
<b>At 1 May 2019</b>	<b>342</b>	–	<b>342</b>
Acquisition of a subsidiary	4	–	4
Charge for the financial year	12	–	12
Reversal of impairment loss	(131)	–	(131)
<b>At 30 April 2020</b>	<b>227</b>	–	<b>227</b>
<b>At 1 May 2018</b>	486	–	486
Reversal of impairment loss	(144)	–	(144)
<b>At 30 April 2019</b>	342	–	342
<b>Company</b>			
<b>At 1 May 2019</b>	<b>522</b>	<b>64</b>	<b>586</b>
Charge for the financial year	–	289	289
Reversal of impairment loss	(384)	(64)	(448)
<b>At 30 April 2020</b>	<b>138</b>	<b>289</b>	<b>427</b>
<b>At 1 May 2018</b>	268	–	268
Charge for the financial year	262	64	326
Reversal of impairment loss	(8)	–	(8)
<b>At 30 April 2019</b>	522	64	586

- (g) As at the end of each reporting period, the credit risks exposures and concentration relating to trade receivables of the Group and of the Company are summarised in the table below:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Maximum exposure	88,189	106,191	75,359	90,122
Collateral obtained	–	–	–	–
Net exposure to credit risk	88,189	106,191	75,359	90,122

During the financial year, the Group and the Company did not renegotiate the terms of any trade receivables.

**16. TRADE AND OTHER RECEIVABLES (CONT'D)**

(h) The currency exposure profile of trade and other receivables (excluding prepayments) are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Ringgit Malaysia	82,205	101,261	137,831	135,191
United States Dollar	6,596	10,872	6,424	10,534
Singapore Dollar	6,749	6,640	1,454	2,537
	<b>95,550</b>	<b>118,773</b>	<b>145,709</b>	<b>148,262</b>

(i) The expected credit losses of trade receivables of the Group and of the Company are as follows:

Group	Gross carrying amount RM'000	Total allowance RM'000	Balance as at 30.4.2020 RM'000
<b>2020</b>			
Current	42,953	(222)	42,731
Past due			
1 to 30 days	18,074	(513)	17,561
31 to 60 days	14,600	(863)	13,737
61 to 90 days	8,521	(876)	7,645
More than 90 days	13,708	(7,193)	6,515
	<b>54,903</b>	<b>(9,445)</b>	<b>45,458</b>
	<b>97,856</b>	<b>(9,667)</b>	<b>88,189</b>
	Gross carrying amount RM'000	Total allowance RM'000	Balance as at 30.4.2019 RM'000
<b>2019</b>			
Current	75,249	(1,491)	73,758
Past due			
1 to 30 days	16,241	(422)	15,819
31 to 60 days	8,911	(215)	8,696
61 to 90 days	2,070	(41)	2,029
More than 90 days	8,110	(2,221)	5,889
	<b>35,332</b>	<b>(2,899)</b>	<b>32,433</b>
	<b>110,581</b>	<b>(4,390)</b>	<b>106,191</b>

## 16. TRADE AND OTHER RECEIVABLES (CONT'D)

- (i) The expected credit losses of trade receivables of the Group and of the Company are as follows: (cont'd)

Company	Gross carrying amount RM'000	Total allowance RM'000	Balance as at 30.4.2020 RM'000
<b>2020</b>			
Current	34,791	(132)	34,659
Past due			
1 to 30 days	14,350	(320)	14,030
31 to 60 days	13,253	(412)	12,841
61 to 90 days	7,755	(467)	7,288
More than 90 days	11,216	(4,675)	6,541
	<b>46,574</b>	<b>(5,874)</b>	<b>40,700</b>
	<b>81,365</b>	<b>(6,006)</b>	<b>75,359</b>
	Gross carrying amount RM'000	Total allowance RM'000	Balance as at 30.4.2019 RM'000
<b>2019</b>			
Current	65,316	(1,042)	64,274
Past due			
1 to 30 days	12,089	(198)	11,891
31 to 60 days	7,228	(122)	7,106
61 to 90 days	1,547	(26)	1,521
More than 90 days	6,048	(718)	5,330
	<b>26,912</b>	<b>(1,064)</b>	<b>25,848</b>
	<b>92,228</b>	<b>(2,106)</b>	<b>90,122</b>

- (j) Included in the prepayments as at end of the current financial year is an amount of RM38,326,000 (2019: RM20,276,000), which represents land premium paid to relevant authority by a subsidiary of the Group.
- (k) Information on financial risks of trade and other receivables is disclosed in Note 37 to the financial statements.

**17. SHORT TERM FUND**

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>At fair value through profit or loss</b>				
Short term fund	<b>13,327</b>	14,260	<b>13,327</b>	14,260

- (a) Short term fund is classified as fair value through profit or loss, and subsequently remeasured to fair value with changes in fair value being recognised in profit or loss. The fair value is categorised as Level 1 in fair value hierarchy. The short term fund of the Group and of the Company is denominated in Ringgit Malaysia ("RM").
- (b) The management assessed that the fair value of the short term fund approximates its carrying amount largely due to the short term maturities of this instrument.
- (c) Information on the fair value hierarchy is disclosed in Note 36 to the financial statements.
- (d) Information on financial risks of short term fund is disclosed in Note 37 to the financial statements.

**18. CASH AND BANK BALANCES**

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash and bank balances	<b>34,012</b>	15,029	<b>19,918</b>	12,110
Deposits with licensed banks	<b>1,000</b>	2,000	<b>1,000</b>	1,400
	<b>35,012</b>	17,029	<b>20,918</b>	13,510
Less: Impairment losses	<b>(1)</b>	(2)	-	-
	<b>35,011</b>	17,027	<b>20,918</b>	13,510

- (a) Deposits placed with licensed banks of the Group and the Company have maturity periods of 4 days (2019: 3 days to 7 days) with interest rates of 2.20% (2019: 2.85% to 3.03%) per annum.
- (b) The currency exposure profile of cash and bank balances are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Ringgit Malaysia	<b>15,900</b>	10,414	<b>2,714</b>	9,070
United States Dollar	<b>18,193</b>	4,423	<b>18,192</b>	4,423
Singapore Dollar	<b>912</b>	2,179	<b>6</b>	6
Others	<b>6</b>	11	<b>6</b>	11
	<b>35,011</b>	17,027	<b>20,918</b>	13,510



## 18. CASH AND BANK BALANCES (CONT'D)

(c) The reconciliation of movements in the impairment losses on cash and bank balance are as follows:

Group	Lifetime ECL 2020 RM'000	Lifetime ECL 2019 RM'000
<b>At 1 May</b>	2	–
Charge for the financial year	–	2
Reversal of impairment loss	(1)	–
<b>At 30 April</b>	<b>1</b>	<b>2</b>

(d) Information on financial risks of cash and bank balances is disclosed in Note 37 to the financial statements.

## 19. SHARE CAPITAL

	Group and Company			
	2020		2019	
	Number of shares (‘000)	Amount RM'000	Number of shares (‘000)	Amount RM'000
Ordinary shares issued and fully paid	<b>248,486</b>	<b>125,771</b>	248,486	125,771

The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

## 20. RESERVES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Non-distributable:</b>				
Exchange translation reserve	4,422	4,397	–	–
<b>Distributable:</b>				
Retained earnings	<b>163,259</b>	163,235	<b>132,952</b>	136,307
	<b>167,681</b>	167,632	<b>132,952</b>	136,307

### Exchange translation reserve

Exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operation whose functional currency is different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items which form part of the net investment in foreign operation of the Group, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

**21. BORROWINGS**

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Non-current liability</b>					
Term loan	22	35,000	–	–	–
<b>Current liabilities</b>					
Bankers' acceptances		95,915	110,190	92,495	106,670
Revolving credits		36,000	20,000	36,000	20,000
Term loan	22	–	5,000	–	5,000
		<b>131,915</b>	<b>135,190</b>	<b>128,495</b>	<b>131,670</b>
<b>Total borrowings</b>					
Bankers' acceptances		95,915	110,190	92,495	106,670
Revolving credits		36,000	20,000	36,000	20,000
Term loan	22	35,000	5,000	–	5,000
		<b>166,915</b>	<b>135,190</b>	<b>128,495</b>	<b>131,670</b>

- (a) All borrowings are denominated in Ringgit Malaysia.
- (b) The borrowings of the Group and of the Company bear the following interest rates per annum:

	Group		Company	
	2020 %	2019 %	2020 %	2019 %
Bankers' acceptances	2.94 – 4.33	4.01 – 4.57	2.94 – 4.33	4.01 – 4.52
Revolving credits	3.77 – 5.66	6.01	3.77 – 5.66	6.01
Term loan	6.20	5.55	–	5.55

- (c) Bankers' acceptances and revolving credits are restricted by negative pledges. In addition, the bankers' acceptances of the subsidiary are guaranteed by a corporate guarantee given by the holding company.
- (d) The term loan of RM35,000,000 is secured by:-
- (i) open all monies first party first legal charge over a leasehold land held under PT50021 Bandar Tasik Selatan, Mukim Petaling, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan as disclosed in Note 15(b);
  - (ii) open all monies general debenture over Pembinaan Serta Hebat Sdn. Bhd.'s ("PSHSB") present and future assets;
  - (iii) open all monies assignment over surplus proceeds of the proposed development and charger over designated Housing Development Account; and
  - (iv) a joint and several guarantee by a Director of PSHSB.
- (e) Information on financial risks of borrowings is disclosed in Note 37 to the financial statements.





## 22. TERM LOAN

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Term loan I, repayable in eight equal semi-annual instalments of RM2,500,000, commenced on 12 September 2016 and expired on 22 April 2020	-	5,000	-	5,000
Term loan II, repayable in five years instalments of RM7,000,000, commenced on 1 January 2022 and expiring on 1 December 2026	35,000	-	-	-
	35,000	5,000	-	5,000
<b>Current liability</b>				
- not later than one (1) year	-	5,000	-	5,000
<b>Non-current liability</b>				
- later than one (1) year but not later than five (5) years	23,200	-	-	-
- not later than five (5) years	11,800	-	-	-
	35,000	-	-	-
	35,000	5,000	-	5,000

## 23. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Trade payables</b>					
Third parties		51,929	30,238	31,006	25,794
Related party		6,411	2,657	4,673	2,657
	(a)	58,340	32,895	35,679	28,451
<b>Other payables</b>					
Other payables		27,524	16,545	6,164	5,697
Accruals		6,800	6,027	5,884	5,209
Deposits received		5,095	4,518	4,512	4,142
Amounts owing to subsidiaries	(b)	-	-	751	596
		39,419	27,090	17,311	15,644
<b>Total trade and other payables</b>		97,759	59,985	52,990	44,095

**23. TRADE AND OTHER PAYABLES (CONT'D)**

- (a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company are seven (7) to ninety (90) days (2019: seven (7) to ninety (90) days) from the date of invoice.
- (b) Amounts owing to subsidiaries represent advances and payments made on behalf, which are unsecured, interest-free and payable upon demand.
- (c) Movements of trade and other payables upon adoption of MFRS 16 are as follows:

	At 30 April 2019, as previously reported RM	Effects on adoption of MFRS (Note 5.1) RM	At 1 May 2019, as restated RM
<b>Group</b>			
Trade payables	32,895	–	32,895
Other payables	27,090	75	27,165
	59,985	75	60,060
<b>Company</b>			
Trade payables	28,451	–	28,451
Other payables	15,644	75	15,719
	44,095	75	44,170

- (d) The currency exposure profile of trade and other payables are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Ringgit Malaysia	73,941	41,730	29,721	26,351
United States Dollar	22,842	17,523	22,824	17,515
Singapore Dollar	643	716	112	213
Others	333	16	333	16
	97,759	59,985	52,990	44,095

- (e) Information on financial risks of trade and other payables is disclosed in Note 37 to the financial statements.

## 24. REVENUE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Revenue from contracts with customers</b>				
Sales of goods	456,027	532,651	414,451	484,367
Test rig services	1,158	223	-	-
	<b>457,185</b>	<b>532,874</b>	<b>414,451</b>	<b>484,367</b>
<b>Timing of revenue recognition</b>				
Transferred at a point in time	<b>457,185</b>	<b>532,874</b>	<b>414,451</b>	<b>484,367</b>

There is no significant financing component in the revenue arising from sales of products and services rendered as the products and services are made on the normal credit terms not exceeding twelve (12) months.

Disaggregation of revenue from contracts with customers has been presented in the operating segments, Note 33 to the financial statements, which has been presented based on products and services and geographical location from which the sale transactions originated.

## 25. OTHER OPERATING INCOME

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Dividend income from:				
– other investment	53	49	53	49
– subsidiaries	-	-	4,208	600
Gain on disposal of property, plant and equipment	25	12	25	12
Interest income from:				
– deposits with licensed banks	918	931	632	906
– amounts owing by subsidiaries	-	-	1,985	1,613
Insurance claim recovery	9	176	9	176
Management service income from subsidiaries	-	-	661	623
Realised gain on foreign exchange	339	528	322	486
Rental income	1,804	1,112	323	49
Reversal of impairment losses:				
– trade receivables	82	1,004	51	777
– other receivables	131	144	123	8
– subsidiaries	-	-	325	-
Sundry income	380	284	230	277
Unrealised gain on foreign exchange	74	146	68	146
	<b>3,815</b>	<b>4,386</b>	<b>9,015</b>	<b>5,722</b>

**26. FINANCE COSTS**

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fair value loss on discounting of non-current amounts owing by subsidiaries	-	-	1,351	2,436
Interest expense on:				
- bank overdrafts	5	4	5	4
- bankers' acceptances	4,322	4,947	4,185	4,816
- revolving credits	1,775	853	1,775	853
- term loan	333	449	172	449
- lease liabilities	227	-	268	-
	<b>6,662</b>	6,253	<b>7,756</b>	8,558

**27. PROFIT BEFORE TAX**

Other than those disclosed elsewhere in the financial statements, profit before tax is arrived at after charging/(crediting):

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Auditors' remuneration:				
- current year	209	189	80	79
- under-provision in prior year	5	6	3	1
- other service	3	3	3	3
Fair value loss on:				
- derivative instruments	-	70	-	70
- other investment	252	-	252	-
Written off of other receivables	112	77	112	77
Net (gain)/loss on disposal of property, plant and equipment	(25)	142	(25)	142
Net gain on foreign exchange:				
- realised	(321)	(527)	(322)	(486)
- unrealised	(74)	(146)	(68)	(146)
Rental expenses on:				
- premises	103	1,709	85	1,734
- forklift	15	327	-	327
- other equipment	41	51	40	50

## 28. TAX EXPENSE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current tax expense based on profit for the financial year:				
Malaysian income tax				
– current year	<b>3,093</b>	2,704	<b>2,070</b>	2,047
– under/(over)-provision in prior years	<b>704</b>	(408)	<b>706</b>	(408)
Foreign income tax				
– current year	<b>312</b>	43	–	–
– over-provision in prior years	<b>(11)</b>	–	–	–
	<b>4,098</b>	2,339	<b>2,776</b>	1,639
Deferred tax (Note 14):				
Relating to origination and reversal of temporary differences	<b>278</b>	979	<b>728</b>	609
(Over)/Under-provision in prior years	<b>(161)</b>	(17)	<b>(291)</b>	70
	<b>117</b>	962	<b>437</b>	679
Real property gains tax	<b>(43)</b>	14	<b>(14)</b>	14
	<b>4,172</b>	3,315	<b>3,199</b>	2,332

- (a) Malaysian income tax is calculated at the statutory tax rate of twenty-four percent (24%) (2019: 24%) of the estimated taxable profits for the fiscal year.
- (b) Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.

**28. TAX EXPENSE (CONT'D)**

- (c) The numerical reconciliations between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit before tax	<b>6,690</b>	15,473	<b>3,623</b>	6,502
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	<b>1,606</b>	3,714	<b>870</b>	1,560
Tax effects in respect of:				
Non-taxable income	<b>(329)</b>	(89)	<b>(1,589)</b>	(431)
Non-deductible expenses	<b>4,170</b>	715	<b>4,405</b>	1,527
Utilisation of investment tax allowance	<b>(888)</b>	–	<b>(888)</b>	–
Effects of different tax rate in foreign jurisdiction	<b>(107)</b>	(38)	–	–
Effects of share of profit of an associate	<b>(1,226)</b>	(588)	–	–
Deferred tax assets not recognised	<b>457</b>	12	–	–
Under/(Over) provision in prior years:				
– tax expense	<b>693</b>	(408)	<b>706</b>	(408)
– deferred tax	<b>(161)</b>	(17)	<b>(291)</b>	70
Real property gains tax arising from disposal of building	<b>(43)</b>	14	<b>(14)</b>	14
	<b>4,172</b>	3,315	<b>3,199</b>	2,332

- (d) Tax on each component of other comprehensive income is as follows:

	<----- Group ----->		
	Before tax RM'000	Tax effect RM'000	After tax RM'000
<b>2020</b>			
Foreign currency translations	<b>25</b>	–	<b>25</b>
<b>2019</b>			
Foreign currency translations	208	–	208

- (e) The Group and the Company are entitled to claim investment tax allowance under Section 127 (3A) of Income Tax Act, 1967. Investment tax allowance of RM3,700,000 (2019: Nil) was claimed during the current financial year.

## 29. EARNINGS PER ORDINARY SHARE

### (a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2020	2019
Profit for the financial year attributable to owners of the parent (RM'000)	<b>3,844</b>	12,169
Weighted average number of ordinary shares in issue ('000)	<b>248,486</b>	248,486
Basic earnings per ordinary share (sen)	<b>1.55</b>	4.90

### (b) Diluted

The diluted earnings per ordinary share equal basic earnings per ordinary share because there were no potential dilutive ordinary shares as at the end of the reporting period.

## 30. DIVIDENDS

	Group and Company			
	2020		2019	
	Dividend per share sen	Amount of dividend RM'000	Dividend per share sen	Amount of dividend RM'000
First and final single tier dividend	<b>1.50</b>	<b>3,727</b>	1.00	2,485

At the forthcoming Annual General Meeting, a first and final single tier dividend of 1.00 sen per ordinary share amounting to RM2,484,863 in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 30 April 2021.

## 31. EMPLOYEE BENEFITS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Wages, salaries and bonuses	<b>32,494</b>	31,729	<b>27,037</b>	28,036
Defined contribution plans	<b>2,731</b>	2,686	<b>2,277</b>	2,430
Social security contributions	<b>339</b>	297	<b>301</b>	266
Others	<b>2,169</b>	2,808	<b>1,997</b>	2,441
	<b>37,733</b>	37,520	<b>31,612</b>	33,173

## 32. RELATED PARTY DISCLOSURES

### (a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

Related parties of the Group include:

- (i) direct and indirect subsidiaries as disclosed in Note 10 to the financial statements;
- (ii) an associate as disclosed in Note 11 to the financial statements;
- (iii) companies in which the Directors of the Company have substantial financial interests; and
- (iv) key management personnel are defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include the Executive Directors of the Group.

### (b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with the related parties during the financial year:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Sales of products to subsidiaries:				
– LB Aluminium (Singapore) Pte. Ltd.	–	–	32,784	36,134
– LB Aluminium (Sarawak) Sdn. Bhd.	–	–	1,042	1,314
– ALBE Marketing Sdn. Bhd.	–	–	277	565
– ALBE Metal Sdn. Bhd.	–	–	2,512	3,372
– Facade Performance Lab Sdn. Bhd.	–	–	12	–
– SEMS Sdn. Bhd.	–	–	2	–
Purchases of products from subsidiaries:				
– LB Aluminium (Sarawak) Sdn. Bhd.	–	–	5,565	7,216
– ALBE Marketing Sdn. Bhd.	–	–	432	421
– ALBE Metal Sdn. Bhd.	–	–	449	936
– SEMS Sdn. Bhd.	–	–	1,524	–
Sales of dies to a subsidiary:				
– LB Aluminium (Sarawak) Sdn. Bhd.	–	–	404	443



### 32. RELATED PARTY DISCLOSURES (CONT'D)

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with the related parties during the financial year (cont'd):

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Management and administrative fees from subsidiaries:				
– LB Aluminium (Sarawak) Sdn. Bhd.	–	–	300	292
– LB Aluminium (Singapore) Pte. Ltd.	–	–	189	187
– ALBE Marketing Sdn. Bhd.	–	–	72	72
– ALBE Metal Sdn. Bhd.	–	–	72	72
– Facade Performance Lab Sdn. Bhd.	–	–	8	–
– SEMS Sdn. Bhd.	–	–	20	–
Rental of premises paid to a related party:				
– Ritecorp Sdn. Bhd.	60	60	60	60
Dividend income from subsidiaries:				
– LB Aluminium (Singapore) Pte. Ltd.	–	–	3,478	–
– Rank Metal Sdn. Bhd.	–	–	180	100
– Poly Acres Sdn. Bhd.	–	–	550	500
Interest income from subsidiaries:				
– LB Aluminium (Sarawak) Sdn. Bhd.	–	–	485	550
– ALBE Metal Sdn. Bhd.	–	–	1,500	1,063
Rental income from subsidiaries:				
– Facade Performance Lab Sdn. Bhd.	–	–	18	–
– SEMS Sdn. Bhd.	–	–	54	–
Rental of premises paid to subsidiaries:				
– Poly Acres Sdn. Bhd.	–	–	700	770
– Omega Pesona Sdn. Bhd.	–	–	271	235
– Rank Metal Sdn. Bhd.	–	–	199	218
Sales of products to a related party:				
– Formosa Shyen Horng Metal Sdn. Bhd.	1,660	–	1,660	–
Purchases of products from a related party:				
– Formosa Shyen Horng Metal Sdn. Bhd.	82,494	110,291	73,807	98,649

### 32. RELATED PARTY DISCLOSURES (CONT'D)

- (b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with the related parties during the financial year (cont'd):

The related party transactions described above were carried out on agreed contractual terms and conditions and in the ordinary course of business between the related parties of the Group and the Company.

Information regarding outstanding balances arising from related party transactions as at 30 April 2020 are disclosed in Notes 16 and 23 to the financial statements.

- (c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and of the Company.

The remuneration of Directors and other key management personnel during the financial year were as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>(i) Directors</b>				
<u>Directors of the Company</u>				
Executive Directors:				
Short-term employee benefits:				
– fees	160	120	160	120
– salaries, bonuses and other benefits*	3,078	3,067	2,650	2,642
– defined contribution plan	311	310	311	310
	<b>3,549</b>	3,497	<b>3,121</b>	3,072
Non-Executive Directors:				
– fees	240	180	240	180
– other benefits	16	25	16	25
Total	<b>3,805</b>	3,702	<b>3,377</b>	3,277
<u>Directors of the subsidiaries</u>				
Executive Directors:				
Short-term employee benefits:				
– salaries, bonuses and other benefits*	1,184	1,034	–	–
– defined contribution plan	150	130	–	–
Total	<b>1,334</b>	1,164	–	–
Total Directors' remuneration	<b>5,139</b>	4,866	<b>3,377</b>	3,277

\* Salaries, bonuses and other benefits included bonus paid during the financial year.

### 32. RELATED PARTY DISCLOSURES (CONT'D)

(c) Compensation of key management personnel (cont'd)

The remuneration of Directors and other key management personnel during the financial year were as follows:  
(cont'd)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>(ii) Other key management personnel</b>				
Short-term employee benefits	763	538	763	538
Defined contribution plan	87	61	87	61
Total compensation for other key management personnel	850	599	850	599

The estimated monetary value of benefits-in-kind provided by the Group and the Company to the Directors of the Company were RM45,925 (2019: RM45,925).

### 33. OPERATING SEGMENTS

The Group is principally involved in manufacturing, marketing and trading of aluminium extrusions and other metal products and property development. Its operating segments are presented based on products and services. The performance of each segment is measured based on the internal management report reviewed by chief operating decision maker.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations before tax.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

**33. OPERATING SEGMENTS (CONT'D)**

- (a) Segment assets exclude tax assets. Segment liabilities exclude tax liabilities. Even though borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors. Details are provided in the reconciliations from segment assets and liabilities to the position of the Group.

2020	Note	Aluminum RM'000	Property development RM'000	Total RM'000
<b>Revenue</b>				
Total revenue		507,837	–	507,837
Inter-segment revenue		(50,652)	–	(50,652)
<b>Revenue from external customers</b>		<b>457,185</b>	<b>–</b>	<b>457,185</b>
<b>Results</b>				
Interest income		659	259	918
Finance costs		(6,496)	(166)	(6,662)
Share of results of an associate		–	5,107	5,107
Depreciation of property, plant and equipment		(12,337)	(10)	(12,347)
Depreciation of right-of-use assets		(1,318)	(35)	(1,353)
Depreciation of investment property		(121)	–	(121)
Other items of income	(a)(i)	2,636	261	2,897
Other expenses	(a)(ii)	(12,198)	–	(12,198)
<b>Segment profit before tax</b>		<b>4,020</b>	<b>2,670</b>	<b>6,690</b>
<b>Tax expense</b>		<b>4,172</b>	<b>–</b>	<b>4,172</b>
<b>Segment assets</b>		<b>477,934</b>	<b>105,850</b>	<b>583,784</b>
<b>Segment liabilities</b>		<b>214,456</b>	<b>54,756</b>	<b>269,212</b>

### 33. OPERATING SEGMENTS (CONT'D)

- (a) Segment assets exclude tax assets. Segment liabilities exclude tax liabilities. Even though borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors. Details are provided in the reconciliations from segment assets and liabilities to the position of the Group. (cont'd)

2019	Note	Aluminum RM'000	Property development RM'000	Total RM'000
<b>Revenue</b>				
Total revenue		585,045	–	585,045
Inter-segment revenue		(52,171)	–	(52,171)
Revenue from external customers		532,874	–	532,874
<b>Results</b>				
Interest income		931	–	931
Finance costs		(6,253)	–	(6,253)
Share of results of an associate		–	2,452	2,452
Depreciation of property, plant and equipment		(12,099)	–	(12,099)
Depreciation of investment property		(86)	–	(86)
Other items of income	(a)(i)	3,455	–	3,455
Other expenses	(a)(ii)	(2,861)	–	(2,861)
<b>Segment profit before tax</b>		13,076	2,397	15,473
<b>Tax expense</b>		3,315	–	3,315
<b>Segment assets</b>		485,220	21,281	506,501
<b>Segment liabilities</b>		194,612	563	195,175

**33. OPERATING SEGMENTS (CONT'D)**

(a) Segment assets exclude tax assets. Segment liabilities exclude tax liabilities. Even though borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors. Details are provided in the reconciliations from segment assets and liabilities to the position of the Group. (cont'd)

(i) Other items of income consist of the following:

	Group	
	2020 RM'000	2019 RM'000
Dividend income from other investment	53	49
Gain on disposal of property, plant and equipment	25	12
Insurance claim recovery	9	176
Realised gain on foreign exchange	339	528
Rental income	1,804	1,112
Reversal of impairment losses on:		
– trade receivables	82	1,004
– other receivables	131	144
Sundry income	380	284
Unrealised gain on foreign exchange	74	146
	<b>2,897</b>	<b>3,455</b>

(ii) Other expenses consist of the following:

	Group	
	2020 RM'000	2019 RM'000
Fair value losses on:		
– derivative instruments	–	70
– other investment	252	–
Impairment losses on:		
– trade receivables	5,348	287
– other receivables	12	–
Inventories written down	6,180	28
Loss on disposal of property, plant and equipment	–	154
Realised loss on foreign exchange	18	1
Rental expenses on:		
– premises	103	1,709
– forklift	15	327
– other equipment	41	51
Written off of:		
– inventories	75	156
– property, plant and equipment	57	1
– other receivables	112	77
	<b>12,213</b>	<b>2,861</b>

### 33. OPERATING SEGMENTS (CONT'D)

- (b) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities to the corresponding amounts of the Group are as follows:

	2020 RM'000	2019 RM'000
<b>Revenue</b>		
Total revenue for reportable segments	507,837	585,045
Elimination of inter-segment revenue	(50,652)	(52,171)
Revenue of the Group per statements of profit or loss and other comprehensive income	<u>457,185</u>	<u>532,874</u>
<b>Profit for the financial year</b>		
Total profit or loss for reportable segments	6,690	15,473
Tax expense	(4,172)	(3,315)
Profit for the financial year of the Group per statements of profit or loss and other comprehensive income	<u>2,518</u>	<u>12,158</u>
<b>Assets</b>		
Total assets for reportable segments	583,784	506,501
Tax assets	955	3,379
Assets of the Group per statements of financial position	<u>584,739</u>	<u>509,880</u>
<b>Liabilities</b>		
Total liabilities for reportable segments	269,212	195,175
Tax liabilities	21,343	20,800
Liabilities of the Group per statements of financial position	<u>290,555</u>	<u>215,975</u>

- (c) Geographical information

The Group operates mainly in Malaysia and Singapore.

In presenting information on the basis of geographical areas, segment revenue is based on the geographical location of customers. The composition of each geographical segment is Malaysia, Singapore, North America and others <sup>(1)</sup>.

<sup>(1)</sup> Others represent the sales of finished goods to China and South Asia, Australia and New Zealand as well as South East Asia.

### 33. OPERATING SEGMENTS (CONT'D)

(c) Geographical information (cont'd)

Segment assets are based on the geographical location of the assets of the Group. The non-current assets do not include financial instruments and deferred tax assets.

	2020 RM'000	2019 RM'000
<b>Revenue from external customers</b>		
Malaysia	289,711	351,677
Singapore	34,712	43,455
North America	86,942	88,682
Others	45,820	49,060
	<u>457,185</u>	<u>532,874</u>
<b>Segment assets</b>		
Malaysia	575,426	495,206
Singapore	8,358	11,295
	<u>583,784</u>	<u>506,501</u>

**Major customer**

There is no customer with revenue equal to or more than ten (10) percent of the revenue of the Group.

### 34. COMMITMENTS

(a) Operating lease commitment

(i) The Group and the Company as a lessee

Non-cancellable operating lease rental are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Not later than one (1) year	-	405	-	1,069
Later than one (1) year but not later than five (5) years	-	36	-	35
	<u>-</u>	<u>441</u>	<u>-</u>	<u>1,104</u>



### 34. COMMITMENTS (CONT'D)

(a) Operating lease commitment (cont'd)

(ii) The Group and the Company as a lessor

Non-cancellable operating lease receivable are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Not later than one (1) year	1,503	1,500	51	–
Later than one (1) year but not later than five (5) years	438	1,938	–	–
	<b>1,941</b>	<b>3,438</b>	<b>51</b>	<b>–</b>

(b) Capital commitment

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Approved but not contracted for</b>				
Property, plant and equipment	10,105	11,652	10,105	11,652
<b>Contracted but not provided for</b>				
Property, plant and equipment	220	12,835	220	12,835

### 35. CONTINGENT LIABILITIES

	Company	
	2020 RM'000	2019 RM'000
Corporate guarantees given to banks for credit facilities granted to subsidiaries – unsecured		
– Limit of guarantee	14,100	14,100
– Amount utilised	3,420	3,520
Corporate guarantees given to third parties for supplies of goods and services to a subsidiary – unsecured		
– Limit of guarantee	2,000	2,000
– Amount utilised	241	81

The Directors are of the view that the chances of the banks and the third parties to call upon the corporate guarantees are remote.

### 36. FINANCIAL INSTRUMENTS

#### (a) Capital management

The primary objective of the capital management of the Group and of the Company is to ensure that entities of the Group would be able to continue as a going concern whilst maximising the return to shareholders through the optimisation of the debt and equity ratio. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group and the Company manage their capital structure and make adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 April 2020 and 30 April 2019.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital. The Group and the Company regularly reviews the gearing ratio to ensure they are at acceptable levels and within industry norms. Net debts are calculated as total borrowings and lease liabilities owing to financial institutions less short term fund and cash and bank balances. Capital represents equity attributable to the owners of the parent. A detailed calculation of the net debt is shown below:

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Borrowings	21	<b>166,915</b>	135,190	<b>128,495</b>	131,670
Lease liabilities owing to financial institutions	8	<b>308</b>	–	–	–
Less:					
– Short term fund	17	<b>(13,327)</b>	(14,260)	<b>(13,327)</b>	(14,260)
– Cash and bank balances	18	<b>(35,011)</b>	(17,027)	<b>(20,918)</b>	(13,510)
Net debt		<b>118,885</b>	103,903	<b>94,250</b>	103,900
Total capital		<b>293,452</b>	293,403	<b>258,723</b>	262,078
Gearing ratio		<b>41%</b>	35%	<b>36%</b>	40%

Pursuant to the requirements of Practice Note No. 17/2005 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity of not less than or equals to twenty-five percent (25%) of the issued and paid-up capital and such shareholders' equity is not less than RM40.0 million. The Group has complied with this requirement for the financial year ended 30 April 2020.

The Group is not subject to any other externally imposed capital requirements.

### 36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Categories of financial instruments

Group 2020	Amortised cost RM'000	Fair value through profit or loss RM'000	Total RM'000
<b>Financial assets</b>			
Trade and other receivables, net of prepayments	95,550	-	95,550
Short term fund	-	13,327	13,327
Cash and bank balances	35,011	-	35,011
Other investment	-	851	851
	<b>130,561</b>	<b>14,178</b>	<b>144,739</b>
		Amortised cost RM'000	Total RM'000
<b>Financial liabilities</b>			
Trade and other payables		97,759	97,759
Borrowings		166,915	166,915
		<b>264,674</b>	<b>264,674</b>
<b>Group 2019</b>			
	Amortised cost RM'000	Fair value through profit or loss RM'000	Total RM'000
<b>Financial assets</b>			
Trade and other receivables, net of prepayments	118,773	-	118,773
Short term fund	-	14,260	14,260
Cash and bank balances	17,027	-	17,027
Other investment	-	1,103	1,103
	<b>135,800</b>	<b>15,363</b>	<b>151,163</b>
		Amortised cost RM'000	Total RM'000
<b>Financial liabilities</b>			
Trade and other payables		59,985	59,985
Borrowings		135,190	135,190
		<b>195,175</b>	<b>195,175</b>

**36. FINANCIAL INSTRUMENTS (CONT'D)**

(b) Categories of financial instruments (cont'd)

Company 2020	Amortised cost RM'000	Fair value through profit or loss RM'000	Total RM'000
<b>Financial assets</b>			
Trade and other receivables, net of prepayments	145,709	-	145,709
Short term fund	-	13,327	13,327
Cash and bank balances	20,918	-	20,918
Other investment	-	851	851
	<b>166,627</b>	<b>14,178</b>	<b>180,805</b>
		<b>Amortised cost RM'000</b>	<b>Total RM'000</b>
<b>Financial liabilities</b>			
Trade and other payables		52,990	52,990
Borrowings		128,495	128,495
		<b>181,485</b>	<b>181,485</b>
<b>Company 2019</b>			
	<b>Amortised cost RM'000</b>	<b>Fair value through profit or loss RM'000</b>	<b>Total RM'000</b>
<b>Financial assets</b>			
Trade and other receivables, net of prepayments	148,262	-	148,262
Short term fund	-	14,260	14,260
Cash and bank balances	13,510	-	13,510
Other investment	-	1,103	1,103
	<b>161,772</b>	<b>15,363</b>	<b>177,135</b>
		<b>Amortised cost RM'000</b>	<b>Total RM'000</b>
<b>Financial liabilities</b>			
Trade and other payables		44,095	44,095
Borrowings		131,670	131,670
		<b>175,765</b>	<b>175,765</b>

## 36. FINANCIAL INSTRUMENTS (CONT'D)

### (c) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

- (i) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value.

The carrying amounts of financial assets and liabilities, such as trade and other receivables, current portion of amounts owing by subsidiaries, trade and other payables and borrowings, are reasonable approximation of fair value either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the current portion of borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair value of these borrowings has been determined using discounted cash flows technique. The discount rates used are based on the current market rate available for similar borrowings.

- (ii) Lease liabilities are accounted for as long term financial liabilities

The fair value of these financial instruments are estimated based on future contractual cash flows discounted at incremental borrowing rate for similar type of borrowing or leasing arrangements at the end of the reporting period.

- (iii) Non-current amounts owing by subsidiaries and long-term borrowing

The fair values of these financial instruments are estimated by discounting the expected future cash flows at market incremental lending rates for similar types of lending, borrowing or leasing arrangements at the end of the reporting period. At the end of the reporting period, these amounts are carried at amortised cost and the carrying amounts approximate fair value.

- (iv) Financial guarantees

The Company provides corporate guarantees to financial institutions and third parties for banking facilities granted to subsidiaries. The fair value of such financial corporate guarantees is negligible as the probability of the subsidiaries defaulting on the banking facilities are remote.

- (v) Short term fund and other investment

The fair value of short term fund and other investment are determined by reference to the exchange quoted market bid price at the close of the business at the end of each reporting period.

### 36. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Fair value, which is determined for disclosure purposes, is calculated based on the present value of non-derivative financial liabilities of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For lease liabilities, the market rate of interest is determined by reference to similar borrowing arrangements.

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The significant unobservable inputs used in determining the fair value measurement of Level 3 financial instruments as well as the relationship between key unobservable inputs and fair value, is detailed in the table below:

<b>Financial instrument</b>	<b>Valuation technique used</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between key unobservable inputs and fair value</b>
<b>Financial assets</b>			
Non-current amounts owing by subsidiaries	Discounted cash flows method	Discount rates (5.50% to 6.00%)	The higher the discount rate, the lower the fair value of the assets would be.

### 36. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair value hierarchy (cont'd)

The following table sets out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair value and carrying amount shown in the statements of financial position.

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	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
<b>2020</b>								
<b>Financial assets</b>								
<b>Financial assets at fair value through profit or loss</b>								
Other investment								
– quoted shares in Malaysia	851	-	-	-	-	-	851	851
Investment property	-	-	-	-	-	33,000	33,000	24,793
Short term fund	13,327	-	-	-	-	-	13,327	13,327
<b>Financial liabilities</b>								
Lease liabilities	-	-	-	-	4,007	-	4,007	4,538
Term loan	-	-	-	-	26,520	-	26,520	35,000
<b>2019</b>								
<b>Financial assets</b>								
<b>Financial assets at fair value through profit or loss</b>								
Other investment								
– quoted shares in Malaysia	1,103	-	-	-	-	-	1,103	1,103
Investment property	-	-	-	-	-	33,000	33,000	24,914
Short term fund	14,260	-	-	-	-	-	14,260	14,260
<b>Financial liability</b>								
Term loan	-	-	-	-	4,737	-	4,737	5,000

**36. FINANCIAL INSTRUMENTS (CONT'D)**

## (d) Fair value hierarchy (cont'd)

The following table sets out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair value and carrying amount shown in the statements of financial position. (cont'd)

Company	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	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
<b>2020</b>								
<b>Financial assets</b>								
<b>Amortised cost</b>								
Amounts owing by subsidiaries (non-current)	-	-	-	-	-	51,475	51,475	51,475
<b>Financial assets at fair value through profit or loss</b>								
Other investment								
- quoted shares in Malaysia	851	-	-	-	-	-	851	851
Short term fund	13,327	-	-	-	-	-	13,327	13,327
<b>Financial liability</b>								
Lease liabilities	-	-	-	-	4,289	-	4,289	5,406
<b>2019</b>								
<b>Financial assets</b>								
<b>Amortised cost</b>								
Amounts owing by subsidiaries (non-current)	-	-	-	-	-	44,561	44,561	44,561
<b>Financial assets at fair value through profit or loss</b>								
Other investment								
- quoted shares in Malaysia	1,103	-	-	-	-	-	1,103	1,103
Short term fund	14,260	-	-	-	-	-	14,260	14,260
<b>Financial liability</b>								
Term loan	-	-	-	-	4,737	-	4,737	5,000



## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management objective is to optimise value creation for the shareholders whilst minimising the potential adverse impact arising from fluctuations in interest rates and the unpredictability of the financial markets.

The Group and the Company are exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk, foreign exchange risk and market risk. It is, and has been throughout for the current and previous financial years, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

Information on the management of the related exposures is detailed below.

### (a) Credit risk

Cash deposits and trade receivables could give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. In order to manage this risk, it is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The primary exposure of the Group to credit risk arises through its trade receivables. The trading terms of the Group with its customers are mainly on credit. Each customer has a maximum credit limit and the Group seeks to minimise and monitor the credit risk via strictly limiting the associations to business customers with high creditworthiness. Trade receivables are monitored on an ongoing basis through the management reporting procedures of the Group.

#### Exposure to credit risk

As at the end of each reporting period, no collateral has been obtained by the Group. The maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

#### Credit risk concentration profile

At the end of each reporting period, other than the amounts owing by the subsidiaries amounting to RM66,805,000 (2019: RM49,909,000), which represent 46% (2019: 33%) of trade and other receivables of the Company, there is no significant concentration of credit risk of the Group and of the Company. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

Information regarding trade and other receivables is disclosed in Note 16 to the financial statements.

### 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### (a) Credit risk (cont'd)

##### Credit risk concentration profile (cont'd)

The Group does not have any significant concentration of credit risk related to any individual customers or counterparty as at the end of the reporting year. In addition, the Group also determines concentration of credit risk by monitoring the currency of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables (including related parties) at the end of the reporting period is as follows:

	<----- Group ----->			
	2020		2019	
	RM'000	% of total	RM'000	% of total
Malaysia	74,846	85	87,972	83
Singapore	6,747	8	7,726	7
United States	6,596	7	10,493	10
Others	*	*	*	*
	<b>88,189</b>	<b>100</b>	106,191	100

	<----- Company ----->			
	2020		2019	
	RM'000	% of total	RM'000	% of total
Malaysia	67,480	90	77,224	86
Singapore	1,454	2	2,537	3
United States	6,425	8	10,361	11
	<b>75,359</b>	<b>100</b>	90,122	100

\* Amount is less than 1%

#### (b) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

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 at maintaining the flexibility in funding by keeping committed credit lines available.

### 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### (b) Liquidity and cash flow risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>As at 30 April 2020</b>				
<b>Group</b>				
<b>Financial liabilities</b>				
Trade and other payables	97,759	-	-	97,759
Lease liabilities	1,725	2,951	338	5,014
Borrowings	135,475	29,804	12,477	177,756
Total undiscounted financial liabilities	234,959	32,755	12,815	280,529
<b>Company</b>				
<b>Financial liabilities</b>				
Trade and other payables	52,990	-	-	52,990
Lease liabilities	2,342	3,338	196	5,876
Borrowings	129,806	-	-	129,806
Financial guarantees*	16,100	-	-	16,100
Total undiscounted financial liabilities	201,238	3,338	196	204,772

\* This disclosure represents the maximum liquidity risk exposure.

**37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**
**(b) Liquidity and cash flow risk (cont'd)**

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations. (cont'd)

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>As at 30 April 2019</b>				
<b>Group</b>				
<b>Financial liabilities</b>				
Trade and other payables	59,985	–	–	59,985
Borrowings	138,340	–	–	138,340
Total undiscounted financial liabilities	198,325	–	–	198,325
<b>Company</b>				
<b>Financial liabilities</b>				
Trade and other payables	44,095	–	–	44,095
Borrowings	134,759	–	–	134,759
Financial guarantees*	16,100	–	–	16,100
Total undiscounted financial liabilities	194,954	–	–	194,954

\* This disclosure represents the maximum liquidity risk exposure.

**(c) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the financial instrument of the Group and the Company would fluctuate because of changes in market interest rates.

The Group's and the Company's deposits placed with licensed banks, lease liabilities and borrowings are exposed to a risk of changes in their fair values due to changes in market interest rates. The Group's and the Company's borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not exposed to interest rate risk.

The Group and the Company borrow for operations at fixed and variable rates using term loans, trade financing facilities and lease liabilities. There is no formal hedging policy with respect to interest rate exposure.

### 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### (c) Interest rate risk (cont'd)

The following tables set out the carrying amounts, the average effective interest rates as at the end of the reporting period and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk:

Group	Note	Average effective interest rate %	Total RM'000	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000
<b>At 30 April 2020</b>									
<b>Fixed rates</b>									
Deposits with licensed banks	18	2.20	1,000	1,000	-	-	-	-	-
Lease liabilities	8	2.52 - 2.90	(308)	(109)	(23)	(24)	(25)	(27)	(100)
Term loan	22	6.20	(35,000)	-	(2,320)	(6,960)	(6,960)	(6,960)	(11,800)
<b>Floating rates</b>									
Lease liabilities	8	5.50	(4,230)	(1,417)	(1,319)	(685)	(452)	(151)	(206)
Bankers' acceptances	21	2.94 - 4.33	(95,915)	(95,915)	-	-	-	-	-
Revolving credit	21	3.77 - 5.66	(36,000)	(36,000)	-	-	-	-	-
<b>At 30 April 2019</b>									
<b>Fixed rates</b>									
Deposits with licensed banks	18	2.85 - 3.03	2,000	2,000	-	-	-	-	-
Term loan	22	5.55	(5,000)	(5,000)	-	-	-	-	-
<b>Floating rates</b>									
Bankers' acceptances	21	4.01 - 4.57	(110,190)	(110,190)	-	-	-	-	-
Revolving credit	21	6.01	(20,000)	(20,000)	-	-	-	-	-

**37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**
**(c) Interest rate risk (cont'd)**

The following tables set out the carrying amounts, the average effective interest rates as at the end of the reporting period and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk: (cont'd)

Company	Note	Average effective interest rate %	Total RM'000	Within 1 year RM'000	1 – 2 years RM'000	2 – 3 years RM'000	3 – 4 years RM'000	4 – 5 years RM'000	More than 5 years RM'000
<b>At 30 April 2020</b>									
<b>Fixed rates</b>									
Deposits with licensed banks	18	2.20	1,000	1,000	-	-	-	-	-
Amounts owing by subsidiaries	16	5.50 – 6.00	51,475	347	329	6,302	33,417	10,294	786
<b>Floating rates</b>									
Lease liabilities	8	5.50	(5,406)	(2,108)	(1,852)	(679)	(446)	(145)	(176)
Bankers' acceptances	21	2.94 – 4.33	(92,495)	(92,495)	-	-	-	-	-
Revolving credit	21	3.77 – 5.66	(36,000)	(36,000)	-	-	-	-	-
<b>At 30 April 2019</b>									
<b>Fixed rates</b>									
Deposits with licensed banks	18	2.85 – 2.95	1,400	1,400	-	-	-	-	-
Amounts owing by subsidiaries	16	5.50 – 6.00	44,561	471	446	2,599	2,464	26,793	11,788
Term loan	22	5.55	(5,000)	(5,000)	-	-	-	-	-
<b>Floating rates</b>									
Bankers' acceptances	21	4.01 – 4.52	(106,670)	(106,670)	-	-	-	-	-
Revolving credit	21	6.01	(20,000)	(20,000)	-	-	-	-	-

### 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Interest rate risk (cont'd)

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group and of the Company if interest rates at the end of reporting period changed by 50 basis points with all other variables held constant:

	Group		Company	
	2020 RM'000 Profit after tax	2019 RM'000 Profit after tax	2020 RM'000 Profit after tax	2019 RM'000 Profit after tax
<b>Floating rates</b>				
Increase by 0.5% (2019: 0.5%)	(517)	(495)	(509)	(481)
Decrease by 0.5% (2019: 0.5%)	517	495	509	481

The assumed movement in basis points for interest rate sensitivity analysis is based on current observable market environment.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign exchange rate risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar ("USD") and Singapore Dollar ("SGD").

The Group and the Company also hold cash and bank balances denominated in foreign currencies for working capital purposes. Information regarding the currency exposure profile of cash and bank balances is disclosed in Note 18 to the financial statements.

During the financial year, the Group did not enter into any forward currency contract to manage exposures to currency risk for payables which are denominated in currencies other than the functional currency of the Group.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity analysis of the Group's and of the Company's profit after tax to a reasonably possible change in the USD and SGD exchange rates against the Ringgit Malaysia ("RM") respectively, with all other variables held constant. 5% is the sensitivity rate used when reporting foreign currency risk exposures internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates.

The sensitivity analysis includes outstanding balances denominated in foreign currencies.

**37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

## (d) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk (cont'd)

	Group		Company	
	2020 RM'000 Profit after tax	2019 RM'000 Profit after tax	2020 RM'000 Profit after tax	2019 RM'000 Profit after tax
USD/RM:				
– strengthened by 5% (2019:5%)	74	85	68	97
– weakened by 5% (2019:5%)	(74)	(85)	(68)	(97)
SGD/RM:				
– strengthened by 5% (2019:5%)	267	308	51	89
– weakened by 5% (2019:5%)	(267)	(308)	(51)	(89)

The exposures to the other currencies are not significant, hence the effects of the changes in the exchange rates are not explained above.

## (e) Market risk

Market risk is the risk that the fair value of future cash flows of the financial instruments of the Group would fluctuate because of changes in market prices (other than interest or exchange rates).

The Group and the Company are exposed to equity price risks arising from other investment and short term funds quoted in Malaysia. These instrument are classified as financial assets designated at fair value through profit or loss.

At the end of each reporting period, the maximum exposure of the Group and of the Company to market risk is represented by the total carrying amount of this financial asset recognised in the statements of financial position, which amounted to RM13,327,000 (2019: RM14,260,000). There has been no change to the exposure of the Group and of the Company to market risk or the manner in which the risk is managed and measured.

Sensitivity analysis for market risk

The following table demonstrates the sensitivity of the Group and of the Company to the changes in market quoted prices for unit trust fund and other investment at the end of the reporting period, with all other variables held constant:

	Group		Company	
	2020 RM'000 Profit after tax	2019 RM'000 Profit after tax	2020 RM'000 Profit after tax	2019 RM'000 Profit after tax
Effects of 100bp changes in market quoted prices to profit after tax				
– Other investment	6	8	6	8
– Short term fund	101	108	101	108



### 38. ACQUISITION OF SUBSIDIARIES

(a) During the financial year, the Group and the Company completed the following acquisition of subsidiaries:

(i) Acquisition of Pembinaan Serta Hebat Sdn. Bhd. ("PSHSB")

On 16 May 2019, a subsidiary of the Company, Greentech Paramount Sdn. Bhd. subscribed for 50.06% of equity interest comprising 2,005,000 ordinary shares in PSHSB for a cash consideration of RM2,005,000. Consequently, the Company became the ultimate holding company of PSHSB.

<b>Group</b>	<b>2020 RM'000</b>
Property, plant and equipment	10
Inventories	2,513
Other receivables	2,346
Cash and bank balances	44,260
Total identifiable assets	49,129
Trade and other payables	(46,636)
Total identifiable net assets	2,493
Non-controlling interests	(1,245)
Goodwill on consolidation	757
Total cost of acquisition	2,005

The effects of the acquisition of PSHSB on cash flow are as follows:

<b>Group</b>	<b>2020 RM'000</b>
Consideration settled in cash	2,005
Less: Cash and cash equivalents of subsidiary acquired	(44,260)
Net cash inflow of the Group on acquisition	42,255

PSHSB has contributed the following results to the Group for the financial year ended 30 April 2020 from the acquisition date.

	<b>2020 RM'000</b>
Revenue	-
Loss for the financial year	2,429

**38. ACQUISITION OF SUBSIDIARIES (CONT'D)**

(a) During the financial year, the Group and the Company completed the following acquisition of subsidiaries: (cont'd)

(ii) Acquisition of SEMS Sdn. Bhd. ("SEMS")

On 27 November 2019, the Company subscribed for 60% of equity interest comprising 60,000 ordinary shares in SEMS Sdn. Bhd. ("SEMS") for a cash consideration of RM2,200,000. Consequently, the Company became the holding company of SEMS.

<b>Group</b>	<b>2020</b> <b>RM'000</b>
Property, plant and equipment	416
Right-of-use assets	284
Inventories	7
Trade and other receivables	593
Cash and bank balances	<u>642</u>
Total identifiable assets	1,942
Lease liabilities	(181)
Deferred tax liabilities	(34)
Trade and other payables	<u>(949)</u>
Total identifiable net assets	778
Non-controlling interests	(311)
Goodwill on consolidation	<u>1,733</u>
Total cost of acquisition	<u>2,200</u>

The effects of the acquisition of SEMS on cash flow are as follows:

<b>Group</b>	<b>2020</b> <b>RM'000</b>
Consideration settled in cash	2,200
Less: Cash and cash equivalents of subsidiary acquired	<u>(642)</u>
Net cash outflow of the Group on acquisition	<u>(1,558)</u>

SEMS has contributed the following results to the Group for the financial year ended 30 April 2020 from the acquisition date.

	<b>2020</b> <b>RM'000</b>
Revenue	1,556
Loss for the financial year	<u>(266)</u>

### 38. ACQUISITION OF SUBSIDIARIES (CONT'D)

(b) In the previous financial year, the Group and the Company completed the following acquisition of subsidiaries:

(i) Acquisition of Citajaya Kuasa Sdn. Bhd. ("CKSB")

On 5 October 2018, the Company subscribed for 51% of equity interest comprising 51,000 ordinary shares in CKSB for a cash consideration of RM51,000. Consequently, the Company became the holding company of CKSB.

<b>Group</b>	<b>2019 RM'000</b>
Cash and bank balances	102
Total identifiable assets	102
Other payables	(5)
Total identifiable net assets	97
Non-controlling interests	(47)
Loss on acquisition	1
Total cost of acquisition	51

The effects of the acquisition of CKSB on cash flow were as follows:

<b>Group</b>	<b>2019 RM'000</b>
Consideration settled in cash	51
Less: Cash and cash equivalents of subsidiary acquired	(102)
Net cash inflow of the Group on acquisition	51

CKSB had contributed the following results to the Group for the financial year ended 30 April 2019 from the acquisition date.

	<b>2019 RM'000</b>
Revenue	-
Loss for the financial year	2

**38. ACQUISITION OF SUBSIDIARIES (CONT'D)**

(b) In the previous financial year, the Group and the Company completed the following acquisition of subsidiaries:  
 (cont'd)

(ii) Acquisition of Contras Build Sdn. Bhd. ("CBSB")

On 5 October 2018, a subsidiary of the Group, Citajaya Kuasa Sdn. Bhd. subscribed for 80% of equity interest comprising 2,000,000 ordinary shares in CBSB for a cash consideration of RM2,000,000. Consequently, the Company became the ultimate holding company of CBSB.

<b>Group</b>	<b>2019 RM'000</b>
Other receivable	803
Cash and bank balances	<u>2,041</u>
Total identifiable assets	2,844
Other payables	<u>(401)</u>
Total identifiable net assets	2,443
Non-controlling interests	(466)
Loss on acquisition	<u>23</u>
Total cost of acquisition	<u>2,000</u>

The effects of the acquisition of CBSB on cash flow were as follows:

<b>Group</b>	<b>2019 RM'000</b>
Consideration settled in cash	2,000
Less: Cash and cash equivalents of subsidiary acquired	<u>(2,041)</u>
Net cash inflow of the Group on acquisition	<u>41</u>

CBSB had contributed the following results to the Group for the financial year ended 30 April 2019 from the acquisition date.

<b>Group</b>	<b>2019 RM'000</b>
Revenue	-
Loss for the financial year	<u>42</u>

### 39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) The World Health Organisation declared the novel coronavirus (“COVID-19”) a global pandemic on 11 March 2020. The Government of Malaysia imposed the Movement Control Order (“MCO”) on 18 March 2020 and has subsequently entered into the recovery phase of the MCO until 31 August 2020.

The impact of COVID-19 pandemic during the financial year has been disclosed in Note 15(e) and Note 16(e) to the financial statements.

However, the extent of the financial impact on the Group and the Company is difficult to assess at the date of authorisation of financial statements due to uncertainties arising from the pandemic. To mitigate its potential risks exposure, the Group and the Company have taken and will continue to take necessary steps to safeguard and preserve its financial condition, emphasising on liquidity management to meet its continuing financial commitments and liquidity needs of business operations.

- (b) On 16 May 2019, the Company acquired the entire equity interest comprising 1 ordinary share in Greentech Paramount Sdn. Bhd. (“GPSB”) for a cash consideration of RM1. The transaction has been completed during the financial year. Consequently, the Company became the holding company of GPSB.
- (c) On 16 May 2019, a wholly-owned subsidiary of the Company, GPSB subscribed for 50.06% of equity interest comprising 2,005,000 ordinary shares in Pembinaan Serta Hebat Sdn. Bhd. (“PSHSB”) for a cash consideration of RM2,005,000. The transaction has been completed during the financial year. Consequently, the Company became the ultimate holding company of PSHSB.
- (d) On 27 November 2019, the Company subscribed for 60% of equity interest comprising 60,000 ordinary shares in SEMS Sdn. Bhd. (“SEMS”) for a cash consideration of RM2,200,000. The transaction has been completed during the financial year. Consequently, the Company became the holding company of SEMS.

### 40. FINANCIAL REPORTING UPDATES

#### 40.1 IFRIC Agenda Decision – An assessment of the lease term (IFRS 16)

The IFRS Interpretations Committee (“IFRIC”) issued a final agenda decision on 26 November 2019 regarding “Lease term and useful life of leasehold improvements (IFRS 16 and IAS 16).”

The submission to the IFRIC raised a question pertaining the determination of the lease term of a cancellable lease or a renewable lease based on the requirements of IFRS 16.B34.

Based on the final agenda decision, the IFRIC concluded that the determination of the enforceable period of a lease and the lease term itself shall include broad economic circumstances beyond purely commercial terms.

The Group has implemented the requirements of this final agenda decision during the financial year ended 30 April 2020.

# LIST OF PROPERTIES

AS AT 30 APRIL 2020

No.	Location	Approximate Age of Building Year	Tenure	Land Area/ (Built Up Area) sq. ft.	Description	Net Book Value as at 30.4.2020 RM'000	Date of Revaluation/ Acquisition*
1	Lot 11, Jalan Perusahaan 1 Kawasan Perusahaan Beranang 43700 Beranang Selangor Darul Ehsan	29	Leasehold 99 years expiring on 9.10.2099	167,982 (96,046)	Factory complex: Industrial land with single storey factory, 3-storey office block and warehouse	7,731	1.5.2011
2	Lot No 2.08 Jalan Perindustrian Mahkota 2 Kawasan Perindustrian Mahkota 43700 Beranang Selangor Darul Ehsan	23	Freehold	248,216 (139,324)	Industrial complexes comprising warehouse 1, 2 and 3; anodising factory 1 and 2; powder coating factory	15,695	1.5.2011
3	Lot No. 2.11 Jalan Perindustrian Mahkota 2 Kawasan Perindustrian Mahkota 43700 Beranang Selangor Darul Ehsan	19	Freehold	- (14,104)	Die shop	7,527	1.5.2011
	Lot No. 2.11 Jalan Perindustrian Mahkota 2 Kawasan Perindustrian Mahkota 43700 Beranang Selangor Darul Ehsan	17	Freehold	- (64,088)	4-storey office building		
4	Lot No. 2.12 and 2.13 Jalan Perindustrian Mahkota 2 Kawasan Perindustrian Mahkota 43700 Beranang Selangor Darul Ehsan	15	Freehold	176,557 (92,115)	A single storey warehouse with an annexed single storey loading bay with covered parking lot	11,872	1.5.2011
5	Lot No. 2.13A Jalan Perindustrian Mahkota 2 Kawasan Perindustrian Mahkota 43700 Beranang Selangor Darul Ehsan	15	Freehold	- (46,830)	Single storey warehouse annexed with double storey office	5,932	1.5.2011
6	Lot No. 2.46 Jalan Perindustrian Mahkota 2 Kawasan Perindustrian Mahkota 43700 Beranang Selangor Darul Ehsan	13	Freehold	51,666 (24,664)	Single storey factory	3,000	1.5.2011
7	PT15145 HSD172073 Jalan Perindustrian Mahkota 2 Kawasan Perindustrian Mahkota 43700 Beranang Selangor Darul Ehsan	5	Freehold	- (85,470)	Single storey warehouse annexed with double storey office	7,183	1.5.2011
8	PT15145 HSD172073 Jalan Perindustrian Mahkota 2 Kawasan Perindustrian Mahkota 43700 Beranang Selangor Darul Ehsan	9	Freehold	- (107,360)	1½-storey factory with 2-storey utility building	13,987	1.5.2011

No.	Location	Approximate Age of Building Year	Tenure	Land Area/ (Built Up Area) sq. ft.	Description	Net Book Value as at 30.4.2020 RM'000	Date of Revaluation/ Acquisition*
9	PT20470 HSD184914 Jalan Perindustrian Mahkota 3/F Kawasan Perindustrian Mahkota 43700 Beranang Selangor Darul Ehsan	1	Freehold	- (39,127)	Single storey warehouse with 1½-storey office building	7,648	1.1.2020*
10	Lot 241 (PT 1075) Tingkat Perusahaan 6 Kawasan Perusahaan Perai 13600 Perai Pulau Pinang	27	Leasehold 60 years expiring on 21.2.2042	24,840 (11,875)	Industrial land with factory building and warehouse	838	1.5.2011
11	No. 4, Jalan IM3/6 Kawasan Perindustrian Sektor 1 Indera Mahkota Bandar Indera Mahkota 25000 Kuantan Pahang Darul Makmur	21	Leasehold 66 years expiring on 5.3.2062	44,844 (17,610)	A single storey warehouse cum office building	1,391	1.5.2011
12	Block C-18-1, Megan Avenue II No. 12, Jalan Yap Kwan Seng 50450 Kuala Lumpur	22	Freehold	- (2,454)	A corner office suite Corporate office	962	1.5.2011
13	Seri Mutiara Apartment B-09-05, Jalan Persiaran Seri Alam Bandar Baru Seri Alam 81750 Masai Johor Darul Takzim	23	Freehold	- (840)	An apartment suite (1-bedroom) Vacant	72	1.5.2011
14	No. E-3-2, 3rd Floor Taman Pangsapuri Malim Balai Panjang 75250 Melaka	23	Freehold	- (850)	3-storey walk-up apartment Vacant	45	1.5.2011
15	No. 7 Jalan TTS 4/8 Taman Tasik Semenyih 43500 Semenyih Selangor Darul Ehsan	25	Leasehold 99 years expiring on 5.11.2094	3,154 (1,275)	Single storey bungalow house Staff hostel	143	1.5.2011
16	Lot 2038 College Heights Garden Resort Lot 21254 (PT14145) 71700 Pajam Negeri Sembilan Darul Khusus	N/A	Freehold	9,291 -	Vacant residential land	90	1.5.2011
17	Lot 2039 College Heights Garden Resort Lot 21255 (PT14146) 71700 Pajam Negeri Sembilan Darul Khusus	N/A	Freehold	9,289 -	Vacant residential land	90	1.5.2011
18	Unit No.707, Block F Pusat Dagangan Phileo Damansara I No. 9, Jalan 16/11 Off Jalan Damansara 46350 Petaling Jaya Selangor Darul Ehsan	4	Freehold	- (2,121)	An office lot Tenanted	774	18.7.2015*

No.	Location	Approximate Age of Building Year	Tenure	Land Area/ (Built Up Area) sq. ft.	Description	Net Book Value as at 30.4.2020 RM'000	Date of Revaluation/ Acquisition*
<b>The properties leased by LB Aluminium Berhad and its subsidiaries are as follows:-</b>							
19	Lot PLO 206 (PTD64090) No. 14, Jalan Angkasa Mas 5 Kawasan Perindustrian Tebrau II 81100 Johor Bahru Johor Darul Takzim <sup>1</sup>	27	Leasehold 60 years expiring on 14.4.2053	21,775 (12,782)	Industrial land with single storey factory annexed with 3-storey office	708	1.5.2011
20	Lot PLO 207 (PTD64089) No. 18, Jalan Angkasa Mas 5 Kawasan Perindustrian Tebrau II 81100 Johor Bahru Johor Darul Takzim <sup>1</sup>	23	Leasehold 60 years expiring on 14.4.2053	21,775 (16,274)	Industrial land with single storey factory annexed with 3-storey office	882	1.5.2011
<b>The properties owned by subsidiaries are as follows:</b>							
21	Lot No. 2.11 Jalan Perindustrian Mahkota 2 Kawasan Perindustrian Mahkota 43700 Beranang Selangor Darul Ehsan	N/A	Freehold	82,742 -	Industrial land	1,600	1.5.2011
22	No. 53, Jalan PBS 14/10 Taman Perindustrian Bukit Serdang 43300 Seri Kembangan Selangor Darul Ehsan	23	Leasehold 99 years expiring on 5.7.2100	2,002 (2,678)	An intermediate 1 <sup>1</sup> / <sub>2</sub> -storey terraced factory	594	1.5.2011
23	No. 55, Jalan PBS 14/10 Taman Perindustrian Bukit Serdang 43300 Seri Kembangan Selangor Darul Ehsan	23	Leasehold 99 years expiring on 5.7.2100	2,002 (2,678)	An intermediate 1 <sup>1</sup> / <sub>2</sub> -storey terraced factory	594	1.5.2011
24	Lot 755, Jalan Subang 3 Sungai Penaga Industrial Park 47610 Subang Jaya Selangor Darul Ehsan	12	Freehold	136,125 (73,883)	Industrial complexes comprising a 2-storey office building, a 2-storey detached factory, two 1-storey detached factory and a guard house	24,793	15.8.2018*
25	Lot No. 2.13A Jalan Perindustrian Mahkota 2 Kawasan Perindustrian Mahkota 43700 Beranang Selangor Darul Ehsan	N/A	Freehold	89,437 -	Industrial land	1,740	1.5.2011
26	PT20470 HSD184914 Jalan Perindustrian Mahkota 3/F Kawasan Perindustrian Mahkota 43700 Beranang Selangor Darul Ehsan	N/A	Freehold	88,490 -	Industrial land	3,205	12.3.2015*
27	No. 11, Kaki Bukit Road 1 #03-07 Eunos Technolink Singapore 415939	14	Leasehold 60 years expiring on 8.7.2056	- (3,100)	1-storey shophot	1,807	1.5.2011



No.	Location	Approximate Age of Building Year	Tenure	Land Area/ (Built Up Area) sq. ft.	Description	Net Book Value as at 30.4.2020 RM'000	Date of Revaluation/ Acquisition*
<b>The properties owned by subsidiaries are as follows: (cont'd)</b>							
28	Lot 846, Block 7, MTL D Jalan Demak Laut 3 Sejingkat Industrial Park 93050 Kuching Sarawak	25	Leasehold 60 years expiring on 18.8.2054	82,236 (60,245)	A single storey factory building and a single storey store with ancillary building	4,291	1.5.2011
29	Lot 847, Block 7, MTL D Jalan Demak Laut 3 Sejingkat Industrial Park 93050 Kuching Sarawak	25	Leasehold 60 years expiring on 18.8.2054	96,122 (32,648)	A double storey office building and a single factory building with ancillary building	2,238	1.5.2011
30	PT15145 HSD172073 Jalan Perindustrian Mahkota 2 Kawasan Perindustrian Mahkota 43700 Beranang Selangor Darul Ehsan	N/A	Freehold	457,337 -	Industrial land	8,300	1.5.2011
31	PT50021 HSD121112 Jalan Tasik Selatan 31 57000 Kuala Lumpur	N/A	Leasehold 99 years expiring on 11.9.2118	1,006,641 -	Residential land for property development	54,871	12.9.2019*

**Note:**

<sup>1</sup> LB Aluminium Berhad has a 60 years lease from the registered proprietor, Johor Corporation, a body corporate established under the Johor Corporation Enactment 1995 to expire on 14 April 2053.

# ANALYSIS OF SHAREHOLDINGS

AS AT 30 JULY 2020

## STATISTICS ON ORDINARY SHAREHOLDINGS AS AT 30 JULY 2020

Issued and Paid Up Share Capital : RM125,770,795.00 comprising of 248,486,334 ordinary shares  
 Class of Share : Ordinary Shares  
 Voting Rights : One vote per Ordinary Share  
 No. of Shareholders : 4,418

## ANALYSIS OF ORDINARY SHAREHOLDINGS

Holdings	No. of Holders	Total Holdings	%
Less than 100	317	13,469	0.01
100 to 1,000	428	188,200	0.07
1,001 to 10,000	1,946	11,392,179	4.59
10,001 to 100,000	1,534	44,780,369	18.02
100,001 to less than 5% of issued shares	190	102,925,207	41.42
5% and above of issued shares	3	89,186,910	35.89
	4,418	248,486,334	100.00

## DIRECTORS' INTEREST

Name	<----- Direct Interest ----->		<---- Indirect Interest ---->	
	No. of Shares Held	% of Total Shares	No. of Shares Held	% of Total Shares
Datuk Leow Chong Howa	74,973,406	30.17	-	-
Mark Wing Kong	3,643,500	1.47	-	-
Neoh Lay Keong	-	-	-	-
Leow Sok Hoon	18,368,504	7.39	-	-
Dato' Dr Mohd Husni Bin Ahmad	-	-	-	-
Yap Chee Woon	844,300	0.34	-	-
Toh Khiam Huat	-	-	-	-
Chew Kat Nyap	-	-	-	-
Teh Kok Heng	-	-	-	-
Leow Vinken (Alternate Director to Datuk Leow Chong Howa)	-	-	-	-

## SUBSTANTIAL SHAREHOLDERS

According to the registrar to be kept under Section 144 of the Companies Act, 2016, the following are the substantial shareholders of the Company:-

Name	<----- Direct Interest ----->		<---- Indirect Interest ---->	
	No. of Shares Held	% of Total Shares	No. of Shares Held	% of Total Shares
Datuk Leow Chong Howa	74,973,406	30.17	-	-
Leow Sok Hoon	18,368,504	7.39	-	-
	93,341,910	37.56	-	-

## THE THIRTY LARGEST SHAREHOLDERS AS AT 30 JULY 2020

No.	Name	No. of Shares	% of Total Shares
1	Datuk Leow Chong Howa	37,700,506	15.17
2	Citigroup Nominees (Tempatan) Sdn Bhd Beneficiary: Exempt An for Bank of Singapore Limited (Local)	37,272,900	15.00
3	Leow Sok Hoon	18,368,504	7.39
4	CIMB Group Nominees (Asing) Sdn Bhd Beneficiary: Exempt An for DBS Bank Ltd (SFS)	9,172,700	3.69
5	Leow Wei Seng	7,454,230	3.00
6	Leow Keng Soon	5,000,000	2.01
7	Mark Wing Kong	3,643,500	1.47
8	Leow Sok Hong	3,610,301	1.45
9	Lee Joo Ping	3,244,000	1.31
10	Maybank Securities Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged securities account for Sulaiman Abdul Rahman B Abdul Taib (Margin)	2,738,400	1.10
11	Lee Joo Ping Sdn Bhd	2,622,300	1.06
12	Tang Lean See	2,499,950	1.01
13	Lim Khuan Eng	2,350,000	0.95
14	Citigroup Nominees (Tempatan) Sdn Bhd Beneficiary: Exempt An for Kenanga Investors Bhd	2,295,400	0.92
15	Lim Pei Tiam @ Liam Ahat Kiat	2,101,000	0.85
16	Tan Kar Pin	1,721,600	0.69
17	RHB Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged securities account for Gan Seong Liam	1,420,000	0.57
18	Tan Wan Lay	1,418,500	0.57
19	Lim Kian Huat	1,246,500	0.50
20	Chin Chee Wah	1,102,100	0.44
21	Sam Kwai Sim	1,050,000	0.42
22	CGS-CIMB Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged securities account for Lee Leong Thai (Penang-CL)	1,015,100	0.41
23	Aarolyn Yip Yu Ming	1,000,000	0.40
24	Soo Cham Bock	958,200	0.39
25	Tay Ying Lim @ Tay Eng Lim	889,100	0.36
26	Ong Ken Sim	875,000	0.35
27	Public Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged securities account for Ang Wing Fah (E-SPG)	852,500	0.34
28	RHB Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged securities account for Gan Kuok Chyuan	850,000	0.34
29	Yap Chee Woon	844,300	0.34
30	HLB Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged securities account for Lim Pay Kaon	700,000	0.28
		156,016,591	62.78





# PROXY FORM

LB Aluminium Berhad [198501006093 (138535-V)]  
(Incorporated in Malaysia)

CDS Account No.	
No. of shares held	

I/We \_\_\_\_\_ Tel: \_\_\_\_\_  
[Full name in block, NRIC/Passport/Company No.]

of \_\_\_\_\_  
[Address]

being member(s) of **LB Aluminium Berhad**, hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or\* (\*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf, at the Annual General Meeting of the Company to be held at Ujong Pandang Room, Staffield Country Resort, Batu 13, Jalan Seremban-Kuala Lumpur (Country Road), 71700 Mantin, Negeri Sembilan Darul Khusus on Tuesday, 29 September 2020 at 10:00 a.m. or any adjournment thereof, and to vote as indicated below:-

NO.	RESOLUTIONS	#FOR	#AGAINST
1.	To approve the payment of a first and final single tier dividend of 1.00 sen per ordinary share in respect of the financial year ended 30 April 2020.		
2.	To approve the payment of Directors' fees of RM400,000.00 for the financial year ended 30 April 2020.		
3.	To approve the payment of Directors' benefits of up to RM45,000.00 for the period from 30 September 2020 until the next Annual General Meeting of the Company.		
4.	To re-elect Datuk Leow Chong Howa as Director.		
5.	To re-elect Ms Leow Sok Hoon as Director.		
6.	To re-elect Dato' Dr Mohd Husni Bin Ahmad as Director.		
7.	To re-appoint Messrs BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
8.	To approve Mr Neoh Lay Keong to continue to act as an Independent Director.		
9.	To approve Dato' Dr Mohd Husni Bin Ahmad to continue to act as an Independent Director.		
10.	To grant authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
11.	To approve the Proposed Renewal of Authority for Share Buy-Back.		
12.	To approve the 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.		

\* Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

- ^ Manner of execution:
- (a) If you are an individual member, please sign where indicated.
  - (b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
  - (c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
    - (i) at least two (2) authorised officers, of whom one shall be a director; or
    - (ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

\_\_\_\_\_  
Signature^  
Member

**Notes:**

1. For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 22 September 2020. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.
2. A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
3. A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.
4. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
6. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
7. The original executed proxy form must be deposited at the registered office of the Company situated at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote.
8. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the registered office of the Company situated at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote.
9. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
10. Last date and time for lodging this proxy form is Sunday, 27 September 2020 at 10.00 a.m.
11. Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:-
  - (i) Identity card (NRIC) (Malaysian), or
  - (ii) Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or
  - (iii) Passport (Foreigner).
12. For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please bring the ORIGINAL certificate of appointment executed in the manner as stated in this proxy form if this has not been lodged at the Company's registered office earlier.

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**STAMP**

The Company Secretary

**LB ALUMINIUM BERHAD**

[198501006093 (138535-V)]

Unit 30-01, Level 30, Tower A,  
Vertical Business Suite,  
Avenue 3, Bangsar South,  
No. 8, Jalan Kerinchi,  
59200 Kuala Lumpur.

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Lot 11, Jalan Perusahaan 1,  
Kawasan Perusahaan Beranang,  
43700 Beranang, Semenyih,  
Selangor Darul Ehsan.

Tel:  
**03-8725 8822** (General)  
**03-8725 8833** (Sales)

Fax:  
**03-8725 8828** (General)  
**03-8725 8826** (Sales)  
**03-8725 8886** (Sales)  
**03-8725 8866** (Export)

E-mail:  
[enquiry@lbalum.com.my](mailto:enquiry@lbalum.com.my)

[www.lbalum.com](http://www.lbalum.com)