



A-RANK BERHAD
(200301031200 [633621-X])

BUILDING A SUSTAINABLE LEGACY

— 2023 —
ANNUAL REPORT

FACILITIES

FURNACES

Eight (8) units of melting furnaces, each of 25 metric tonnes capacity are linked to heat regenerating burner systems and magnetic stirrer that can enhance energy conservation and increase productivity. One (1) unit of 30 metric tonnes hydraulically tilting holding furnace for better control of melt temperature, which improves efficiency and productivity.

CASTING FACILITIES

Four (4) units of fully automated vertical direct chilled hydraulic controlled casting systems.

HOMOGENISE FURNACES

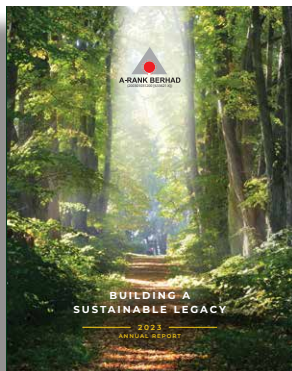
Five (5) units of 35 metric tonnes homogenise furnaces with three (3) units of air cooling booths.

IN-LINE DEGASSER

In-line degasser to remove dissolved hydrogen in molten aluminium which improves aluminium billets quality.

WAGSTAFF AIRSLIP MOULD

Aluminium billet cast with Wagstaff "Airsliip" billet casting mould system has a shallow molten metal sump and a thin-shield, uniform-grained composition that is beneficial to the extrusion process.



BUILDING A SUSTAINABLE LEGACY

At A-Rank Berhad, our journey of growth is characterised by our unwavering dedication to sustainability. Each step we take is a testament to our dedication towards creating a legacy that not only stands the test of time but also contributes positively to our environment.

Our path forward is illuminated by the principles of responsible business practices, unrelenting innovation, and a steadfast commitment to excellence as we focus on building a sustainable legacy for generations to come.

VISION

To be a renowned international player and a trustworthy partner in the aluminium billet industry.

MISSION

We continually support our customers' success by working closely with them to enhance their products and processes.

We build our reputation by providing reliable quality billets, on-time deliveries and building lasting relationships with customers.



Reliable



Quality



Services



On-time Deliveries



VENUE

Fully virtual meeting via TIIH Online website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC: D1A282781) provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia



DATE

Tuesday, 5 December 2023



TIME

10:00 a.m.



For more information, please visit our website: <https://www.arank.com.my>

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CORPORATE PROFILE

A-Rank Berhad is listed on the Main Market of Bursa Malaysia Securities Berhad and has been a public listed company since 11 May 2005. A-Rank Berhad through its wholly-owned subsidiary, Formosa Shyen Horng Metal Sdn Bhd ("Formosa"), is principally involved in the manufacturing and marketing of aluminium billets which remains the core focus of the Group since its inception. The Group is the largest supplier of secondary aluminium extrusion billets and aluminium remelt plant in Malaysia. We are also one of Asia's leading suppliers of secondary aluminium extrusion billets.

Formosa commenced operations in 1998 with an initial annual installed capacity of 12,000 metric tonnes and has registered consistent and impressive growth since then. Currently, Formosa has an installed capacity of 132,000 metric tonnes per annum. Formosa's integrated facilities include Wagstaff "Airslip" billet casting mould system, melting furnaces with regenerating burners and magnetic stirrer, tilting holding furnace and fully automated vertical direct chilled hydraulic-controlled casting systems from Australia, filters, in-line degassing machines, homogenise furnaces and cooling booths, and automated billet-sawing machines. Sizes of billets manufactured range from 3 inches up to 11 inches in diameter with any cut length of up to 6 meters. To ensure the consistency of product quality, Formosa has numerous testing equipment including ultrasonic fault detectors, light emission spectrometers, Alscan hydrogen analyser and Keyence Microscope VHX-7000 advance model with ZST Lens (20X to 2000X magnification) that enable sophisticated evaluation of quality achieved in the casting and homogenise processes. In line with its emphasis on quality management system, Formosa has achieved the ISO 9001:2015 certification.

The Group's turnover for the financial year ended 31 July 2023 was RM647.4 million. Presently, export sales to markets like Africa, Europe, South Asia and South East Asia, represent 39% of the Group's revenue.

The Company had on 12 December 2018 received the approval from its shareholders to diversify its principal activities to include property development. In this respect, the Company had on 6 February 2020 acquired a 50.1% equity interest in Konsep Juara Sdn Bhd ("KJSB"), through Tambun Kekal Sdn Bhd, a 57.1%-owned subsidiary of A-Rank Berhad. KJSB is in the midst of project planning for its development land at Mukim Batu, Kuala Lumpur.



NOTICE OF ANNUAL GENERAL MEETING



NOTICE IS HEREBY GIVEN THAT the Annual General Meeting (“AGM”) of A-Rank Berhad (“the Company”) will be conducted on a fully virtual basis using the remote participation and voting facilities through the online meeting platform, TIIH Online, provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via its website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC: D1A282781) on Tuesday, 5 December 2023 at 10:00 a.m. for the following purposes:

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 July 2023 together with the Reports of the Directors and Auditors thereon. *[Please see Note 2]*
2. To approve the payment of a first and final single tier dividend of 2.50 sen per ordinary share in respect of the financial year ended 31 July 2023. **(Resolution 1)**
3. To approve the payment of Directors’ fees of RM323,000 for the financial year ended 31 July 2023. **(Resolution 2)**
[Please see Note 3]
4. To approve the payment of Directors’ benefits of up to RM54,000 for the period immediately after the AGM 2023 until the next AGM of the Company to be held in 2024. **(Resolution 3)**
[Please see Note 3]
5. To re-elect the following Directors who retire by rotation in accordance with Clause 76(3) of the Company’s Constitution, and being eligible have offered themselves for re-election: *[Please see Note 4]*
 - (a) Mr Gan Choon Sun **(Resolution 4)**
 - (b) Ms Leow Vinzie **(Resolution 5)**
6. To re-elect the following Directors who retire in accordance with Clause 78 of the Company’s Constitution, and being eligible have offered themselves for re-election: *[Please see Note 5]*
 - (a) Mr Neoh Lay Keong **(Resolution 6)**
 - (b) Puan Siti Ruzainah Binti Abd Halim **(Resolution 7)**
7. To re-appoint Messrs BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**
[Please see Note 6]

NOTICE OF ANNUAL GENERAL MEETING

SPECIAL BUSINESS

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

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, Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) 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 of the Company (excluding treasury shares) 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 (“AGM”) of the Company after the approval was given or at the expiry of the period within which the next AGM 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 9)

9. **Ordinary Resolution**

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 see Note 8]

“THAT subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, 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 3 November 2023, 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 10)

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 following the general meeting at which such mandate was passed, 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 must 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.”

10. To transact any other business of which due notice shall have been given.

NOTICE OF ANNUAL GENERAL MEETING

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 5 December 2023, the first and final single tier dividend of 2.50 sen per ordinary share in respect of the financial year ended 31 July 2023 will be paid on 20 December 2023 to Depositors whose names appear in the Record of Depositors on 8 December 2023.

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 8 December 2023 in respect of transfers; and
- (b) shares bought on the Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

BY ORDER OF THE BOARD

WONG WAI FOONG [SSM PC NO. 202008001472 (MAICSA 7001358)]
TAN HSIAO YUEN [SSM PC NO. 201908002342 (MAICSA 7056952)]

Company Secretaries
Kuala Lumpur
3 November 2023

Notes:

1. IMPORTANT NOTICE

The Annual General Meeting ("AGM") will be conducted on a fully virtual basis using the remote participation and voting ("RPV") facilities through the online meeting platform, TIIH Online, provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") in Malaysia via its website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC: D1A282781) on Tuesday, 5 December 2023 at 10:00 a.m.. Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the AGM via the RPV facilities provided by Tricor.

Please read these Notes carefully and follow the procedures in the Administrative Guide for the AGM in order to participate remotely via RPV.

- (a) For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 28 November 2023. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM or appoint a proxy or proxies to participate on his/her/its behalf via RPV.
- (b) A member who is entitled to participate at this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate 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 participate instead of the member at the AGM via RPV.
- (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) A member who has appointed a proxy or attorney or authorised representative to participate at the AGM via RPV **must request his/her proxy or attorney or authorised representative to register himself/herself for RPV** via TIIH Online website at <https://tiih.online>. Procedures for RPV can be found in the Administrative Guide for the AGM.

NOTICE OF ANNUAL GENERAL MEETING

1. IMPORTANT NOTICE (CONTINUED)

(h) The appointment of a proxy may be made in hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

(i) In hard copy form

In the case of an appointment made in hard copy form, this proxy form must be deposited with Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur ("Tricor's Office").

(ii) By electronic means via facsimile

In the case of an appointment made by facsimile transmission, this proxy form must be received via facsimile at 03-2783 9222.

(iii) By electronic means via email

In the case of an appointment made via email transmission, this proxy form must be received via email at is.enquiry@my.tricorglobal.com.

For options (ii) and (iii), the Company may request any members to deposit original executed proxy form to Tricor's Office before or on the day of meeting for verification purposes.

(iv) By electronic form via TIIH Online

In the case of an appointment of a proxy made in electronic form, the proxy form must be deposited via TIIH Online website at <https://tiih.online>. Please follow the procedures as set out in the Administrative Guide for the electronic lodgement of proxy form.

(i) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with Tricor's Office not less than forty-eight (48) hours before the time appointed for holding the AGM 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.

(j) Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.

(k) Last date and time for lodging this proxy form is **Sunday, 3 December 2023 at 10:00 a.m.**

(l) For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL certificate of appointment of authorised representative with Tricor's Office. The certificate of appointment of authorised representative should be executed in the following manner:

(i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.

(ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:

(aa) at least two (2) authorised officers, of whom one shall be a director; or

(bb) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

EXPLANATORY NOTES ON ORDINARY AND SPECIAL BUSINESSES:

2. RECEIPT OF REPORT AND AUDITED FINANCIAL STATEMENTS

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 Resolution 2 is to facilitate the payment of Directors' fees to the Directors for the financial year ended 31 July 2023.

The proposed Resolution 3 for Directors' benefits (being meeting allowances) are calculated based on the current composition of the Board of Directors ("Board") size and the number of scheduled Board meetings for the period immediately after this AGM up to the next AGM of the Company. Each member of the Board of the Company will be paid a meeting allowance of RM1,000 per Board meeting for their attendance.

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 AGM for the shortfall.

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES ON ORDINARY AND SPECIAL BUSINESSES: (CONTINUED)

4. RE-ELECTION OF DIRECTORS WHO RETIRE IN ACCORDANCE WITH CLAUSE 76(3) OF THE CONSTITUTION OF THE COMPANY

Mr Gan Choon Sun and Ms Leow Vinzie are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the AGM.

Pursuant to Practice 5.7 of the Malaysian Code on Corporate Governance ("MCCG"), the profiles of both Directors are set out in the Directors' profile of the Annual Report 2023. The Board has through the Nomination Committee ("NC"), considered the assessment of the said Directors pursuant to the Fit and Proper Policy adopted by the Company 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 justifications to support the Board's recommendation to re-elect the aforementioned Directors are as follows:

- (a) Mr Gan Choon Sun, the Executive Director of the Company, has vast experience in senior management specifically in overseeing the Group's business operations and providing valuable input to boost the Group's performance. He has exercised his due care and carried out his professional duties proficiently during his tenure as the Executive Director as well as a member of the Employees' Share Option Scheme ("ESOS") Committee.
- (b) Ms Leow Vinzie, the Non-Independent Non-Executive Director of the Company, has experience in business development and marketing. She has expressed her views and participated in Board deliberations and decision-making. She has exercised her due care and carried out her professional duties proficiently during her tenure as Non-Independent Non-Executive Director as well as a member of the ESOS Committee.

5. RE-ELECTION OF DIRECTORS WHO RETIRE IN ACCORDANCE WITH CLAUSE 78 OF THE CONSTITUTION OF THE COMPANY

Mr Neoh Lay Keong and Puan Siti Ruzainah Binti Abd Halim who were both appointed as Independent Non-Executive Directors of the Company on 17 January 2023 will retire at this AGM. Both Directors being eligible, have offered themselves for re-election at this AGM.

Pursuant to Practice 5.7 of the MCCG, the profiles of both Directors are set out in the Directors' profile of the Annual Report 2023. The Board has through the NC, considered the assessment of the said Directors pursuant to the Fit and Proper Policy adopted by the Company and agreed that they meet the criteria as prescribed by Paragraph 2.20A of the MMLR of Bursa Securities on character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors. The justifications to support the Board's recommendation to re-elect the aforementioned Directors are as follows:

- (a) Mr Neoh Lay Keong, the Independent Non-Executive Director of the Company, has demonstrated his independence through his engagement with the Board and Board Committees with a diverse set of expertise and perspective. He has exercised his due care and carried out his professional duties proficiently during his tenure as Independent Non-Executive Director as well as Chairman of both the Nomination Committee and Remuneration Committee and a member of the Audit Committee.
- (a) Puan Siti Ruzainah Binti Abd Halim, the Independent Non-Executive Director of the Company, has vast experience in Business Administration. She has exercised her due care and carried out her professional duties proficiently during her tenure as Independent Non-Executive Director as well as a member of the Audit Committee and Nomination Committee.

The Board has also through the NC conducted an assessment on the independence of both newly appointed Directors and is satisfied that they have complied with the criteria on independence as prescribed by the MMLR of Bursa Securities.

6. 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 AGM, included an assessment of the Auditors' independence and objectivity, caliber and quality process/performance.

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

The proposed Resolution 9 is the renewal of the mandate obtained from the members at the last AGM. 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 AGM held on 7 December 2022 as there were no requirements for such fund-raising activities.

The proposed Resolution 9, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to further 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 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 AGM of the Company or at the expiry of the period within which the next AGM is required to be held after the approval was given or revoked/varied by ordinary resolution of the Company at a general meeting, whichever is earlier.

8. 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 10, if passed, will allow the Company and/or 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 3 November 2023 for further information.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Independent

Non-Executive Chairman

Cheah Tek Kuang[#]

Non-Independent

Non-Executive Vice Chairman

Tan Sri Datuk Leow Chong Howa[#]

Non-Independent

Non-Executive Director

Leow Vinzie

Managing Director

Tan Wan Lay^{*}

Executive Director

Gan Choon Sun^{*}

Leow Vinken^{*}

Independent Non-Executive Director

Hong Cheong Liang

Neoh Lay Keong (Appointed on 17 January 2023)

Siti Ruzainah Binti Abd Halim (Appointed on 17 January 2023)

Dato' Shahrir Bin Abdul Jalil (Resigned on 7 December 2022)

Dr Leong Chik Weng (Retired on 7 December 2022)

Wong Tze Kai (Resigned on 7 December 2022)

[#] Redesignated on 17 January 2023

^{*} Members of Key Senior Management Team

AUDIT COMMITTEE

Hong Cheong Liang (Chairman)

Neoh Lay Keong[#]

Siti Ruzainah Binti Abd Halim[#]

NOMINATION COMMITTEE

Neoh Lay Keong (Chairman)[#]

Hong Cheong Liang

Siti Ruzainah Binti Abd Halim[#]

REMUNERATION COMMITTEE

Neoh Lay Keong (Chairman)[#]

Tan Sri Datuk Leow Chong Howa

Hong Cheong Liang

ESOS COMMITTEE

Hong Cheong Liang (Chairman)

Gan Choon Sun

Leow Vinzie

[#] Appointed on 17 January 2023

COMPANY SECRETARIES

Wong Wai Foong

[SSM PC No. 202008001472

(MAICSA 7001358)]

Tan Hsiao Yuen

[SSM PC No. 201908002342

(MAICSA 7056952)]

AUDITORS

BDO PLT

(Firm No: 201906000013

(LLP0018825-LCA) & AF 0206)

Chartered Accountants

Level 8, BDO PLT @ Menara CenTARa

360, Jalan Tuanku Abdul Rahman

50100 Kuala Lumpur

PRINCIPAL BANKERS

AmBank (M) Berhad

Citibank Berhad

Malayan Banking Berhad

Public Bank Berhad

Standard Chartered Bank Malaysia

Berhad

United Overseas Bank (Malaysia)

Berhad

CORPORATE ADVISOR

AmInvestment Bank Berhad

22nd Floor, AmBank Group Building

55 Jalan Raja Chulan

50200 Kuala Lumpur

SHARE REGISTRAR

Bina Management (M) Sdn Bhd

Lot 10, The Highway Centre

Jalan 51/205, 46050 Petaling Jaya

Selangor Darul Ehsan

Tel : +603-7784 3922

Fax : +603-7784 1988

Email : binawin@binamg168.com

HEAD/MANAGEMENT OFFICE

Lot 2-33, Jalan Perindustrian Mahkota 7

Taman Perindustrian Mahkota

43700 Beranang

Selangor Darul Ehsan

Tel : +603-8724 4662/3/7

Fax : +603-8724 4661/8723 2009

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A

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59200 Kuala Lumpur

Tel : +603-2783 9191

Fax : +603-2783 9111

Email : info@my.tricorglobal.com

WEBSITE ADDRESS

www.arank.com.my

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia

Securities Berhad

Stock Name : ARANK

Stock Code : 7214

PROFILE OF DIRECTORS / KEY SENIOR MANAGEMENT

CHEAH TEK KUANG

Independent Non-Executive Chairman

Aged 76, Male, a Malaysian, was appointed to the Board on 13 October 2022 and redesignated as Chairman on 17 January 2023. Mr Cheah graduated with Bachelor of Economics (Honours) from University of Malaya, Malaysia and is a Fellow Chartered Banker of the Asian Institute of Chartered Bankers. Mr Cheah started his career with Malaysian Industrial Development Authority (now known as Malaysian Investment Development Authority) in 1970 as an Economist. In 1978, he joined Arab Malaysian Merchant Bank Berhad (now known as AmInvestment Bank Berhad) in its Corporate Finance Department. He was later appointed as CEO and Group Managing Director of AmInvestment Bank Berhad in 2002. Following the restructuring of AmBank Group, he was appointed as the Group Managing Director of AMMB Holdings Berhad from 2005 until his retirement in 2012.

He was also a former Director of Bursa Malaysia Securities Berhad and former member of the Appeals Committee of Bursa Malaysia Securities Berhad, which looks into appeals by listed companies and market participants on violations of the Listing Requirements.

His directorships in other public listed companies are IOI Corporation Berhad, Eco World International Berhad and UPA Corporation Berhad. Other public companies that he sits on are Berjaya Hartanah Berhad, Malaysian Institute of Art and Yayasan Bursa Malaysia.

TAN SRI DATUK LEOW CHONG HOWA

Non-Independent Non-Executive Vice Chairman

Aged 65, Male, a Malaysian, was appointed to the Board on 21 April 2016 and redesignated as Vice Chairman on 17 January 2023. He is currently the Executive Chairman of LB Aluminium Berhad ("LB Aluminium"). He is a businessman and prior to assuming his current position in LB Aluminium, was the Managing Director of LB Aluminium since its incorporation.

Tan Sri Datuk Leow is a Council Member of the Federation of Malaysian Manufacturers ("FMM") Advisory Board. He is the Deputy Chairman of Chong Hwa Independent High School Kuala Lumpur and a Vice President on the Board of SRJK (C) Kepong School. Besides, he also sits on the Council of Tung Shin Hospital Kuala Lumpur and is a committee member for Tung Shin Hospital's Chinese Medical Management Team as well as Western Medical Management Team.

Tan Sri Datuk Leow stands as the Permanent Honorary Group President of Persekutuan Persatuan-Persatuan Ann Koai Malaysia, and is a former Member of the FMM Council and a former Board of Trustee for Yayasan Lim Yee Hoh.

He is a member of the Remuneration Committee.

TAN WAN LAY

Managing Director / Key Senior Management

Aged 59, Male, a Malaysian, was appointed to the Board on 11 March 2005. Mr Tan has over 30 years of experience in the aluminium extrusion industry. He graduated with a Diploma in Civil Engineering in 1986 and joined LB Aluminium Berhad in the same year. He rose through the ranks to be Senior Production Manager in 1993 when he left to join Press Metal Berhad as Production Manager. He left Press Metal Berhad in 1997 to set up Formosa Shyen Horng Metal Sdn Bhd.

Mr Tan is responsible for the day-to-day management of the Group's operations and implementation of the Board's policies and decisions. He is responsible for communicating matters relating to the Group's business affairs and issues to the Board. His vast experience, business knowledge and skills contributed significantly towards the attainment of the Group's goals and objectives.

PROFILE OF DIRECTORS / KEY SENIOR MANAGEMENT

GAN CHOON SUN

Executive Director / Key Senior Management

Aged 57, Male, a Malaysian, was appointed to the Board on 17 September 2009 and is currently the Executive Director of Formosa Shyen Horng Metal Sdn Bhd ("Formosa"), a wholly owned subsidiary of the Company. He graduated from Middlesex University, London with a First-Class Honour Degree in Manufacturing Management in 1996. He also holds a Diploma in Civil Engineering from University Technology of Malaysia. Prior to joining Formosa in 2006, he held various senior positions ranging from Engineer to General Manager in various private companies in the metal industry. He has extensive experience in process engineering and has provided the Group with technical manufacturing expertise. Currently, he is instrumental in spearheading the overall operating activities of Formosa, as well as formulating business strategies for the Group.

Mr Gan is the honorary secretary of Federation of Malaysian Manufacturers' Aluminium Manufacturers Group Malaysia ("AMGM").

He is a member of the ESOS Committee.

LEOW VINZIE

Non-Independent Non-Executive Director

Aged 37, Female, a Malaysian, was appointed to the Board on 28 March 2018 and is currently the General Manager of LB Aluminium (Singapore) Pte Ltd, a wholly-owned subsidiary of LB Aluminium Berhad. She graduated from Monash University, Australia with Bachelors of Business in Management and Marketing in 2009. After graduation, she spent 2 years at National Taiwan University acquiring Mandarin as a second language. Prior to joining LB Aluminium (Singapore) Pte Ltd, she worked at Zuellig Pharma Malaysia in Business Development from 2012 to 2015. Thereafter, she was promoted to managing the regional portfolio from Singapore headquarters, where she was involved in the development of Zuellig Pharma's Pharmaceutical, Over-The-Counter and Medical Devices businesses, securing new clients as well as contracts renewal negotiations from 2015 to 2017.

She sits on the Board of LB Aluminium Berhad as Alternate Director to Tan Sri Datuk Leow Chong Howa.

She is a member of the ESOS Committee.

LEOW VINKEN

Executive Director / Key Senior Management

Aged 36, Male, a Malaysian, was appointed to the Board on 21 May 2021 and is currently the General Manager of Formosa Shyen Horng Metal Sdn Bhd ("Formosa"), a wholly-owned subsidiary of A-Rank Berhad. He graduated with a Bachelor of Business Management from the Royal Melbourne Institute of Technology. He is instrumental in spearheading the overall operation of Formosa as well as formulating business strategies for the Group. Prior to joining Formosa, he was the Deputy General Manager at LB Aluminium Berhad and previously a Manager at Formosa.

Mr Leow is also a Director on the Board of Vistarena Development Sdn Bhd, a subsidiary of Radium Development Berhad.

PROFILE OF DIRECTORS / KEY SENIOR MANAGEMENT

HONG CHEONG LIANG

Independent Non-Executive Director

Aged 44, Male, a Malaysian, was appointed to the Board on 13 October 2022 and is currently the Senior Manager of Talent League Sdn Bhd. Mr Hong is a member of Malaysian Institute of Accountants, Certified Practising Accountants of Australia and a chartered member of Institute of Internal Auditors Malaysia.

Mr Hong graduated from the Universiti Tun Abdul Razak with a Bachelor of Management (Hons) in 2002 and University of South Australia, Australia with Masters of Business (Major Accounting) in 2004.

He started his professional career with Russell Bedford LC & Company after graduation. In 2008, he joined a boutique investment advisory firm as an Assistant Vice President where he garnered his corporate finance and management experiences. He is very well exposed to corporate advisory and corporate governance across a spectrum of industries of various types of companies. Further, he was very involved in the internal audit review and risk management planning and assessment of numerous public listed companies on Bursa Malaysia Securities Berhad.

He sits on the Board of Kumpulan Jetson Berhad and JAG Berhad, as an Independent Non-Executive Director.

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

NEOH LAY KEONG

Independent Non-Executive Director

Aged 65, Male, a Malaysian, was appointed to the Board on 17 January 2023 and is currently the Independent Non-Executive Director of the Company. He holds a BEC Diploma in Business Studies, St. Johns College, England and a BA (Hons) in Economics from the University of Manchester, England. He was with RHB Bank Berhad from 1982 to 1990 and is a Dealers' Representative with TA Securities Berhad since 1990. In addition, he has 5 years of property development experience from 2014 to 2019.

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

SITI RUZAINAH BINTI ABD HALIM

Independent Non-Executive Director

Aged 37, Female, a Malaysian, was appointed to the Board on 17 January 2023 and is currently the Independent Non-Executive Director of the Company and is also an Executive Director at Brightmark Sdn Bhd since 2015. She graduated with a Bachelor of Arts in International Business Management from the University of Nottingham in 2007, and subsequently completed a Master of Arts degree in Marketing Management from the University of Westminster in London in 2008. She also completed her Professional Diploma in Marketing accredited by the Chartered Institute of Marketing at the London Business School of Business & Finance in 2012.

After completing her studies, she gained experience in the private sector by venturing into the health product industry. She then worked in the landscaping industry where she was an Assistant General Manager at Brightmark Sdn Bhd, a landscaping & construction company whereby she was responsible for the overall operating activities at Brightmark Sdn Bhd, as well as serving as the liaison personnel between the company and its institutional clients.

She is the member of the Audit Committee and Nomination Committee.

PROFILE OF DIRECTORS / KEY SENIOR MANAGEMENT

FAM LIAN FATT

Administration and Purchasing Manager / Key Senior Management

Aged 56, Male, a Malaysian, joined Formosa Shyen Horng Metal Sdn Bhd on 1 October 1997 as the Purchasing and Administration Manager. He holds a post graduate Master Degree in Business Administration, majoring in Financial Management from Frederick Taylor International University, USA. Prior to joining the Company, he was with Larry Seow & Company, Public Accountants from 1988 to 1989; BDO Binder, Public Accountants from 1989 to 1991 and finally, LB Aluminium Berhad from 1991 to 1997. Currently, he is responsible for purchasing, human resources, payroll and other administrative matters.

TAN TZE

Finance Manager / Key Senior Management

Aged 48, Male, a Malaysian, joined Formosa Shyen Horng Metal Sdn Bhd on 1 December 2003 as Finance Manager. He graduated with a Bachelor of Accountancy (Honours) from University Putra Malaysia and is a member of the Malaysian Institute of Accountants. He has over 20 years of experience in financial management, group reporting as well as secretarial and taxation. Prior to joining the Company, he was the Accountant of Bright Rims Manufacturing Sdn Bhd.

OTHER INFORMATION

1. Family Relationship

Ms Leow Vinzie and Mr Leow Vinken are the children of Tan Sri Datuk Leow Chong Howa, a Non-Independent Non-Executive Vice Chairman and major shareholder of A-Rank Berhad.

Save as disclosed herein, none of the Directors has any family relationship with any other Director and/or major shareholder and/or Key Senior Management of A-Rank Berhad.

2. Conflict of Interest

Save for the related party disclosures as disclosed under Note 31 to the Audited Financial Statements of this Annual Report and the Circular to Shareholders dated 3 November 2023, none of the Directors and/or Senior Management has any conflict of interest or potential conflict of interest, including interest in any competing business with the Company and its subsidiaries.

3. Conviction for Offences

None of the Directors and/or Senior Management has been convicted of any offences (other than traffic offences) within the past five (5) years or has been imposed with any public sanctions or penalties by the relevant regulatory bodies during the financial year ended 31 July 2023.

4. Directorship in public companies and listed issuers

Save for the disclosures as stated above, none of the Directors and/or Senior Management hold any directorship in other public companies and listed issuers.

5. Attendance of Directors

Details of Board meeting attendance of each Director are disclosed in the Corporate Governance Overview Statement of the Annual Report.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of A-Rank Berhad, I am pleased to present the Annual Report and Audited Financial Statements of the Group and of the Company for the financial year ended 31 July 2023.

FINANCIAL PERFORMANCE

2023 was a difficult year with a fragile global economy saddled by uncertain demand, inflationary pressures, monetary tightening, and geopolitical tensions. Nonetheless, the Group turned in a commendable set of results for the financial year under review.

For the financial year under review, the Group's revenue decreased by 16.8% to RM647.4 million compared to RM777.9 million in the preceding year due mainly to both lower business volume and average selling prices.

Consequently, the Group recorded lower profit before and after tax of RM15.0 million and RM11.0 million for the financial year ended 31 July 2023 compared to RM21.0 million and RM15.1 million last year, reflecting a decrease of 28.4% and 26.8% respectively.

The basic earnings per ordinary share for the financial year ended 31 July 2023 was 7.96 sen compared to 10.67 sen last year based on the total number of issued shares of the Company of 178,754,597 and 177,961,597 respectively.

As at 31 July 2023, shareholders' funds stood at RM173.0 million whilst net assets per share was RM0.97.

CORPORATE DEVELOPMENTS

The Group did not have any significant corporate development to report during the financial year under review and up to the date of this report.

DIVIDENDS

Although the Group does not have an explicit dividend policy, the Group is committed to consistently reward our loyal shareholders for their continuous support through dividend payment. The quantum of such dividend payout is dependent on factors such as earnings, capital expenditure requirements, business expansion plans, costs of servicing existing borrowings and other factors to be considered by the Board of Directors.

The Board of Directors is pleased to recommend a first and final single tier dividend of 2.50 sen (2022: 2.75 sen) per ordinary share based on the total number of issued and paid-up share capital of 178,754,597 ordinary shares (2022: 177,961,597 ordinary shares) as at 16 October 2023 amounting to RM4.5 million (2022: RM4.9 million) in respect of the financial year ended 31 July 2023 which is subject to the approval of shareholders at the forthcoming Annual General Meeting.

CHAIRMAN'S STATEMENT

DIRECTORATE

Since the last Annual General Meeting, there have been some changes to the Board composition following the resignation of Dato' Shahrir Bin Abdul Jalil and Mr Wong Tze Kai and the retirement of Dr Leong Chik Weng from the Board on 7 December 2022. On behalf of the Board, I would like to take this opportunity to express our gratitude to Dato' Shahrir, Mr Wong and Dr Leong for their immense contribution and invaluable guidance rendered to the Group and the Company during their tenure.

I would also like to extend a warm welcome to Mr Neoh Lay Keong and Puan Siti Ruzainah Binti Abd Halim to the Board of A-Rank Berhad on 17 January 2023. With their wealth of experience and knowledge, the Group is well-placed to take another step forward in its growth journey.

APPRECIATION

On behalf of the Board, I would like to extend our heartfelt thanks to our customers, suppliers, business partners, bankers and the various government agencies for their continuous support. I would further like to place on record my appreciation and gratitude for the support of my fellow Directors. We are also utmost grateful for the commitment, contribution and loyalty bestowed on us by our shareholders, management and employees.

Mr Cheah Tek Kuang

Independent Non-Executive Chairman

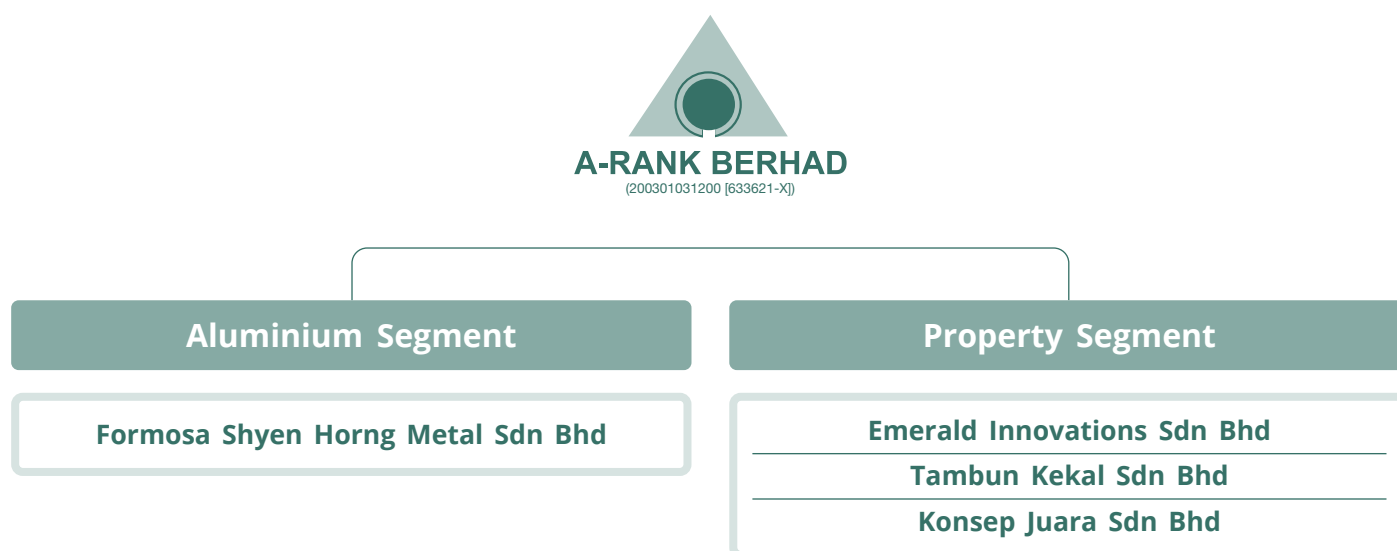
MANAGEMENT DISCUSSION AND ANALYSIS

This Management Discussion and Analysis (“MD&A”) aims to enable shareholders, investors, and other stakeholders to view and understand the Group’s performance, financial condition, risk exposure, and prospects from the Management’s point of view.

The MD&A is to complement the financial statements by providing additional material non-financial information not included in the financial statements, to facilitate better comprehension and a deeper understanding by the stakeholders.

OVERVIEW OF GROUP’S BUSINESS AND OPERATIONS

The Group’s structure as at 31 July 2023 is as follows:



The Group has categorised its business operations into two (2) segments namely the Aluminium Segment and Property Segment.

(a) Aluminium Segment

The Aluminium Segment represents the Group’s core business which includes manufacturing and marketing of aluminium billets and operates solely from its production facilities in Beranang, Selangor. The Company’s profile is detailed in page 2 of the Annual Report.

(b) Property Segment

The Group had on 12 December 2018 obtained its shareholders’ approval for the proposed diversification of the principal activities of the Group to include property development.

In this respect, Tambun Kekal Sdn Bhd, a 57.1%-owned subsidiary of A-Rank, had on 6 February 2020 entered into a Shares Sale and Purchase Agreement to acquire 1,002,000 existing ordinary shares representing 50.1% equity interest in Konsep Juara Sdn Bhd (“KJSB”) for a cash consideration of RM1.0 million (“Share Acquisition”). The Share Acquisition was completed on 13 February 2020.

As at the date of this Annual Report, KJSB is in the midst of project planning of its development land at Mukim Batu, Kuala Lumpur.

MANAGEMENT DISCUSSION AND ANALYSIS

FIVE (5) YEARS FINANCIAL HIGHLIGHTS

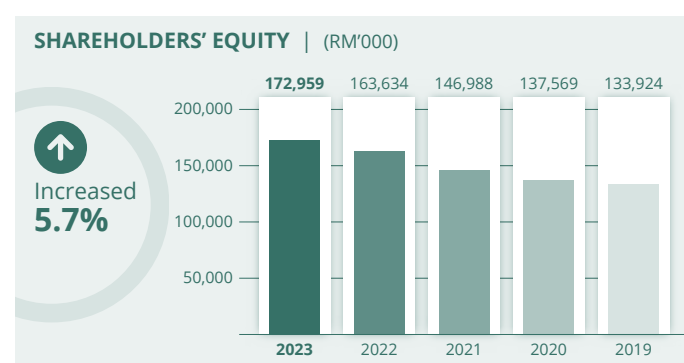
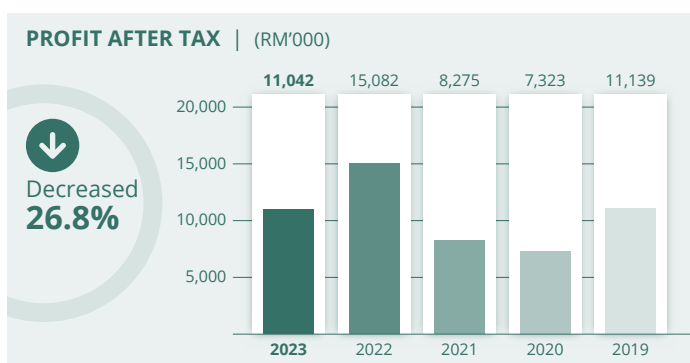
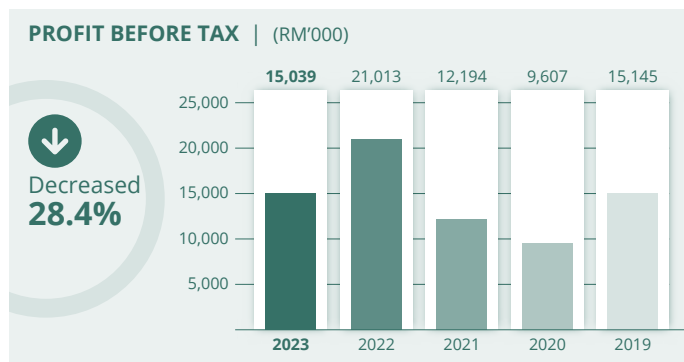
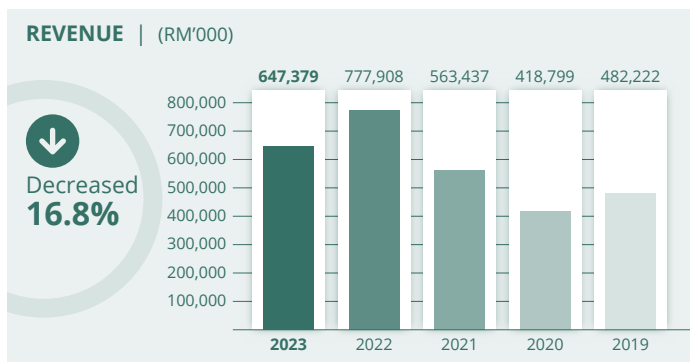
The following table is the financial highlights of the Group for the past five (5) financial years:

		Financial year ended 31 July ("FYE")				
		2023	2022	2021	2020	2019
Revenue	RM'000	647,379	777,908	563,437	418,799	482,222
EBITDA	RM'000	26,078	30,798	20,829	17,136	21,532
Finance costs	RM'000	5,591	4,421	2,599	1,194	1,246
Profit before tax	RM'000	15,039	21,013	12,194	9,607	15,145
Profit after tax	RM'000	11,042	15,082	8,275	7,323	11,139
Profit after tax and minority interest	RM'000	13,965	18,665	10,303	7,684	11,139
Total assets	RM'000	350,197	323,317	284,947	233,762	197,331
Total liabilities	RM'000	185,148	164,670	139,363	95,569	63,407
Borrowings	RM'000	119,065	101,504	99,186	25,679	38,092
Shareholders' equity	RM'000	172,959	163,634	146,988	137,569	133,924
Gearing ratio	%	45.67	39.38	46.27	5.38	#
Basic earnings per ordinary share	sen	7.96	10.67	6.01	4.52	6.58
Diluted earnings per ordinary share	sen	7.96	10.64	5.98	4.52	6.53
Net assets per share	sen	96.76	91.95	84.62	80.88	78.98
Proposed dividend	RM'000	4,469*	4,894	3,975	3,402	4,239

Denote:

Gearing ratio is not applicable as the Group is at net cash position.

* Proposed dividend based on the total number of issued shares of 178,754,597 ordinary shares as at 16 October 2023 subject to the approval of shareholders at the forthcoming Annual General Meeting.



MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF GROUP'S FINANCIAL RESULTS AND FINANCIAL CONDITIONS

	FYE 2023			FYE 2022		
	Aluminium RM'000	Property RM'000	Group RM'000	Aluminium RM'000	Property RM'000	Group RM'000
Profitability						
Revenue	647,379	-	647,379	777,908	-	777,908
Profit/(Loss) before tax	18,851	(3,812)	15,039	25,187	(4,174)	21,013
Profit/(Loss) after tax	14,854	(3,812)	11,042	19,256	(4,174)	15,082
Key Balance Sheet Data						
Total assets	264,499	85,698	350,197	238,026	85,291	323,317
Total liabilities	110,064	75,084	185,148	92,765	71,905	164,670

(a) Revenue

For FYE 2023, the Group recorded a revenue of RM647.4 million, which was RM130.5 million or 16.8% lower than the previous financial year. The decline in revenue was mainly due to both lower business volume and average selling prices.

Export sales contributed about 39.3% to the total revenue whilst the balance is from the local market which is in line with the Group's strategy in maintaining its leading market position in Malaysia.

Our Group's revenue based on geographical location of our customers are as follows:

	FYE 2023 RM'000	FYE 2022 RM'000	Change	
			RM'000	%
South East Asia other than Malaysia	154,260	182,149	(27,889)	-15.3%
South Asia	97,659	109,088	(11,429)	-10.5%
Others	2,413	5,114	(2,701)	-52.8%
Export market	254,332	296,351	(42,019)	-14.2%
Local market – Malaysia	393,047	481,557	(88,510)	-18.4%
Total revenue	647,379	777,908	(130,529)	-16.8%

The Aluminium Segment was the sole contributor to the Group's revenue for FYE 2023 as the Property Segment was still in the midst of project planning during the financial year.

(b) Profit before tax

The Group reported a decrease in profit before tax ("PBT") of 28.4% for FYE 2023 as compared to RM21.0 million in the previous financial year. The decrease was reported by the Aluminium Segment.

Aluminium Segment

The Aluminium Segment's PBT for the current financial year decreased by RM6.3 million or 25.2% to RM18.9 million in line with the lower revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF GROUP'S FINANCIAL RESULTS AND FINANCIAL CONDITIONS (CONTINUED)

(b) Profit before tax (Continued)

Property Segment

However, the Property Segment reported a lower loss before tax of RM3.8 million compared to RM4.2 million for the previous financial year. The lower loss from the Property Segment is due mainly to reduced interest expenses.

The Group's Aluminium Segment was able to achieve the above commendable results despite weak market sentiments coupled with the rising costs of doing business, especially escalating energy costs.

(c) Profit after tax

The Group reported a decrease in profit after tax of RM4.0 million or 26.8% to RM11.0 million in the current financial year compared to the previous financial year, which is in accordance with the lower profit before tax.

(d) Earnings per ordinary share

Basic and diluted earnings per ordinary share were both 7.96 sen for the current financial year compared to 10.67 sen and 10.64 sen respectively for the previous financial year.

(e) Financial position

(i) Total Assets

The Group's total assets increased by RM26.9 million or 8.3% to RM350.2 million compared to RM323.3 million in FYE 2022 due mainly to the increase in property, plant and equipment and trade and other receivables. The property, plant and equipment of the Aluminium Segment increased by RM9.5 million or 15.8% from RM60.3 million in FYE 2023 to RM69.8 million in FYE 2022 due to acquisition of two (2) units of rooftop solar photovoltaic system and one (1) set of aluminium frame briquette crushing machine.

Trade and other receivables increased by RM8.4 million or 16.7% to RM58.9 million compared to RM50.5 million in FYE 2022.

The Group's cash position including deposits with licensed banks as well as cash and bank balances was RM40.1 million for FYE 2023 (FYE 2022: RM37.1 million).

(ii) Total Liabilities

Meanwhile, the Group's total liabilities increased by RM20.5 million or 12.4% to RM185.1 million in FYE 2023 from RM164.7 million as at the end of the last financial year due mainly to the increase in borrowings from the Aluminium Segment. The increment in borrowings were for the cost of acquisition of plant and equipment as well as to finance trade and other receivables.

For the Property Segment, the Group's advances received from related parties increased by RM3.1 million to RM18.7 million (FYE 2022: RM15.6 million) during the financial year.

(iii) Gearing ratio

The Group's gearing ratio had increased from 39.4% to 45.7% in FYE 2023. This was due mainly to the increase in borrowings recorded by the Aluminium Segment.

The Group's capital management strategy is to focus on maintaining a 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 opportunities while been able to withstand any economic adversities.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL EXPENDITURE

The Group's estimated total CAPEX for the financial year ending 31 July 2024 ("FYE 2024") is RM11.4 million, of which its breakdown is shown below:

Asset Group	Main usage	Amount RM'000
Plant and machinery	Upgrading of plant and equipment	11,236
Others		200
Total CAPEX for FYE 2024		11,436

The capital expenditure requirement will be financed through internally generated funds.

ANTICIPATED BUSINESS RISKS

The Group is subject to the usual commercial risks and uncertainties from operations that may potentially affect the operating performance of the Group. A number of these potential risks and uncertainties that could have a material adverse effect on the business, financial position and the results of the operations of the Group, are as follows:

(a) Market competition

Aluminium is widely used in modern industries ranging from transportation, construction, consumer goods, packaging, electrical engineering, and renewable energy. Its extensive application across the diverse sectors can be contributed to its lightweight, excellent conductor of electricity, corrosion resistance, durability, and indefinite recyclability. The use of aluminium is expected to rise further in the coming years as the world strives to achieve the target of net zero carbon emissions by 2050. The Group is principally involved in the manufacturing and marketing of aluminium billets catering to aluminium extruders.

The Group continues to experience competition from other local competitors but believes that its ability to compete depends upon many factors including market acceptance of the product quality, competitive pricing and reliable delivery schedule.

In addition, local manufacturers of aluminium billets also compete directly with importers as no tariff is levied on imported aluminium billets in Malaysia.

However, the Group believes it has an edge over its competitors in that it is able to provide flexibility in deliveries to its customers as well as its ability to produce high quality aluminium billets which in turn, further improve the cost structure and production efficiency of aluminium extruders.

(b) Volatility in raw material prices

The Group's primarily raw materials is aluminium ingots, a commodity traded on the London Metal Exchange ("LME"), and its price is dependent upon global demand and supply situation. A shortage of supply may lead to price increase of these raw materials. The Group endeavours to maintain long-term relationships with suppliers to ensure consistent and reliable deliveries and also to obtain its purchases at competitive rates. With regards to the prices, the Group expects to be able to pass on any increase in the cost to its customers, as the orders from customers are priced back-to-back with that of its suppliers, thus reducing the risk of price volatility.

MANAGEMENT DISCUSSION AND ANALYSIS

ANTICIPATED BUSINESS RISKS (CONTINUED)

(c) Volatility in currency exchange rates

Aluminium ingots are imported and priced in USD thus subjecting the Group to currency exchange risk. However, the Group's export sales are denominated in USD, which serve as a natural hedge for its USD requirements, thus mitigating the currency exchange risk. In addition, the Group also expects to be able to pass on the fluctuation in USD movement, if any, to its local customers via back-to-back orders and pricing arrangements to further reduce its exposure to currency exchange risk.

(d) Political and economic instability

The Group operates mainly in Malaysia, deriving approximately 61% of its total revenue for the current financial year from domestic sales. The performance of the Group is significantly dependent upon the stability of the local political climate as well as the resilience of the Malaysian economy.

The Group pays close attention to 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 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 works closely with its business partners to operate and manage the property development projects to ensure on-time completion. The business partners have a proven track record in the Malaysian property development industry for many years.

(f) Weak sentiments for property market

The uncertainties over the domestic property markets amid interest rate hikes and falling house buyers' confidence have disrupted the recovery momentum of the Malaysian property markets post-pandemic. According to the National Property Information Centre, the overall property transactions in the country were down by 5.7% in the first quarter of 2023 compared to the previous year's corresponding period. In addition, project developers are dealing with operational issues of labour crunch, fluctuations of building material costs, and the rising cost of doing business.

The Group works closely with its business partners on the viability of future projects, including the property types, pricing, and the timing of the new launches. As the Group's landbanks earmarked for property development are located at strategic locations in Kuala Lumpur, the Group is optimistic that with proper planning and right strategy execution, the future launches should achieve satisfactory take-up rates.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

The global economy is expected to grow at a slower pace in 2023. Resilient domestic demand, strong labour market conditions and recovery of activities in services sector, particularly, tourism will continue to support global growth. However, headwinds from persistently elevated inflation and higher interest rates remain. While China's reopening remains supportive of the global economy, the slower-than-expected pace of recovery in recent months will weigh on global growth.

For the second half of 2023, the Malaysian economy is expected to expand at a moderate pace. Slower external demand will continue to weigh on economic activities, particularly for the export-oriented sectors. Growth will be supported by domestic demand, underpinned by favourable labour market conditions, particularly in the domestic-oriented sectors. Tourist arrivals are expected to continue improving, thereby lifting tourism activities, while investment activities would be supported by the implementation of multi-year investment projects. Domestic financial conditions also remain conducive to financial intermediation.

The Board remain cautiously optimistic on the outlook for the forthcoming quarter. As usual, we will continuously focus on improving cost efficiencies and operational recovery to mitigate any adverse impacts on our business.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of A-Rank Berhad (“the Board”) is committed to ensuring that the standards of corporate governance pursuant to the Malaysian Code on Corporate Governance (“MCCG”) are practised throughout the Company and its subsidiaries (“the Group”), to achieve its objectives, to protect and enhance shareholders’ value, safeguard the Group’s assets and improve the performances of the Group. Hence, the Board will continue to evaluate the Group’s corporate governance procedures, in so far as they are relevant to the Group, bearing in mind the nature of the Group’s business and the size of its business operations.

The Corporate Governance Overview Statement is to be read together with the Corporate Governance Report (“CG Report”) which is available at the Company’s website at www.arank.com.my as well as Bursa’s website at www.bursamalaysia.com.

The Board is pleased to present this statement and explain how the Group has applied the three (3) principles set out in the MCCG:

- (a) Board leadership and effectiveness;
- (b) Effective audit and risk management; and
- (c) Integrity in corporate reporting and meaningful relationship with stakeholders.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

Roles and Duties of the Board

The roles and responsibilities of the Board have been clearly enumerated in the Board Charter. The Board provides effective leadership and manages overall control of the Group’s affairs through the discharge of the following principal duties and responsibilities:

- review and approve strategies, business plans and significant policies and monitor management’s performance in implementing them;
- oversee and evaluate the conduct and performance of the Group;
- review the adequacy and integrity of the Group’s internal control systems and management information systems which include appropriately sound framework/systems of reporting and to ensure regulatory compliance with the applicable laws, regulations, rules, directives and guidelines;
- review the risk management guidelines, procedures and standards to ensure they provide effective governance of the Group’s risk-taking activities;
- delegates certain responsibilities to the various Board Committees with clearly defined Terms of Reference to assist the Board in discharging its responsibilities;
- overseeing the development and implementation of a Corporate Disclosure Policy for the Company;
- appointment of board committees;
- succession planning for the Board and Senior Management, including the implementation of appropriate systems for recruiting, training, determining the appropriate compensation benefits and where necessary replacing any member of the Board and Senior Management; and
- promoting a culture of integrity throughout the Group’s businesses, including setting the Group’s Anti-Bribery stance and managing corruption risk to avoid self-serving practices and conflicts of interest of the Group.

Separation in the roles of Chairman and Managing Director

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

The Chairman of the Board is primarily responsible for ensuring the Board’s effectiveness and conduct. He ensures that all relevant issues and quality information to facilitate decision making and effective running of the Group’s business are included in the meeting agenda.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

I. BOARD RESPONSIBILITIES (CONTINUED)

Separation in the roles of Chairman and Managing Director (Continued)

The Managing Director is responsible for the day-to-day management of the Group's operations and implementation of the Board's policies and decisions. He is responsible for communicating matters relating to the Group's business affairs and issues to the Board. His vast experience, business knowledge and skills contributed significantly towards the attainment of the Group's goals and objectives.

Where a potential conflict of interest may arise, it is a mandatory practice for the Director concerned to declare his interest and abstain from the decision-making process.

Management's Roles and Responsibilities

The responsibility for the operation and administration of the Group is delegated by the Board to the Executive Directors and the Management within levels of authority specified by the Board from time to time.

The Executive Directors are primarily responsible for:

- primarily accountable for overseeing the day-to-day operations to ensure the smooth and effective running of the Group;
- establishing and reviewing the risk management framework and internal control system across the Group;
- ensuring that the financial management practice is performed at the highest level of integrity and transparency and that the business and affairs of the Group are carried out in an ethical manner and in compliance with the relevant laws and regulations;
- providing effective leadership to the Group and ensuring high management competency and that an effective management succession plan is in place to sustain the continuity of the Group's operations;
- is the conduit between the Board and Management in ensuring the success of the Group's governance and management functions; and
- implements the policies, strategies and decisions adopted by the Board.

The Executive Directors may delegate aspects of their authority and power but remains accountable to the Board for the Group's performance and are required to report regularly to the Board on the conduct and performance of the Group's business units.

Clear functions of the Board and Management

The Board is collectively the primary decision-making body for all material matters affecting the Group. It also provides leadership, guidance and sets a strategic direction.

The Board has a formal schedule of matters reserved to it for decision to ensure that the direction and control of the Group is firmly in its hands. This acts as a safeguard against misjudgements and possible ultra-vires activities.

The Independent Non-Executive Directors are committed in upholding business integrity and exercising their independent judgement while 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 the effectiveness of the decision-making process of the Board.

Qualified and competent Company Secretary

The Board is supported by two (2) outsourced qualified, competent and experienced Company Secretaries who facilitate overall compliance with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") as well as informs and keeps the Board updated of the latest enhancements in corporate governance, changes in the regulatory framework, new statutory requirements and best practices. All Company Secretaries are registered with the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and they are also qualified under the Companies Act 2016.

The Company Secretaries organise and attend all Board and Board Committees meetings and ensure meetings procedures are properly convened, follow 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

I. BOARD RESPONSIBILITIES (CONTINUED)

Qualified and competent Company Secretary (Continued)

The Company Secretaries are 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 Secretaries.

The Board is satisfied with the performance and support rendered by the Company Secretaries in assisting the Board in the discharge of their duties.

Information and support for Directors

At each Board meeting, the Managing Director or Executive Directors will brief the Board on the Group's activities, operations and other performance. All meetings will be preceded by an agenda issued by the Company Secretary.

To facilitate the Directors' time planning, an annual meeting calendar is prepared and circulated in advance of each new year. The calendar provides Directors with scheduled dates for meetings of the Board and Board Committees, as well as the closed periods for dealings in securities by Directors based on the targeted dates of announcements of the Group's quarterly results.

All Directors are provided with Board papers at least five (5) business days before Board meetings to enable them to review and consider the agenda items to be discussed and decided during meetings.

The Board papers contain relevant information and justifications for each proposal for which Board's approval is sought. Where necessary, the Management and external advisers are invited to attend these meetings to provide additional insights and professional views on specific items on the agenda.

The deliberations and decisions at Board and Board Committee meetings are well documented in the minutes, including matters where Directors abstained from voting and deliberation. Minutes of the Board and Board Committee meetings are circulated to Directors for their review prior to confirmation of the minutes at the following Board and Board Committee meetings. The Directors may request for further clarification or raise comments on the minutes prior to confirmation of the minutes. Minutes of Board Committee meetings will also be tabled for Board's notation after confirmation by the respective Board Committees.

In exercising their duties, the Board has completed and unrestricted access to all information of the Group, the advice and services of the Company Secretary and independent professional advice in the furtherance of their duties, at the Company's expense.

Board Charter

The Board Charter provides guidance for Directors on the responsibilities of the Board, its committees and requirements of Directors and is subject to periodical review to ensure consistency with the Board's strategic intent as well as relevant standards of corporate governance.

The Board of Directors regularly reviews the strategic direction of the Group and the progress of the Group's operations, taking into account changes in the business and political environment and risk factors such as the level of competition.

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.

The updated Board Charter was reviewed and approved by the Board on 26 September 2023 and has been uploaded on the Company's website at www.arank.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

I. BOARD RESPONSIBILITIES (CONTINUED)

Code of Conduct and Ethics

The Board has put in place a Code of Conduct and Ethics for the Directors and employees. This Code includes managing conflicts of interest, preventing the abuse of power, corruption, insider trading, money laundering, sexual harassment and others, set the tone at the top, uphold the law, avoid conflicts of interest and report results accurately. The Code of Conduct and Ethics has been uploaded at the Company's website at www.arank.com.my.

Whistle-Blowing Policy

The Board adopted a Whistleblowing Policy since 15 June 2017 and has been uploaded at the Company's website at www.arank.com.my for all employees, vendors, customers, contractors, consultants and stakeholders to raise concerns, without fear of reprisal and to safeguard their confidentiality, about possible improprieties on matters pertaining to financial reporting, compliance, malpractices and unethical business conduct within the Group. Any employee or stakeholder who is aware that any improper conduct has been, is being, or is likely to be committed, is encouraged to report directly to Executive Director or Managing Director. In the case where the matter involves the Director or the matter is serious and requires the attention of a higher level of authority, the employee can report the matter directly to the Audit Committee Chairman. During the year, there is no report had been received pertaining to any misconduct from employees, management, the public or stakeholders.

Anti-Bribery and Corruption Policy

In compliance with Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018), the Company has adopted the Group's Anti-Bribery and Corruption Management System comprising policies and procedures as well as a compliance, monitoring and reporting framework.

Any form of bribery and corruption is not acceptable in the Group. The Group believes that bribery and corruption harm fair competition, healthy growth of the markets and sustainability of successful business. The Group always require all staff to act honestly, with integrity and conduct lawful and responsible business practices.

The Anti-Bribery and Corruption Policy was approved by the Board on 9 December 2020 and has been uploaded at the Company's website at www.arank.com.my.

0 publicly reported case on breaches of the code of conduct

0 publicly reported case on bribery and corruption

Governance of Sustainability

The Board is responsible for the governance of the sustainability risks and opportunities. It provides guidance and oversight to formulate the Group's sustainability strategies to ensure long-term business success. Meanwhile, the Managing Director and Executive Directors are leading the Key Senior Management Team in implementing the sustainability plans and strategies across the board.

The Board continues to stay abreast with the sustainability issues relevant to the Group and to ensure it communicates the Group's sustainability strategies, priorities, targets, and performance against the targets to all the stakeholders via the Sustainability Statement included in this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

II. BOARD COMPOSITION

Presence of Independent Directors on the Board of Directors

The Board of the Company currently comprises nine (9) Directors which are made up of four (4) Independent Directors and five (5) Non-Independent Directors. The Board members, with their diverse backgrounds, bring with them a wide range of competencies, disciplines and experiences to provide stewardship to the Group. The current Board composition present a diverse mix of qualifications and experiences covering business, operations, manufacturing, accounting and engineering.

The composition of the Board complies with the MMLR of Bursa Securities that at least one-third ($\frac{1}{3}$) of the Board consists of Independent Directors. However, the board composition is not aligned with the best practices of MCCG, which stipulates that at least half of the Board comprises Independent Directors.

Currently, the Chairman of the Board is an Independent Non-Executive Director.

There is a balance of power and authority in the Board as the Managing Director is responsible for the normal operations and business activities of the Group whilst the Independent Non-Executive Chairman and the Independent Non-Executive Directors ensure that the Board practices good governance in discharging their duties in compliance with the MCCG.

The Board believes that there are adequate procedures to ensure that Board decisions are balance and effective. Decisions made are fully discussed and examined taking into account the long-term interest of the Group, shareholders, employees, customers and the many communities in which the Group conducts its business. In the event of any potential conflict of interest situation, it is a mandatory practice for the Director concerned to declare his interest and abstain from the decision-making process. In addition, Directors are also governed by a Code of Conduct and Ethics relating to, amongst others, conflicts of interest, protection of company assets and compliance with the law.

Time Commitment

All Directors have committed sufficient time to carry out their duties during the tenure of their appointment. Each Director is expected to commit time as and when required to effectively discharge the relevant duties and responsibilities, besides attending meetings of the Board and Board Committees.

To facilitate the Directors' time planning, an annual meeting schedule is prepared and circulated at the beginning of every year, as well as the tentative closed periods for dealings in securities by Directors based on the targeted date of announcements of the Group's quarterly results.

Board Meetings

The Board meets on a scheduled basis, at least once every three (3) months. Additional meetings may be convened to resolve any major and/or ad-hoc matters requiring immediate attention. Management staff or external advisors had been invited to attend Board meetings to provide the Board with detailed explanations and clarifications.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

II. BOARD COMPOSITION (CONTINUED)

Board Meetings (Continued)

During the financial year ended 31 July 2023, the Company held six (6) meetings of the Board of Directors and details of the Directors' attendances are as follows:

Name of Directors	Number of Meeting attended	Percentage
Cheah Tek Kuang - Chairman <i>(Appointed on 13 October 2022)</i>	4/4	100%
Tan Sri Datuk Leow Chong Howa - Vice Chairman	6/6	100%
Tan Wan Lay	6/6	100%
Gan Choon Sun	6/6	100%
Leow Vinzie	6/6	100%
Leow Vinken	6/6	100%
Hong Cheong Liang <i>(Appointed on 13 October 2022)</i>	4/4	100%
Neoh Lay Keong <i>(Appointed on 17 January 2023)</i>	2/2	100%
Siti Ruzainah Binti Abd Halim <i>(Appointed on 17 January 2023)</i>	2/2	100%
Dato' Shahrir Bin Abdul Jalil <i>(Resigned on 7 December 2022)</i>	2/3	67%
Tuan Haji Ahmed Azhar Bin Abdullah <i>(Resigned on 13 October 2022)</i>	2/2	100%
Dr Leong Chik Weng <i>(Retired on 7 December 2022)</i>	3/3	100%
Wong Tze Kai <i>(Resigned on 7 December 2022)</i>	3/3	100%

All Directors have complied with the requirements of Bursa Securities in relation to attendance at Board meetings, in particular Paragraph 15.05 (3)(c) of the MMLR of Bursa Securities which states that the office of a Director will become vacant if the Director is absent for more than 50% of the total Board meetings held during a financial year.

The Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities. This is demonstrated by amongst others, the satisfactory attendance and time spent at the Board and Board Committee meetings by the Directors during the financial year.

Number of directorships in other listed companies

All Directors of the Company have confirmed that they do not hold more than five (5) directorships in listed issuers pursuant to Paragraph 15.06 of the MMLR of Bursa Securities.

As at the date of this Annual Report, the Company did not receive any notification from Directors except for the notifications from Mr Hong Cheong Liang for his new appointment as an Independent Non-Executive Director of Kumpulan Jetson Berhad on 6 March 2023 and JAG Berhad on 31 May 2023 respectively.

Independence

The Board has a collective responsibility for the management of the Company. The Independent Non-Executive Directors are committed to 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 the effectiveness of the decision-making process of the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

II. BOARD COMPOSITION (CONTINUED)

Independence (Continued)

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.

(a) Tenure of Independent Directors

The tenure for an Independent Director should not exceed a cumulative term of nine (9) years since his appointment as an Independent Director as recommended by the MCCG.

However, the Independent Director may continue to serve on the Board beyond the nine (9) years tenure provided the Independent Director is re-designated as a Non-Independent Director. If the Board intends to retain an Independent Director beyond the nine (9) years tenure, it must justify and seek shareholders' approval annually through a two-tier voting process.

Dato' Shahrir Bin Abdul Jalil, Dr. Leong Chik Weng and Mr Wong Tze Kai, the Independent Non-Executive Directors, who have served the Company for more than 12 years, resigned/retired after the conclusion of the Annual General Meeting held on 7 December 2022 in order to comply with the amended definition of an Independent Director, whereby an Independent Director who has served for more than nine (9) years must resign or be re-designated as a Non-Independent Director.

(b) Policy of Independent Director's tenure

The Company does not have a policy which limits the tenure of its Independent Directors to nine (9) years as required under Step Up Practice 5.4 of MCCG. The Board has set out policies and procedures to ensure effectiveness of the Independent Directors on the Board, including new appointment.

In ensuring that independent judgments are not compromised, the Board will carry out an assessment of independence of the Independent Directors annually and taking into account of the individual Director's ability to exercise its independent judgment at all times and contribution to the effective functioning of the Board.

Based on the assessment conducted for the financial year ended 31 July 2023, the Board is satisfied with the level of independence demonstrated by the Independent Directors and their ability to act in the best interest of the Group.

(c) Shareholders' approval to retain Independent Directors after serving nine (9) years

The tenure of an Independent Non-Executive Director, as stated in the Board Charter, shall not exceed a cumulative term of nine (9) years. If the board intends to retain an independent director beyond nine (9) years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

As at the date of this Annual Report, none of the Independent Directors have exceed a cumulative term of nine (9) years since his/her appointment.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

III. NOMINATION COMMITTEE

The Board established the Nomination Committee (“NC”) on 30 September 2013 which is responsible for identifying, evaluating and recommending to the Board, suitable candidates to fill Board’s vacancies at the Company as well as subsidiaries. Nominations may come from a wide variety of sources.

As at the date of this Annual Report, NC of the Company comprises three (3) Independent Non-Executive Directors and is chaired by Mr Neoh Lay Keong.

During the financial year ended 31 July 2023, two (2) NC’s meeting were held and the details of attendance of each member of the NC meetings are as follows:

Name of NC Members	Designation	Number of Meeting attended
Chairman		
Neoh Lay Keong <i>(Appointed on 17 January 2023)</i>	Independent Non-Executive Director	N/A
Tuan Haji Ahmed Azhar Bin Abdullah <i>(Resigned on 13 October 2022)</i>	Senior Independent Non-Executive Director	2/2
Wong Tze Kai <i>(Resigned on 7 December 2022)</i>	Independent Non-Executive Director	2/2
Members		
Hong Cheong Liang <i>(Appointed on 13 October 2022)</i>	Independent Non-Executive Director	N/A
Siti Ruzainah Binti Abd Halim <i>(Appointed on 17 January 2023)</i>	Independent Non-Executive Director	N/A
Dr Leong Chik Weng <i>(Retired on 7 December 2022)</i>	Independent Non-Executive Director	2/2

Mr Neoh Lay Keong, Mr Hong Cheong Liang and Puan Siti Ruzainah Binti Abd Halim did not attend all the NC meetings held during the financial year ended 31 July 2023 as the last NC meeting was held on 13 October 2022.

The NC’s Terms of Reference and the Fit and Proper Policy that guide the NC on the appointment and re-election of Directors can be viewed at the Company’s website. The Board had reviewed and approved the updated NC’s Terms of Reference and Fit and Proper Policy on 26 September 2023 and 30 March 2022 respectively.

Summary of Activities

For the financial year ended 31 July 2023 and up to the date of this report, the activities of the NC include the following:

- conducted the evaluation on the effectiveness of the Board, Board Committees, and independence of the Independent Directors on an annual basis;
- reviewed the performances of each individual Director and the Finance Manager;
- reviewed and recommended to the Board for the re-election of Directors who will retire pursuant to the Company’s Constitution at the forthcoming AGM of the Company;
- reviewed the training programs attended by the Directors as well as the training needs required to aid the Directors in the discharge of their duties as Directors and to keep abreast with industry developments and trends; and
- assessed, evaluated and recommended to the Board on the appointment of Mr Cheah Tek Kuang and Mr Hong Cheong Liang as Independent Non-Executive Directors of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

III. NOMINATION COMMITTEE (CONTINUED)

Develop, maintain and review criteria for recruitment process and annual assessment of Directors

(a) Appointment of the Board

The NC is responsible to recommend candidates to the Board to fill vacancy arising from resignation, retirement or other reasons or if there is a need to appoint additional Directors with the required skill or profession to the Board in order to close the competency gap in the Board identified by the NC. The potential candidate may be proposed by existing Directors, Senior Management, shareholders or third-party referrals. Upon receipt of the proposal, the NC is responsible to conduct an assessment and evaluation on the proposed candidate.

Before any recommendation is made to the Board, the NC will evaluate a candidate by considering the following factors:

- age, ethnicity, gender, skill and expertise, working experience, industry knowledge, educational qualification, integrity, competence and characteristics;
- willingness and ability to discharge effectively the duties as a director, including the number of directorship in other public listed companies currently held by the candidate;
- able to devote sufficient time and energy to the performance of his/her duties as a director; and
- for the recommendation of an Independent Director, whether he/she meets the criteria of an Independent Director as specified by Practice Note 13 of the MMLR of Bursa Securities and whether he/she can act independently of management.

The Company Secretaries are tasked to ensure all appointments are properly made and all necessary information is obtained from the Directors, for the Company's records and for the purposes of meeting statutory obligations as well as obligations arising from the MMLR of Bursa Securities.

During the financial year ended 31 July 2023, the NC reviewed the background and qualifications of Mr Cheah Tek Kuang and Mr Hong Cheong Liang and recommended to the Board for their appointment as the Company's Independent Non-Executive Directors on 13 October 2022 following the resignation of Tuan Haji Ahmed Azhar Bin Abdullah on 13 October 2022. Furthermore, the NC had conducted the Fit and Proper assessments prior to their appointments.

Following the resignation/retirement of Mr Wong Tze Kai and Dr Leong Chik Weng on 7 December 2022, the NC could not form its quorum and therefore, Board as a whole had reviewed, discussed, assessed and approved the appointment of Mr Neoh Lay Keong and Puan Siti Ruzainah Binti Abd Halim as Independent Non-Executive Directors on 17 January 2023.

(b) Re-election of Directors

Reviewed and recommended to the Board for the re-election of directors who will retire at the forthcoming AGM of the Company:

- (i) In accordance with Clause 76(3) of the Company's Constitution, at the Annual General Meeting ("AGM") in every subsequent year, one-third ($\frac{1}{3}$) 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 ($\frac{1}{3}$), shall retire from office at the conclusion of the AGM 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 AGM, the following Directors will retire by rotation, and being eligible had offered themselves for re-election:

- Mr Gan Choon Sun; and
- Ms Leow Vinzie.

The resolution for the re-election of each Director is voted separately.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

III. NOMINATION COMMITTEE (CONTINUED)

Develop, maintain and review criteria for recruitment process and annual assessment of Directors (Continued)

(b) Re-election of Directors (Continued)

- (ii) In accordance with Clause 78 of the Company's Constitution, all Directors appointed by the Board shall hold office only until the next AGM following their appointment and shall then be eligible for re-election.

Mr Neoh Lay Keong and Puan Siti Ruzainah Binti Abd Halim who were appointed on 17 January 2023 to the Board shall hold office only until the next AGM, and being eligible, both of them had offered themselves for re-election.

The profile of the above Directors and their respective attendance in Board Meetings are presented in this Annual Report. Meanwhile, the Board's recommendation statement for the re-election of the above Directors is included in the Notice of AGM dated 3 November 2023.

In determining whether to recommend a Director for re-election, the aforesaid Directors' time commitment such as attendance at meetings, participation, contribution to the activities of the Board, character, integrity and experience had been considered by the NC.

The NC had on 26 September 2023 at its NC meeting conducted the assessment pursuant to the Directors' Fit and Proper Policy, was satisfied that the abovementioned Directors have met the requirements set out above and recommended to the Board for their re-election at the forthcoming AGM.

(c) Evaluation for Board, Board Committees and individual Directors

The Board, through the NC, performed a formal and objective annual evaluation to determine the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director. Such evaluation also includes the evaluation of Independent Directors on their independences and that all assessments and evaluations by the NC would be properly documented.

The evaluation is performed based on the feedback from the respective Directors to the following questionnaire and evaluation forms distributed annually:

- Audit Committee Evaluation Questionnaire;
- Audit Committee Members' Self and Peer Evaluation Form;
- Board Skills Matrix Form;
- Board and Board Committees Evaluation Form;
- Directors' Evaluation Form; and
- Independent Directors' Self-Assessment Checklist.

The summary of evaluation in respect of the financial year ended 31 July 2023 was tabled to the NC on 26 September 2023 and recommended to the Board for review and notation. The Board was satisfied with the results of the annual assessment and that the current size and composition comprising individuals of high caliber, credibility and with the necessary skills and qualifications to enable the Board to discharge its duties and responsibilities effectively.

(d) Directors' Training

Reviewed the training programs attended by the Directors as well as the training needs required to aid the Directors in the discharge of their duties as Directors and to keep abreast with industry developments and trends.

The NC has assessed the training needs of each Director on an annual basis by determining areas that would strengthen their contribution to the Board. From the assessment, the NC is satisfied that the Directors have attended adequate trainings to enable them to discharge their duties.

All Directors have attended and successfully completed the Mandatory Accreditation Programme ("MAP") Part I prescribed by the MMLR of Bursa Securities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

III. NOMINATION COMMITTEE (CONTINUED)

Develop, maintain and review criteria for recruitment process and annual assessment of Directors (Continued)

(d) Directors' Training (Continued)

In line with the recent amendments to the MMLR requiring all directors of a listed issuer to attend the MAP Part II Programme on sustainability and the related roles of a Director, the Company has taken the necessary initiative to ensure that all of its Directors participate in the MAP Part II on or before 1 August 2025 as prescribed by Bursa Securities.

The Directors will continue to undergo relevant training programmes to further enhance their skills and knowledge in the latest statutory and regulatory developments as well as to keep abreast with developments in the business environment to enable them to discharge their responsibilities more effectively.

The Company Secretaries regularly update the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and briefed 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.

For the financial year ended 31 July 2023, the courses attended by the Directors include:

Name of Directors	Course / Seminar Attended
Cheah Tek Kuang <i>(Appointed on 13 October 2022)</i>	<ul style="list-style-type: none"> 2023 Malaysian Budget Webinar organised by Tricor Taxand Sdn Bhd on 9 March 2023 BDO Tax Webinar on Budget 2023: Aligning your business with recent changes organised by BDO Tax Services Sdn Bhd on 15 March 2023
Tan Wan Lay	<ul style="list-style-type: none"> 2023 Malaysian Budget Webinar organised by Tricor Taxand Sdn Bhd on 9 March 2023 Corporate Liability Awareness organised by Gading Institute Sdn Bhd on 20 May 2023
Tan Sri Datuk Leow Chong Howa	<ul style="list-style-type: none"> 2023 Malaysian Budget Webinar organised by Tricor Taxand Sdn Bhd on 9 March 2023
Gan Choon Sun	<ul style="list-style-type: none"> 2023 Malaysian Budget Webinar organised by Tricor Taxand Sdn Bhd on 9 March 2023 Spotting Key Red Flags in Financial Statements organised by Malaysian Institute of Accountants on 08 May 2023 Corporate Liability Awareness organised by Gading Institute Sdn Bhd on 20 May 2023 Teamwork & Positive Work Culture organised by Uvision Training Centre Sdn Bhd on 22 and 23 July 2023
Leow Vinzie	<ul style="list-style-type: none"> 2023 Malaysian Budget Webinar organised by Tricor Taxand Sdn Bhd on 9 March 2023
Leow Vinken	<ul style="list-style-type: none"> 2023 Malaysian Budget Webinar organised by Tricor Taxand Sdn Bhd on 9 March 2023 Corporate Liability Awareness organised by Gading Institute Sdn Bhd on 20 May 2023

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

III. NOMINATION COMMITTEE (CONTINUED)

Develop, maintain and review criteria for recruitment process and annual assessment of Directors (Continued)

(d) Directors' Training (Continued)

Name of Directors	Course / Seminar Attended
Hong Cheong Liang <i>(Appointed on 13 October 2022)</i>	<ul style="list-style-type: none"> • Cyber Security and board/audit and risk committee responsibility organised by CPA Australia on 7 November 2022 • Business Continuity Management - Preparing for Unexpected and Disruptive Incidents organised by Malaysian Institute of Accountants on 9 November 2022 • Evaluating Cyber Risk organised by CPA Australia on 10 November 2022 • ESG in Practice organised by CPA Australia on 10 November 2022 • ESG and Tax - A Governance Point of View organised by CPA Australia on 11 November 2022 • ESG Measurement, Reporting and Assurance organised by CPA Australia on 29 November 2022 • Attracting and retaining staff organised by CPA Australia on 30 November 2022 • Zero to one – Journey of start-up to corporate organised by CPA Australia on 1 December 2022 • Employing staff organised by CPA Australia on 14 December 2022 • Effective delegation organised by CPA Australia on 7 February 2023 • 2023 Malaysian Budget Webinar organised by Tricor Taxand Sdn Bhd on 9 March 2023 • MIA Conference organised by Malaysian Institute of Accountants on 13 and 14 June 2023
Neoh Lay Keong <i>(Appointed on 17 January 2023)</i>	<ul style="list-style-type: none"> • BDO Tax Webinar on Budget 2023: Aligning your business with recent changes organised by BDO Tax Services Sdn Bhd on 15 March 2023 • Spotting Key Red Flags in Financial Statements organised by Malaysian Institute of Accountants on 08 May 2023
Siti Ruzainah Binti Abd Halim <i>(Appointed on 17 January 2023)</i>	<ul style="list-style-type: none"> • Bursa Malaysia Mandatory Accreditation Programme (MAP) Part I organised by Institute of Corporate Directors Malaysia on 7 & 8 March 2023 • 2023 Malaysian Budget Webinar organised by Tricor Taxand Sdn Bhd on 9 March 2023 • Finance Essentials for Non-Finance Directors organised by Institute of Corporate Directors Malaysia on 25 July 2023

Diversity on Board and Senior Management

The Board has formalised a Boardroom and Senior Management Diversity Policy on 26 September 2018 and acknowledges the importance of diversity in terms of skills, experience, age, gender, cultural background and ethnicity. Having a range of diversity dimensions brings different perspectives to the boardroom and to various levels of Management within the Group.

The Board also acknowledges the need to promote gender diversity in line with the MCCG and the Government's target for women to fill 30% or more of the decision-making positions in corporate Malaysia. While the Company does not have a specific target for female Directors on the Board, suitably qualified female candidates who can contribute to the diversity of the Board, will be considered for appointment in the event that vacancies for Directors arise or when a decision is made to increase the size of the Board.

Currently, the Board composition includes two (2) female Directors, Ms Leow Vinzie and Puan Siti Ruzainah Binti Abd Halim, who are the Non-Independent Non-Executive Director and Independent Non-Executive Director respectively.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

III. NOMINATION COMMITTEE (CONTINUED)

Develop, maintain and review criteria for recruitment process and annual assessment of Directors (Continued)

(d) Directors' Training (Continued)

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.

IV. REMUNERATION COMMITTEE

The Board established a Remuneration Committee ("RC") with appropriate Terms of Reference on 30 September 2013. The Board had reviewed and approved the updated Terms of Reference on 26 September 2023.

As at the date of this Annual Report, RC comprises three (3) Non-Executive Directors of whom; two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Vice Chairman. The RC is chaired by Mr Neoh Lay Keong, who is an Independent Non-Executive Director.

The details of attendance of each member at the RC meeting held during the financial year are as follows:

Name of RC Members	Designation	Number of Meeting attended
Chairman		
Neoh Lay Keong <i>(Appointed on 17 January 2023)</i>	Independent Non-Executive Director	N/A
Wong Tze Kai <i>(Resigned on 7 December 2022)</i>	Independent Non-Executive Director	2/2
Members		
Tan Sri Datuk Leow Chong Howa	Non-Independent Non-Executive Vice Chairman	2/2
Hong Cheong Liang <i>(Appointed on 13 October 2022)</i>	Independent Non-Executive Director	N/A
Tuan Haji Ahmed Azhar Bin Abdullah <i>(Resigned on 13 October 2022)</i>	Senior Independent Non-Executive Director	2/2
Dr Leong Chik Weng <i>(Retired on 7 December 2022)</i>	Independent Non-Executive Director	2/2

The details of Terms of Reference of the RC is available at the Company's website.

Both Mr Neoh Lay Keong and Mr Hong Cheong Liang did not attend all the RC meetings held during the financial year ended 31 July 2023 as the last RC meeting was held on 13 October 2022.

Remuneration policy and procedures for Directors and Senior Management

The Board via the RC, implements the policies and procedures on the recommendation and review of the remunerations for Board members and Senior Management.

The Board believes that competitive remunerations enable the Company to attract, retain and motivate the Directors and Senior Management. The remuneration packages are aligned to corporate objectives and take into consideration the complexity of the Company's business operations with reference to an individual's responsibilities and achievements. Additionally, the Board also ensure that remunerations and incentives for Independent Directors are not in conflict with their obligations to bring objectivity, professionalism and independence of opinions on matters discussed at Board meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

IV. REMUNERATION COMMITTEE (CONTINUED)

Remuneration policy and procedures for Directors and Senior Management (Continued)

RC is responsible for recommending the remuneration framework for Directors as well as the remuneration packages of Executive Directors to the Board. None of the Executive Directors participate in any way in determining their individual remuneration. The Directors of the Company, who are also shareholders, had abstained from voting on the resolutions, in respect of their direct and indirect shareholdings, approving the payment of Directors' fees and benefits at the previous AGM held on 7 December 2022.

The Managing Director and Executive Directors are responsible to determine the remuneration package of the Senior Management, with reference made to remuneration packages of similar positions in comparable companies within the industry.

The remuneration packages of the Executive Directors and Senior Managements are structured in a way to link rewards to the performance of the Company as well as individual performance.

Disclosure of remuneration - Directors

The remuneration package for Directors comprises 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. The fees and meeting allowance payable to the Directors will be recommended by the Board for approval by shareholders at the forthcoming Annual General Meeting scheduled to be held on 5 December 2023.

- 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 corporate performance as well as individual performance.

- Benefits-in-kind

Customary benefits such as share options, motor vehicle and mobile phone allowance are made available to the Directors in accordance with the policies of the Group.

The details of the remuneration of Directors of the Group and of the Company for the financial year ended 31 July 2023 are disclosed on a named basis in the CG Report.

Disclosure of remuneration - Senior Management

The details of top five Senior Management's remuneration components including salary, bonus, benefits-in-kind and other emoluments are disclosed on a named basis in the CG Report in bands of RM50,000 as required under Practice 8.2 of MCCG for the financial year ended 31 July 2023.

However, the Board had decided not to fully disclose the detailed remuneration of each member of senior management on a named basis as required under Step Up Practice 8.3 of MCCG.

The Board will ensure that the remuneration of Senior Management commensurate with the performance of the Group and also taking into account the skills, experience and level of responsibilities of Senior Management, with due consideration to attract, retain and motivate Senior Management to lead and run the Group successfully.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

The Board has established the Audit Committee (“AC”) on 17 March 2005 and comprises three (3) Independent Non-Executive Directors to assist the Board in discharging its duties. The Board has in line with the MMLR of Bursa Securities reviewed the Terms of Reference (“TOR”) and performance of the AC and each of its members and is satisfied that the AC has carried out its duties in accordance with its TOR.

The summary of duties and responsibilities is outlined in the AC’s updated TOR approved by the Board on 26 September 2023. The updated TOR of the AC are available on the Company’s website at www.arank.com.my.

Financial literacy of AC members

The members of the AC including the AC Chairman have relevant accounting knowledge or related financial management expertise and experience to discharge the AC’s duties and responsibilities. All members of the AC are able to understand, analyse and, when necessary, challenge the matters and issues under the purview of the AC, including the financial reporting process.

In addition, all members of the AC are encouraged to undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

The details of the training attended by the AC members for the financial year ended 31 July 2023 are disclosed in this Annual Report 2023.

II. EXTERNAL AUDITORS

Practice 9.3 of MCCG requires the AC to have policies and procedures to assess the suitability, objectivity and independence of the External Auditors, Messrs BDO PLT. Based on the latest assessment carry out by AC on 26 September 2023, the AC is satisfied with the suitability and independence of the External Auditors and takes the following into consideration before making recommendation to the Board for the re-appointment of BDO PLT as External Auditors, which is subject to the approval of shareholders at the forthcoming AGM:

- (a) the adequacy of the experience, audit quality and resources of the External Auditors;
- (b) the nature and extent of audit and non-audit services rendered, inclusive of appropriateness of level of fees; and
- (c) the level of independence of the External Auditors.

The External Auditors had declared their independence as specified in the By-Laws issued by Malaysian Institute of Accountants (On Professional Ethics, Conduct and Practice) and the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)* in respect of the financial year ended 31 July 2023 during the audit completion presented to the AC on 26 September 2023.

Private sessions between the AC members and the External Auditors are held without the presence of the Executive Directors and Management of the Group. This encourages a greater exchange of independence and open dialogue between both parties.

III. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board acknowledges its responsibility for maintaining a sound system of risk management and internal control in the Company and the Group. These controls provide reasonable but not absolute assurance against material misstatement, loss or fraud.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

III. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

The Board has established the Risk Management Committee (“RMC”) on 30 September 2013, headed by the Managing Director and assisted by the Executive Directors and the respective Head of Department to oversee the Group’s risk management framework and policies. The Group does not adopt Step Up Practice 10.3 of MCCG; whereby the RMC should comprise of a majority of Independent Directors. The Board opines that the composition of the RMC is adequate, as the majority of the RMC members actively participate in day-to-day business operations. Thus, they would be able to identify potential risks and react promptly to address any risk that arises.

The RMC is responsible for overseeing the Group’s risk management framework, approving appropriate risk management practices and procedures to ensure effectiveness of risk identification, management and monitoring 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 RMC submits the reports to the AC on its findings on a half yearly basis and the AC will report to the Board accordingly.

In addition, the RMC is also assisted by the Outsourced Internal Auditors in the implementation of risk management i.e. coordinating and reporting (risk management function) and reviewing of risks status (internal audit function). The Outsourced Internal Auditors reviews will also identify any new potential risk that could affect the financial position, operational processes and goodwill of the Company.

The Statement of Risk Management and Internal Control in this Annual Report 2023 provides an overview of the state of risk management and internal controls within the Group.

IV. INTERNAL AUDIT FUNCTION

The internal audit function is outsourced to ASAP Advisory PLT, a professional service firm (the “Outsourced Internal Auditors”). The Outsourced Internal Auditors is headed by its managing partner, Mr Ong Tian Soon (“Mr Ong”), who is a Member of Institute of Internal Auditors Malaysia. Mr Ong is also a member of Malaysian Institute of Accountants, fellow member of Chartered Institute of Management Accountants, Member of Chartered Global Management Account, Certified ISO 37001 Implementer – Anti-Bribery Management Systems and Certified Lead Risk Manager in ISO 31000 – Risk Management. Mr Ong has more than sixteen (16) years of internal audit and risk management experience.

During the financial year ended 31 July 2023, the Outsourced Internal Auditors has assigned three (3) staff to provide internal audit services. The Outsourced Internal Auditors performed its work in accordance with a recognised framework such as the International Professional Practices Framework (“IPPF”) issued by the Institute of Internal Auditors. The internal audit function has been mandated to continually assess and monitor the Group’s system of internal control. The internal audit function adopts a risk-based approach and prepares its audit strategy and plans based on the risk profiles of individual business unit of the Group. Premised on the performance assessment by the AC and feedback from the Management Team, the AC is satisfied that the internal auditors are free from any relationships or conflicts of interest with those involved which could impair their objectivity and independence and is capable of carrying out internal audit reviews.

None of the persons involved have any family relationship with the Directors or Company which could result in the conflict of interest and/or impairment of the objectivity and independence during the internal audit review.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

IV. INTERNAL AUDIT FUNCTION (CONTINUED)

The responsibilities of the Outsourced Internal Auditors include conducting audits, submitting findings and the provision of independent report to the Audit Committee on the Group's systems of internal controls. Being an independent function, the audit work is conducted with impartiality, proficiency and due professional care. The audits are carried out to ensure instituted controls are appropriate, effectively applied and within acceptable risk exposures and consistent with the Group's risk management policy. The Outsourced Internal Auditors reports directly to the Audit Committee and audit findings and recommendations are communicated to the Board.

In performing its duties, the Outsourced Internal Auditors have free and unfettered access to information and to meet with any of the department heads or persons-in-charge. The identified audit findings and recommendations are followed up by the Outsourced Internal Auditors and the status is reported to the AC.

During the financial year under review, the Outsourced Internal Auditors carried out periodic internal audit reviews in accordance with the approved internal audit plan to monitor compliance with the Group's procedures and to review the adequacy and effectiveness of the Group's system of risk management and internal control. The results of these reviews have been presented to the AC at their scheduled meetings. Follow up reviews were also conducted to ensure that the recommendations for improvement have been implemented by Management on a timely basis.

As at the date of this Annual Report, the AC has performed an annual assessment of the performance of the Outsourced Internal Auditors and was satisfied with the adequacy of the scope, function, competency and resources of the Outsourced Internal Auditors and was of the view that they have the necessary authority to carry out their work during the financial year under review.

The total costs incurred for the internal audit function in respect of the financial year ended 31 July 2023 was RM26,000.

Details of the Group's internal control system and risk framework are set out in the Statement on Risk Management and Internal Control of this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH SHAREHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

Communication with stakeholders

The Board recognises 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 Policy 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 general meetings, shareholders and other stakeholders are informed of all material matters affecting the Company through announcements made to Bursa Securities as well as the Company's website including quarterly financial results, Annual Reports, Circulars and other information.

The Board encourages shareholders participation at the AGM as it serves as the principal forum for dialogue and interaction with all shareholders whereby the shareholders are encouraged to participate in the question-and-answer session. The Chairman of the meeting or the Managing Director/Executive Directors will facilitate the discussion with the shareholders and provide further information in response to shareholders' queries.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH SHAREHOLDERS (CONTINUED)

I. COMMUNICATION WITH STAKEHOLDERS (CONTINUED)

Communication with stakeholders (Continued)

Shareholders or potential investors can also send their feedback or inquiries to the Company via the website or may contact the Administration and Purchasing Manager, Mr Fam Lian Fatt to address any concern that a shareholder may have and he can be contacted via telephone, facsimile or electronic mail as follows:

Tel No : +603-8724 4662/3/7

Fax No : +603-8723 2009

Email : fam@arank.com.my

Corporate Disclosure Policy

The Company has established a Corporate Disclosure Policy ("Policy") that applies to the conduct of all Directors and employees of the Group with regard to handling and disclosure of material information.

The objectives of the Policy are as follows:

- (a) to ensure informative, timely, factual and accurate disclosure of material information pertaining to the Group's performance and operations to the public;
- (b) to ensure that all persons to whom this Policy applies understand their obligations to preserve the confidentiality of material information;
- (c) to ensure compliance with all applicable legal and regulatory requirements on disclosure of material information; and
- (d) to maintain good relations with the investing public to inspire trust and confidence.

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

The Board is generally responsible for the proper dissemination of information whilst the actual implementation can be delegated to designated persons. Designated persons appointed as the authorised spokesperson or the appointed investment bank or adviser will prepare the announcement and ensure compliance with the MMLR of Bursa Securities and the accuracy of the contents in the announcement.

All announcements will be reviewed and approved by the Board, the Chairman or Managing Director or Executive Directors or any designated person (where applicable) before they are released to the public via Bursa Securities.

Once the announcement has been released to Bursa Securities, it will be made available and accessible on the Company's website.

Integrated reporting

Practice 12.2 of MCGG; encourages large Companies to adopt integrated reporting, based on a globally recognised framework; so that concise communication about a company's strategy, performance, governance and prospects could lead to value creation, while promoting the integrated relationships between various operating/functional units. Currently, integrated reporting is not applicable to the Group as the Company does not fall within the definition of "Large Company".

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH SHAREHOLDERS (CONTINUED)

II. CONDUCT OF GENERAL MEETINGS

Notice of General Meeting

The AGM and Extraordinary General Meeting (“EGM”) serves as the principal forum for direct interaction and dialogue among shareholders, Board and Management. The AGM or EGM provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group’s performance and other matters of concern. Shareholders are encouraged to actively participate in the question and answer (“Q&A”) session. The Board, Management and/or the External Auditors are available to respond to shareholders’ enquiries and provide appropriate clarifications at the AGM or EGM.

The Notice and meeting documents of AGM held on 7 December 2022 was made available to the shareholders at least twenty-eight (28) days before the general meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed. Each item of special business included in the Notice of the AGM will be accompanied by a full explanation of the effects of a proposed resolution. The Company also published the Notice of the AGM on a national newspaper. The Notice included an explanatory statement for the proposed resolutions to facilitate a better understanding and evaluation of issues by the shareholders.

The results of all the resolutions set out in the Notice of the AGM or EGM will be announced on the same day of the meeting to Bursa Securities and published on the Company’s website.

The Company encourages its shareholders to participate virtually in the forthcoming AGM on 5 December 2023.

Attendance of directors at General Meeting

The Company maintains an open and transparent channel of communication with its stakeholders, institutional investors and shareholders, so as to provide a clear and complete picture of the Group’s performance. The Company believes that constructive and effective relationship is an important factor in promoting and enhancing value for our shareholders.

The last AGM held on 7 December 2022, was conducted on a fully virtual basis using Remote Participation and Voting Facilities provided by Tricor Investor & Issuing House Services Sdn Bhd. All the Directors including the Chairman of the Board Committees participated in the meeting to engage with shareholders, corporate representatives and proxies. Shareholders were invited to send questions in advance of the meeting pertaining to the Company’s accounts and proposed resolutions, or via the real time submission of typed texts during the live streaming of the AGM.

The Chairman also provides sufficient time for the Q&A sessions during the AGM. Time for suggestions and comments by shareholders, to be noted by Management for consideration, was also provided. The Management, External Auditors and Company Secretary were in attendance to respond to the shareholders’ queries, where applicable or necessary.

The minutes of the meeting was uploaded to the Company’s website within 30 business days from the date of the meeting.

Poll voting

Practice 13.3 of MCGG encourages the Company to leverage on information technology for electronic voting and remote shareholders’ participation at the general meetings, especially for those listed companies with a large number of shareholders. The Company has leveraged technology to facilitate remote shareholders’ participation and electronic voting in conducting a poll on the resolutions in general meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH SHAREHOLDERS (CONTINUED)

II. CONDUCT OF GENERAL MEETINGS (CONTINUED)

Poll voting (Continued)

The last AGM was conducted on a fully virtual basis on 7 December 2022 through an online meeting platform by using the Remote Participation and Voting Facilities provided by Tricor Investor & Issuing House Services Sdn Bhd via its TIH Online website at <https://tiah.online> or <https://tiah.com.my>.

The last AGM of the Company was held on 7 December 2022 with the appointment of a poll administrator and a scrutineer for the poll voting process. In accordance with the MMLR of Bursa Securities, the Board put all resolutions to vote by way of poll at the general meetings and announced the polling results to Bursa Securities on the same day.

STATEMENT ON DIRECTORS' RESPONSIBILITY

Pursuant to Section 251(2) of the Companies Act 2016 (the "Act"), the Directors are required to draw up the financial statements for each financial year that gives a true and fair view of the state of affairs of the Group and of the Company as at the end of the accounting period and of their results and cash flow for the financial 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 prevent fraud and other irregularities.

In preparing the financial statements for the financial year ended 31 July 2023, the Directors have:

- (a) adopted the appropriate accounting policies, which are consistently applied;
- (b) made reasonable and prudent judgments and estimates; and
- (c) ensure that the applicable approved Malaysia Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Act are complied with.

The Statement of Directors pursuant to the Act is set out in the Annual Report 2023.

ADDITIONAL COMPLIANCE INFORMATION

AUDIT FEES AND NON-AUDIT FEES

The amount of audit and non-audit fees paid or payable to the External Auditors, BDO PLT and its affiliated company for the services rendered to the Group and the Company for the financial year ended 31 July 2023 are as follows:

	Group RM'000	Company RM'000
Audit services rendered		
– By the Company's External Auditors	91	11
Non-Audit services rendered		
– By the Company's External Auditors	5	5
– By the affiliated company of the Company's External Auditors	11	1
	107	17

The non-audit services rendered during the financial year were in respect of the review of the Statement on Risk Management and Internal Control and tax compliances.

In considering the nature and scope of the non-audit fees, the Audit Committee was satisfied that they were not likely to create any conflict of interest nor impair the independence and objectivity of the External Auditors.

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 the interests of Directors and/or Major Shareholders and/or Persons Connected with them, either still subsisting at the end of the financial year ended 31 July 2023 or, if not then subsisting, entered into since the end of the previous financial year.

UTILISATION OF PROCEEDS

There were no proceeds raised by the Company from any corporate proposal during the financial year ended 31 July 2023.

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The details of the related party transactions during the financial year ended 31 July 2023 are set out in the Note 31 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 proposed renewal of the existing shareholders' mandate for the recurrent related party transactions of a revenue or trading nature to be tabled at the forthcoming Annual General Meeting are set out in the Circular to Shareholders dated 3 November 2023.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The shareholders of the Company had via an Extraordinary General Meeting held on 21 August 2018 approved an ESOS of up to 10% of the total issued shares of the Company for the eligible Directors and employees of the Group. The ESOS was for a duration of five (5) years commencing from the date of implementation on 27 August 2018 to 26 August 2023, unless extended further.

The Company had on 8 June 2021 announced that additional 5,097,000 options were offered to the eligible Directors and employees of the Company and its non-dormant subsidiaries to subscribe for new ordinary shares in the Company under ESOS.

On 27 June 2023, the Company had announced that the Board has approved the extension of the Company's ESOS which was expiring on 26 August 2023 for a further duration of five (5) years until 25 August 2028 in accordance with the terms of the ESOS By-Laws. The ESOS extension is not subject to any approval from the Company's shareholders, Bursa Malaysia Securities Berhad and/or any other relevant authorities.

ADDITIONAL COMPLIANCE INFORMATION

EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (CONTINUED)

The total number of options granted, exercised, cancelled, lapsed and outstanding under the ESOS as at 31 July 2023 are set out in the table below:

Description	Directors	Senior Management	Other eligible employees	Total
Options granted	6,900,000	2,580,000	4,229,000	13,709,000
Adjustment of Bonus Issue*	1,480,000	650,400	906,000	3,036,400
Options exercised	(5,300,000)	(2,219,000)	(2,825,200)	(10,344,200)
Options retracted [#]	(400,000)	-	(326,000)	(726,000)
Options exercisable outstanding	2,680,000	1,011,400	1,983,800	5,675,200

* Adjustment made pursuant to the bonus issue of new ordinary shares in the Company following the bonus issue exercise undertaken by the Company on the basis of two (2) bonus shares for every five (5) existing ordinary shares held by the shareholders of the Company on 18 January 2019.

[#] Due to resignation

In accordance with the Company's ESOS By-Laws, not more than 70% of the Company's ordinary shares available under the Scheme shall be allocated, in aggregate, to Directors and Senior Management of the Group. Since the implementation of the ESOS up to the end of the financial year ended 31 July 2023, the Company has granted 69.15% of options to the Directors and Senior Management.

As at financial year ended 31 July 2023, ESOS allocations to the Directors are as follows:

Name of Directors	Number of options granted	Number of options exercised	Number of options unexercised
Executive Directors			
• Tan Wan Lay	3,440,000*	(2,240,000)	1,200,000
• Gan Choon Sun	2,740,000*	(1,740,000)	1,000,000
• Leow Vinken	-	-	-
Non-Executive Directors			
• Tan Sri Datuk Leow Chong Howa	380,000*	-	380,000
• Leow Vinzie	300,000	(200,000)	100,000
• Cheah Tek Kuang (Appointed on 13 October 2022)	-	-	-
• Hong Cheong Liang (Appointed on 13 October 2022)	-	-	-
• Neoh Lay Keong (Appointed on 17 January 2023)	-	-	-
• Siti Ruzainah Binti Abd Halim (Appointed on 17 January 2023)	-	-	-

* Included the adjustment made pursuant to the bonus issue of new ordinary shares in the Company following the bonus issue exercise undertaken by the Company on the basis of two (2) bonus shares for every five (5) existing ordinary shares held by the shareholders of the Company on 18 January 2019.

During the financial year ended 31 July 2023, the Company had allotted and issued 793,000 new ordinary shares pursuant to the ESOS.

Subsequent to the financial year ended 31 July 2023 and up to the date of this report, the Company did not allot and issued new ordinary shares pursuant to the ESOS.

As at the date of this Annual Report, the unexercised options pursuant to A-Rank's ESOS granted and accepted by eligible Directors and employees are 5,675,200 options.

Other than as disclosed above, there were no issuance, cancellation, repurchase, resale or repayment of debt and equity securities for the financial year to-date and up to the date of this report.

SUSTAINABILITY STATEMENT

Our approach on sustainability is done through the balancing act of doing business responsibly and utilising natural resources to satisfy the needs of the current generation. With this, we hope that we can bequeath the future generation with the same or even better environment and resources that the current generation is privileged to have.



ABOUT THIS REPORT

With a sense of pride and purpose, we present our sustainability statement, which is intended to reflect the significant Economic, Environmental, Social and Governance impacts of A-Rank operations, to facilitate the decision making of stakeholders and contribute to the development of an industry that promotes the sustainable recycling of aluminium.

Scope and Boundary:

This report primarily covers the sustainability initiatives of A-Rank's subsidiary, Formosa Shyen Horng Metal Sdn Bhd which comprise essentially the Group's operation.

Reporting Period:

Information and performance indicators covering the reporting period of 1 August 2022 to 31 July 2023. Historical information collected from previous years were included for comparison.

Report Guideline:

This report aligns to the:

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

Reporting Cycle:

This is prepared annually coinciding with our financial year ended 31 July 2023 ("FYE 2023").

Feedback and Comments

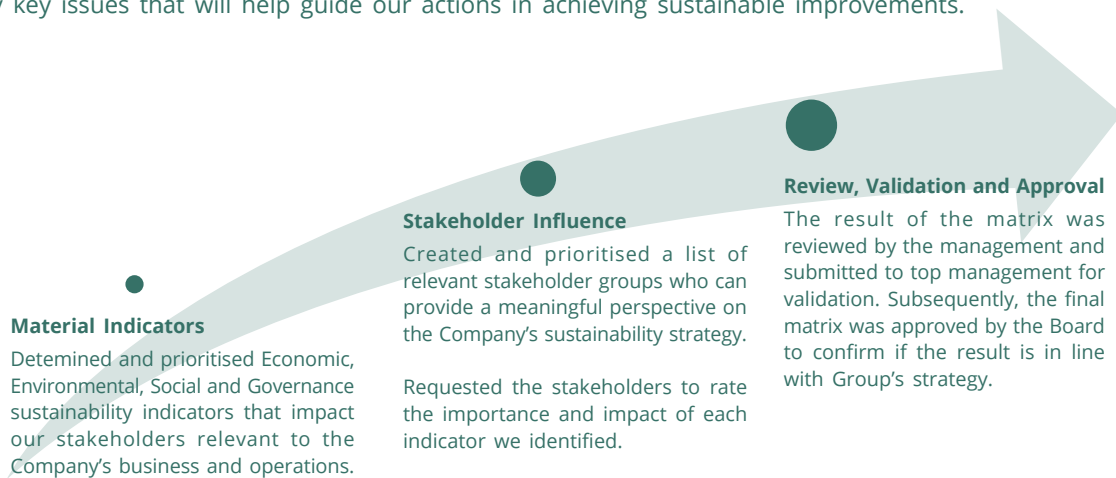
Please direct your feedback and comments to: fam@arank.com.my

SUSTAINABILITY STATEMENT

MATERIALITY

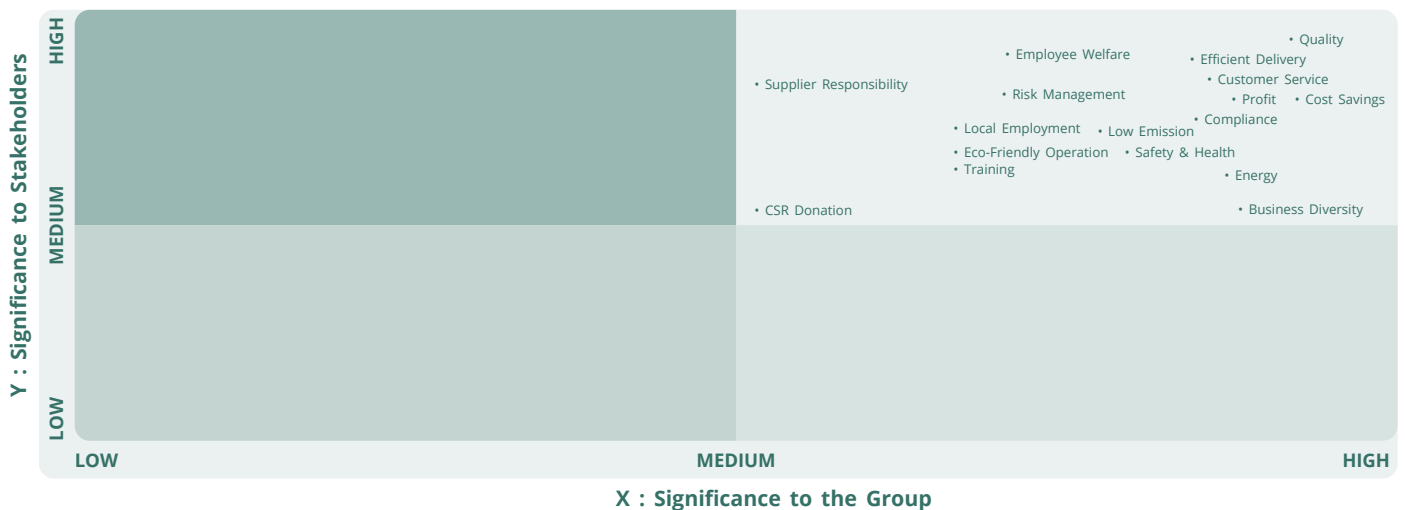
Materiality Process

We have conducted an extensive materiality process in financial year ended 31 July 2019 to identify matters which could have significant Economic, Environmental, Social and Governance impacts on our business and stakeholders. Following this, we have reviewed the material matters for FYE 2023 and we have concluded that all material matters reported previously continue to be relevant and remain our prime concerns. We will persist in our periodic reviews on the material matters to ensure that we remain relevant with the rapid changes of the business environment. Materiality analysis allows us to identify key issues that will help guide our actions in achieving sustainable improvements.



Materiality Matrix

Illustrated below is the outcome of our materiality assessment in terms of the significance of the Economic, Environmental, Social and Governance impacts to the organisation or their influence on stakeholder assessments and decisions. The Group has identified 17 sustainable material issues as shown below.



The X-axis represents the Economic, Environmental, Social and Governance issues relevant to the Group, and the Y-axis denotes the issues material to our stakeholders. The issues on the top right-hand quadrant of the matrix are considered to be of the highest significance to our Group and stakeholders. The three (3) sustainable aspects that are significant to the Group and stakeholders are Quality, Efficient Delivery, and Customer Service which is in line with our Mission and Vision.

SUSTAINABILITY STATEMENT

STAKEHOLDER ENGAGEMENT

We define our stakeholders as groups whom our business has a significant impact on and those with a vested interest in our operations. We believe that actively engaging with and working in partnership with our stakeholders is crucial to address key priorities.

The table below shows the list of stakeholders with whom we engage along with the value chain which 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	Material Matters	Responses
Shareholders	<ul style="list-style-type: none"> Financial performance Transparency 	<ul style="list-style-type: none"> Business Ethics Economic Performance Systematic Risk Management 	<ul style="list-style-type: none"> Maintaining a stable and long-term growth strategy Identifying new business opportunities to sustain future business growth Implement strategies to enhance business and financial resilience Policies are in place to inculcate good corporate governance, curb bribery and corruption and promote integrity within the Group
	<ul style="list-style-type: none"> Communication with shareholders 		<ul style="list-style-type: none"> Shareholders are encouraged to participate in the Company's General Meeting, where they can engage with the Management Timely disclosure of information on the Company's website and immediate announcement made to Bursa Malaysia Securities Berhad
Employees	<ul style="list-style-type: none"> Safety and Health 	<ul style="list-style-type: none"> Employee Engagement Employee Safety and Health Training and Education Labour Practices 	<ul style="list-style-type: none"> Establishment of Safety and Health Committee 24-hour security camera surveillance Consistent promotion and constant updating of the awareness for safety precautions and health issues Governed by the Employment Act 1995 and all other relevant labour laws of Malaysia that reflect the protection of human rights through fair working hours, fair payment of wages and fair treatment of all without differentiation in age, gender, race and religion
	<ul style="list-style-type: none"> Career development 		<ul style="list-style-type: none"> Provide training and development programmes that help employees achieve their personal goals and the Group's collective goals as an organisation Apprenticeship opportunities for eligible employees under Human Resources Development Fund's Apprenticeship Scheme

SUSTAINABILITY STATEMENT

STAKEHOLDER ENGAGEMENT (CONTINUED)

The table below shows the list of stakeholders with whom we engage along with the value chain which we believe are impacted the most by our business activities. The table also catalogues their concerns and our responses to resolve such issues. (Continued)

Stakeholder Group	Concerns	Material Matters	Responses
Customers	<ul style="list-style-type: none"> Quality of products, on-time delivery and service support 	<ul style="list-style-type: none"> Product Quality and Safety Innovation Customer Welfare 	<ul style="list-style-type: none"> Annual customer surveys Monitor production and logistic targets On-site visits Stringent quality control ISO 9001 certification Strive towards innovation, product quality and customer service excellence in order to maintain our competitive advantage as well as accelerate customers' engagement
Suppliers	<ul style="list-style-type: none"> Long-term partnership Delivery performance 	<ul style="list-style-type: none"> Economic Performance Business Ethics 	<ul style="list-style-type: none"> Periodic performance evaluation Conducting site visits at the suppliers' premises Maintaining two-way communication with suppliers Fair and ethical procurement process Policies are in place to inculcate good corporate governance, curb bribery and corruption and promote integrity within the Group
Community	<ul style="list-style-type: none"> Socially responsible company to the community where we operate 	<ul style="list-style-type: none"> Community Waste and Hazardous Waste Materials Management 	<ul style="list-style-type: none"> Donations to schools, charity foundations and welfare bodies Disposal of waste and hazardous waste materials and effluents in accordance with relevant laws and regulations Worked together to advocate waste reduction
Government	<ul style="list-style-type: none"> Trustworthiness and integrity in statutory compliance 	<ul style="list-style-type: none"> Business Ethics Ecological Impacts Employee Safety and Health Labour Practices 	<ul style="list-style-type: none"> License update Conducting relevant trainings for employees Strict monitoring to ensure compliance with relevant rules and regulations Uphold good corporate governance through policies such as the Code of Conduct and Anti-Bribery and Corruption ("ABC") Policy to ensure regulatory compliance

SUSTAINABILITY GOVERNANCE

A-Rank is committed in making our mark in the global market arena whilst embracing the path of sustainability practices and contributing to a better Economy, Environment, Society and Governance.

The Board provides guidance and oversight to ensure that the Company is equipped with the appropriate strategies and risk processes for creating sustainable value for all stakeholders. A-Rank's Managing Director has the overall management responsibility for sustainability matters, whereas the Senior Management team is responsible for formulating and implementing the approved sustainability policies across the organisation.

All managers are dedicated and unified in the common goal of proactively enhancing their respective department's sustainability practices throughout the Group. The Safety and Health Committee is headed by an Executive Director and its members are represented by both management and employee representatives.

SUSTAINABILITY STATEMENT

SUSTAINABILITY GOVERNANCE (CONTINUED)

The Executive Directors and the Senior Management team regularly upraise the Board regarding sustainability issues and recommend the best practices for implementation.

The Risk Management Policy dictates safeguarding the interest of stakeholders and balancing their expectations. Similarly, we ensure regulatory compliance with applicable laws, regulations, rules, directives and guidelines.

By operating on our best principles and responding to shifts in sustainability matters, we project our steady improvement in delivering sustainable products and services.

ECONOMIC, ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ECONOMIC

To achieve sustainable development of the marketplace, the Group endeavours to carry out activities to promote responsible practices among our investors, suppliers and customers where high ethical standards in the respective areas are consistently applied.

(a) Investors

In line with good corporate governance and transparent business practices, we constantly review our policy to ensure the Group is managed effectively and ethically with adequate control mechanisms to manage risks and deliver accountability, sustainability and profitability. Good corporate governance practices translate into better business performance and create a more sustainable value for the Group and its stakeholders.

The Board recognises the importance of communication with its shareholders and investors through general meetings of shareholders and the Company's website, which provide up-to-date information on the Group's activities, board charter, financial results and announcements to Bursa Malaysia Securities Berhad, Annual Reports and other information.

(b) Customers

Aligned with our Group's Vision and Mission, we build lasting relationships with customers by conducting our business and operations in a manner that seamlessly connects Reliability, Quality, Service and On-Time Delivery. More importantly, to serve our customers better, we have established a customer satisfaction objective and carry out yearly surveys to measure the level of satisfaction as well as to gain insight for improvements.

We are proud to have consistently achieved our customer satisfaction survey results conducted for the past five (5) years (Yearly Objective: > 80%) as below:

Years	Local Customers	Oversea Customers	Overall
FYE 31.07.2019	87.50%	88.14%	87.72%
FYE 31.07.2020	86.89%	87.86%	87.29%
FYE 31.07.2021	86.53%	87.50%	86.79%
FYE 31.07.2022	87.42%	90.00%	88.37%
FYE 31.07.2023	86.53%	88.57%	87.10%

SUSTAINABILITY STATEMENT

ECONOMIC, ENVIRONMENTAL, SOCIAL AND GOVERNANCE (CONTINUED)

ECONOMIC (CONTINUED)

(b) Customers (Continued)

(i) Reliability

In tune with the Group's mission to support our customers' continued success, we aim to consistently deliver quality products and offer reliable services. To this end, we work closely with our customers in enhancing and modifying our products and processes according to the customers' specific needs and conditions.

(ii) Quality

Our Quality Management System ("QMS") was established and tailored to the ISO 9001: 2015 requirements, which is applicable to the manufacture of aluminium billets. To strengthen the system and compliance of all quality procedures, we have established an efficient and effective internal audit team for assessing the QMS periodically.



(iii) Service

We have implemented a feedback system on the availability of person in-charge, customer requests, technical information and response to problem solving. Both complimentary and constructive feedback are communicated, and action plans are devised in areas where improvements are required. Other than the annual surveys that we conduct, our Sales and Marketing team remains in regular contact with our customers to ensure that any issues are addressed in a timely manner.

(iv) On-time Delivery

On-time delivery affects every aspect of our business and dictates the efficiency of the supply of raw materials and the production process. Our on-time delivery process is based on the monitoring of customers' expected delivery date and shipment schedule. Thus, we have allocated measures and resources from the sourcing of raw materials to the prompt delivery of our products. Each step of our quality objectives process is accounted for; that is, we have determined the required actions and resources as well as the measurement methods. All department's roles and responsibilities are clearly defined to meet deadlines and keep lines moving.

(c) Suppliers

The Group respects its suppliers and works closely with them through long-term relationships to realise mutual growth based on mutual trust.

Transparency and Integrity

As stated in the Code of Conduct and Ethics for Directors and Employees, purchasing activities in our supply chain shall be carried out with transparency, integrity and honesty. The Group prohibits the acceptance of extravagant gifts, favours, entertainment or services that may influence the recipient's job performance and responsibilities.

Mutual Growth

The Group values and works jointly with its suppliers to develop long-term relationships that will lead to mutual growth based on mutual trust. In partnership with suppliers, we continuously enhance the supply chain for the purpose of meeting our customers' expectations and needs. We develop and maintain good relationships with suppliers that form one of the significant factors in building a sustainable supply chain.

SUSTAINABILITY STATEMENT

ECONOMIC, ENVIRONMENTAL, SOCIAL AND GOVERNANCE (CONTINUED)

ECONOMIC (CONTINUED)

(c) Suppliers (Continued)

Mutual Growth (Continued)

All procurement activities are guided by our documented procedures as prescribed by the ISO 9001:2015 Quality Management System to ensure that our suppliers comply with our purchase material specifications and satisfy our production requirements. To ensure the compliance practices of our suppliers, we evaluate the performance of our suppliers on a biannual basis in terms of the quality of products and services, pricing, packaging, delivery and product safety criteria. Meanwhile, for potential suppliers, our selection criteria are focused on quality and sustainable sources, pricing and delivery performance.

Data Protection

The Group is committed to respecting and protecting the privacy and security of the information to which it has access, whether it belongs to the Group, its customers, employees or the general public. The Group deals with the security and processing of this data transparently, according to best market practices and applicable legislation such as the Personal Data and Protection Act 2010.

Between FYE 2021 to FYE 2023, no substantiated complaints concerning breaches of customer privacy and losses of customer data were recorded by the Group.

ENVIRONMENTAL

Environmental sustainability has become of paramount importance because of the worsening depletion of the earth's natural resources, on which everyone relies on. Therefore, we believe that *"Protecting the Environment Is Our Shared Responsibility"*.

Minimise Environmental Impact Operation

The Group contributes to environmental preservation in a unique way by supporting customers in using recycled aluminium, which reduces the usage of virgin raw material.

At A-Rank, we espouse environmental sustainability principles in our business and operations. To this end, we have initiated several programmes and measures.

Our Environmental Policy is the guiding principle in our commitment to environmental stewardship and in our endeavour to operate in harmony with the environment.

Environmental Management

We have established an Environmental Performance Monitoring Committee tasked with identifying roles and responsibilities as well as advocating for environmental measures, so that we can implement appropriate strategies to manage our air emissions and waste from all our facilities. In addition, this Committee ensures the seamless connectivity amongst all relevant departments in dealing with environmental issues particular to our operation.

SUSTAINABILITY STATEMENT

ECONOMIC, ENVIRONMENTAL, SOCIAL AND GOVERNANCE (CONTINUED)

ENVIRONMENTAL (CONTINUED)

Environmental Awareness and Training

Environmental training is critical in increasing the knowledge of our employees and in better understanding the environmental regulatory issues that affect the organisation, both of which will aid our compliance with rules and regulations.

The table below shows the environmental trainings conducted during the financial year ended 31 July 2023:

Training Topic	Number of Attendees	Number of days
Schedule waste value stream identification (SWVS) on 16 & 27 October 2022	2 persons	2 days / person

Energy Management

"We drive down our energy consumption by investing in modern technologies..."

Our energy-saving initiative is focused on the melting and homogenise operations, as these are energy-intensive processes. In pursuing this, we have collaborated with an electrical monitoring vendor to install detection devices to study the power consumption pattern of our homogenise furnaces so as to provide solutions to optimise furnaces handling and to minimise power consumption.

The high-capacity melting furnaces are linked to heat-generating burners. In this way, the harnessed waste heat is returned to the process, thereby reducing energy consumption. On the other hand, the hydraulically tilting holding furnace controls the melt temperature, consequently decreasing energy consumption and improving product quality and productivity.

Below are the details of our energy consumption in the past five (5) financial years:

	Diesel (Litres)	Natural Gas (MMBtu)	Electricity (KwH)
FYE 31.07.2019	229,320	469,909	12,783,297
FYE 31.07.2020	207,480	425,553	12,206,029
FYE 31.07.2021	207,480	490,509	13,015,850
FYE 31.07.2022	207,480	480,599	13,003,844
FYE 31.07.2023	207,480	463,786	12,237,060

An electricity management team was formed in February 2020 with the objectives to identify and reduce electricity wastage and improve the overall efficiency of electricity usage. The team has initiated the energy management by engaging an energy monitoring system supplier to install a real time energy monitoring system in homogenise furnaces where electricity consumption is the most significant. The data collected will be analysed for further efficiency improvement actions.

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 and natural 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 from natural sources.

During the financial year ended 31 July 2023, the Group has completed installation of two (2) units of solar photovoltaic rooftop projects with a total capacity of 1.5 MWp at our factory in Beranang.

SUSTAINABILITY STATEMENT

ECONOMIC, ENVIRONMENTAL, SOCIAL AND GOVERNANCE (CONTINUED)

ENVIRONMENTAL (CONTINUED)

Solar Energy (Continued)

Below are the details of electricity savings from our solar photovoltaic rooftop projects:

Solar Photovoltaic Rooftop Project	FYE 31.07.2023 [#]	
	MWh	RM'000
0.0882 MWp	42	23
1.41426 MWp	551	301
Total	593	324

May to July 2023

Scheduled Waste Management

The Group monitors the disposal of wastes and the performance of the licensed waste contractors. We also promote environmental awareness and training amongst employees. Additionally, we ensure that scheduled waste such as aluminium dross, contaminated gloves and hazardous materials are disposed of to the licensed contractors for further recycling, recovery and landfill.

Our ongoing efforts to reduce waste consists of:

- investment in better technology such as magnetic stirrer;
- ensure that the aluminum recovery process proceeds through every aluminum melting lot; and
- monitoring of Monthly Dross Generation and Analysis of Aluminum Recovery Rate on a monthly basis.

	Aluminium Dross
FYE 31.07.2019	2,874 MT
FYE 31.07.2020	2,588 MT
FYE 31.07.2021	3,301 MT
FYE 31.07.2022	2,963 MT
FYE 31.07.2023	3,191 MT

Glove Recycling

Instead of a one-time use, our used gloves 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.

Air Emission

It is extremely important to control our point-source pollutions, which affects the quality of air. To this end, we have invested substantially in dust control systems to ensure that cleaner air is discharged into the environment.

Water Recycle and Re-use

The Group's operations are not water intensive and have a relatively low water consumption. However, the Group recycles and re-uses water in our cooling towers used in the production casting processes for cooling of aluminium billets, which will maximise water usage thereby reducing the depletion of water resources and enhancing water conservation performance.

Environmental Compliance

We are committed to comply with and operate in accordance with the relevant environmental laws and regulations. The Environmental Performance Monitoring Committee is responsible for implementing and monitoring the effectiveness of our environmental policy as well as for formulating additional policy elements as deemed necessary.

The environmental regulations that specifically apply to the Group are:

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

SUSTAINABILITY STATEMENT

ECONOMIC, ENVIRONMENTAL, SOCIAL AND GOVERNANCE (CONTINUED)

SOCIAL

(a) EMPLOYEE

The Group recognises that our employees are our most important assets. We demonstrate this commitment by creating a healthy and safe workplace as well as a conducive environment where employees can experience and sustain an adequate work-life balance.

(i) Employee Welfare

The Group's success is hugely dependent on its employees' hard work, loyalty, strong leadership, integrity and commitment in pushing towards attaining the Group's milestones. To this end, we have implemented initiatives that promotes the safety and health of our employees as well as enhance their compensation and benefits.

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, Jamuan Hari Raya, annual dinner and educational support event. We highlight the celebration of major achievements, important milestones and other events that are important to our employees.

Benefits and Compensation

We comply with the government-mandated statutory compensation and benefit requirements, including KWSP, PERKESO, annual leaves, sick leaves, marriage leaves and compassionate leaves.

To better enhance employee welfare, we provide medical benefits, hospitalisation and personal accident insurance to employees. We have implemented a monthly incentive scheme to reward employees when the company meets the production and sales targets.

Employee Retention and Long Service Award

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. In conjunction with A-Rank's annual dinner event held at Bangi Resort Hotel, the Group has bestowed ten (10) and twenty (20) years Long Service awards to fourteen (14) recipients and eleven (11) recipients for each category respectively.

Meanwhile, we also provide medical benefits, hospitalisation and personal accident insurance coverage as well as educational support for the children of employees in need. In March 2023, the Group gives educational support to sixty-nine (69) deserving children of employees who meet certain criteria.

We are pleased that since the outbreak of the Covid-19 pandemic, the Group has not laid off any employees.

(ii) Safety and Health ("S&H")

The Management regards with utmost importance the occupational safety and health of employees at the factory, where there is high exposure to risks and hazards. 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 personal protective equipment at all times during work hours to minimise the effects of workplace hazards.

In our commitment to safeguard our stakeholders, we have established the S&H Policy.

SUSTAINABILITY STATEMENT

ECONOMIC, ENVIRONMENTAL, SOCIAL AND GOVERNANCE (CONTINUED)

SOCIAL (CONTINUED)

(a) EMPLOYEE (CONTINUED)

(ii) Safety and Health (“S&H”) (Continued)

S&H Compliance

To provide a framework that protects the safety, health and welfare of our employees, the Group has put in place a number of relevant measures and rigorously complies with the following S&H rules, regulations and legislations:

- Safety and Health Act 1994;
- Occupational Safety and Health Regulations 1996; and
- Regulations of the Factory and Machinery Act 1970.

S&H Committee

We have established the S&H Committee, which is headed by our Executive Director and is composed of member employees and management representatives. The S&H Committee assists in formulating safety and health rules, reviewing their effectiveness and analysing trends in occupational disease, risks and hazards that are specific to the Group’s business and operations.

Listed below are the S&H trainings conducted during the financial year under review.

Title/Objective	Number of Attendees	Number of Hours
Safety and Health Talk	147	1 hour / person
Induction of Newly Recruits	52	1 hour / person

S&H Guidelines for Visitors and Contractors

Apart from providing a safe premise and a healthy working environment for employees, the Group proactively safeguards all visitors who are inside the premise for work or any other purposes. Frequent visitors and contractors have signed S&H Memorandum, which explains the potential risks in the production facilities and their respective safety guidelines. Visitors are reminded to follow and be aware of any safety warnings or instructions on signage displayed in the premise.

S&H Monitoring

The Group enforces S&H practices in all aspects at all times and carries out 24-hour security camera surveillance. All employees are required to observe safe work practices as well as identify and report any potential unsafe conditions and operations to the S&H Committee to ensure a timely response and control.

	Safety and Health Performance (Number of Cases)			
	Minor Injuries	Lost-Time Injuries (Medical leave of more than 4 days)	Occupational Diseases	Number of Fatalities
FYE 31.07.2019	8	4	–	–
FYE 31.07.2020	1	8	–	–
FYE 31.07.2021	4	5	–	–
FYE 31.07.2022	3	3	–	–
FYE 31.07.2023	3	3	–	–

SUSTAINABILITY STATEMENT

ECONOMIC, ENVIRONMENTAL, SOCIAL AND GOVERNANCE (CONTINUED)

SOCIAL (CONTINUED)

(a) EMPLOYEE (CONTINUED)

(ii) Safety and Health (“S&H”) (Continued)

Chemical Health Risk Assessment (“CHRA”) and Audiometric Hearing Tests (“AHT”)

The CHRA is carried out every 5 years and the AHT is conducted yearly or when there are any major changes in the facility. The last AHT was conducted on 24 and 25 January 2022.

(iii) Human Capital Development

The Group encourages the need of employees for growth and development, and considers it a win-win relationship whereby the organisation offers assistance for the employees to advance in their careers.

We have designed training programmes that will equip employees with the knowledge and skills that are necessary for their job scopes that will keep them well-informed of innovations in their respective fields of expertise. Furthermore, the Group has instituted a retention and succession training programme for a healthy leadership pipeline.

The table below shows the training programmes that were initiated during FYE 2023:

Title	Objective	Number of Attendees	Number of Hours
2023 Malaysian Budget Webinar	Update current tax developments and budget 2023	4	6 hours / person
BDO Tax Webinar on Budget 2023: Aligning your business with recent changes	Update current tax developments and budget 2023	1	4 hours / person
Spotting Key Red Flags in Financial Statements	In relation to analyse and interpret financial statement and financial analysis	2	7 hours / person
Meningkatkan kemahiran bekerja untuk manghadapi cabaran global	Soft Skill Team Building	42	2 days
Corporate Liability Awareness	In relation to Anti-Bribery and Corruption	29	1 day
Teamwork & Positive Work Culture	Soft Skill Team Building	44	2 days
IT Awareness Training - Internet Security Awareness Rules	Enhance IT alert to protect our company's computer	22	2 hours / person

The Group offers post-retirement jobs for employees who opt to remain active and continue working after retirement. They are welcome to join the company on a yearly contractual basis. This programme not only eases the transition into retirement but also helps Malaysia in addressing the ageing population.

SUSTAINABILITY STATEMENT

ECONOMIC, ENVIRONMENTAL, SOCIAL AND GOVERNANCE (CONTINUED)

SOCIAL (CONTINUED)

(a) EMPLOYEE (CONTINUED)

(iv) Diversity

A-Rank empowers its people by respecting and appreciating their diverse qualities in terms of age, gender, ethnicity, religion, education and national origin for the positive exploration of human capital. A-Rank believes that these differences add value and strength to the company, as each of these characteristics offers a unique contribution.

It is the Group's policy to provide all employees with a working environment that is free from any form of sexual harassment. Any violation of the Code will result in disciplinary action, including the possibility of dismissal and, if warranted, legal proceeding.

Male employees comprise the majority of our workforce, which is the norm in our industry because of the nature of the jobs, which are physically taxing. For FYE 2023, male employees accounted for 93.1% of our workforce, whereas female employees represented 6.9%.

The number of our employees categorised by gender and age group is shown in the table below:

	By Age Group						Total
	20-30 years old		31-40 years old		41 years old and above		
	Male	Female	Male	Female	Male	Female	
FYE 31.07.2019	42	4	39	5	41	5	136
FYE 31.07.2020	58	3	45	4	49	7	166
FYE 31.07.2021	57	2	47	4	52	8	170
FYE 31.07.2022	64	2	53	3	52	9	183
FYE 31.07.2023	80	2	57	3	51	9	202

The number of Directors and Senior Managements categorised by positions is shown in the table below:

	Management Positions					
	Directors			Managers		
	Male	Female	Total	Male	Female	Total
FYE 31.07.2019	7	1	8	6	1	7
FYE 31.07.2020	7	1	8	6	1	7
FYE 31.07.2021	8	1	9	6	1	7
FYE 31.07.2022	8	1	9	6	1	7
FYE 31.07.2023	7	2	9	6	1	7

(b) COMMUNITY

The Group recognises the correlation between business growth and social well-being and welfare. Therefore, in fulfilling its corporate responsibility to the community in which it conducts its business, the Group is obligated to nourish and improve the quality of the society. The Group focuses on enhancing community sustainability through various activities and actions to promote community engagement and address the needs of less fortunate and underprivileged families. Our initiatives include monetary and goods donation to benefit schools and charitable organisations.

SUSTAINABILITY STATEMENT

ECONOMIC, ENVIRONMENTAL, SOCIAL AND GOVERNANCE (CONTINUED)

GOVERNANCE

Respecting Ethical Principles

The Group is committed to ensuring ethical business practices across its operations to ensure sustainable value creation in the long term. We comply with our set of policies and codes underpinned by the Group's Code of Conduct that guides the actions and behaviours of the Directors and our employees. We are committed to comply with all applicable laws, rules and regulations of the jurisdictions and countries within which the Group operates. Every employee is expected to understand and comply with the laws, rules and regulations that are applicable to their duties and designations. The Code of Conduct is reviewed from time to time to achieve incremental improvements to ensure effectiveness and a strong governance culture within the Group.

The Company's Board leads the organisation in upholding the highest levels of good corporate governance with uncompromised accountability. The Board is guided by the Board Charter, which sets out the Board's strategic intent, powers, roles and responsibilities, as well as those that cascade to the Management. This ensures the Board operates systematically to comply with the Companies Act 2016, MMLR of Bursa Securities and all relevant laws and regulations.

The Board Charter also outlines the evaluation of the Board's effectiveness as it seeks to assess the performance of the Board in the areas of economic, environmental, social and governance. This automatically sets the tone for the various Board Committees and embeds a culture of responsibility among employees with a resilient system of checks and balances across the organisation.

We will continue to review and strengthen our approach to governance to adapt to the changing environment and to incorporate best practices to drive outcomes and deliver on our goals and strategies.

Upholding Fair Labour Practices and Respecting Human Rights

We take the rights of our workers very seriously. The Group is governed by the Employment Act 1995 and all other relevant labour laws of Malaysia. These laws underline principles that reflect the protection of human rights through fair working hours, fair payment of wages and fair treatment of all without differentiation in age, gender, race and religion.

Whistleblowing Policy and Procedure

We also have a whistleblowing hotline that covers grievances including issues related to human rights and provides a confidential and anonymous mechanism for both internal and external stakeholders to report any violations or grievances.

Anti-Bribery and Corruption ("ABC") Policy

We uphold good corporate governance through robust policies such as the ABC Policy to ensure regulatory compliance. We strive to ensure that our people act professionally, ethically and honourably to maintain our record of zero reported incidents of bribery and corruption.

CONCLUSION

The Group continues to build sustainable practices in every aspect of the Group's business and remain steadfast in achieving excellence in its corporate social responsibility activities. Our action today will define our success in the future. By focusing our efforts on the sustainability issues of the sustainability dimensions, namely, Economic, Environmental, Social and Governance, we aim to further enhance our corporate image, reputation, and brand equity value.

AUDIT COMMITTEE REPORT

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee (“AC”) comprised of three (3) members, all of whom are Independent Non-Executive Directors. The current composition complies with the Paragraph 15.09(1) of Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), as all AC members must be Non-Executive Directors, with a majority of them being Independent Directors.

The Chairman of AC, Mr Hong Cheong Liang who was appointed on 13 October 2022 is not the Chairman of the Board and is an Independent Non-Executive Director.

During the financial year ended 31 July 2023, four (4) AC’s meetings were held. The details of attendance of each member at the AC meetings held are as follows:

Name	Designation	Number of Meeting attended
Chairman		
Hong Cheong Liang <i>(Appointed on 13 October 2022)</i>	Independent Non-Executive Director	3/3
Tuan Haji Ahmed Azhar Bin Abdullah <i>(Resigned on 13 October 2022)</i>	Senior Independent Non-Executive Director	1/1
Members		
Neoh Lay Keong <i>(Appointed on 17 January 2023)</i>	Independent Non-Executive Director	2/2
Siti Ruzainah Binti Abd Halim <i>(Appointed on 17 January 2023)</i>	Independent Non-Executive Director	2/2
Dr Leong Chik Weng <i>(Retired on 7 December 2022)</i>	Independent Non-Executive Director	2/2
Wong Tze Kai <i>(Resigned on 7 December 2022)</i>	Independent Non-Executive Director	2/2

TERMS OF REFERENCE

The Terms of Reference (“TOR”) of the AC outlining the composition, duties and responsibilities is available for viewing on the Company’s website at www.arank.com.my. The last review of the updated TOR of the AC was on 26 September 2023.

The AC recognises the importance of independence of its External Auditors and that no possible conflict of interest whatsoever should arise. Hence, the TOR of AC had incorporated a policy which required a cooling-off period of at least three (3) years for any former key audit partner of the Group’s External Auditors before the person is being appointed as member of the AC as required by Practice 9.2 of MCGG. No former key audit partner has been appointed as a member of the Board or AC.

SUMMARY OF WORK OF THE AUDIT COMMITTEE

During the financial year under review, the AC carried out the following activities in accordance with its TOR:

(a) Financial Reporting

- reviewed the unaudited quarterly and year-end results of the Group before recommending to the Board for their approvals and for announcement to Bursa Securities; and
- reviewed the Audited Financial Statements of the Group and of the Company prior to submission to the Board for consideration and approval.

AUDIT COMMITTEE REPORT

SUMMARY OF WORK OF THE AUDIT COMMITTEE (CONTINUED)

During the financial year under review, the AC carried out the following activities in accordance with its TOR: (Continued)

(b) With Outsourced Internal Auditors

- reviewed the internal audit plan and the scope of work;
- reviewed the internal audit reports, their findings, recommendations and the Management's response in addressing the issues highlighted to ensure that risk issues were adequately addressed; and
- conducted the annual performance assessment on the Outsourced Internal Auditors.

(c) With External Auditors

- reviewed the audit plan and scope of work as well as the audit procedures to be utilised;
- reviewed the results of audit, the audit report and internal control recommendations in respect of control weaknesses noted in the course of their audit;
- reviewed the External Auditors' report and management letter, if any, prior to the recommendation to the Board;
- met with the External Auditors twice before finalisation of the Audited Financial Statement for the financial year under review without the presence of Executive Directors or Management;
- appraised the performance and evaluated the independence and objectivity of the External Auditors in providing their services, including areas of audit emphasis for the financial year and additional disclosures in the auditors' report in line with the new and amended international standards on auditing, including disclosure on Key Audit Matters;
- conducted the annual performance assessment on the External Auditors, including their suitability and independence; and
- made recommendation to the Board on their re-appointment and the quantum of audit and non-audit fees.

(d) Other

- reviewed the related party transactions including any transaction to ensure that the transactions were on normal commercial terms and not detrimental to the interest of minority shareholders of the Company;
- in respect of the Circular to Shareholder on Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature, reviewed whether the Group has in place adequate procedures and processes to monitor, track and identify recurrent related party transactions in a timely and orderly manner, and reviewed whether the review procedures adopted by the Company are sufficient to ensure that recurrent related party transactions are not more favourable to the related parties than those generally available to the public and not to detriment of the minority Shareholders;
- reviewed and endorsed the Circular to Shareholders in relation to the Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature;
- reviewed and endorsed the Audit Committee Report and Statement on Risk Management and Internal Control for the Board's approval prior to inclusion in the Company's Annual Report;
- reviewed and updated the TOR of AC to be in line with the latest MMLR of Bursa Securities and MCCG of Securities Commission Malaysia and recommended the revision to the Board for approval;
- reviewed and verified the options allocations pursuant to the ESOS of the Company during the financial year under review. The AC was satisfied that the allocation of options during the financial year ended 31 July 2023 was in compliance with the criteria set out in the ESOS By-Laws and by the ESOS Committee; and
- conducted self-assessment on the effectiveness of the Committee and the contribution of each individual committee member.

All the requirements under the TOR were complied with and the AC did not see any matters in breach of the MMLR of Bursa Securities that warrant reporting to Bursa Securities.

AUDIT COMMITTEE REPORT

INTERNAL AUDIT FUNCTION

A-Rank recognises that an internal audit function is essential to ensuring the effectiveness of the Group's systems of internal control and is an integral part of the risk management process. The internal audit function of the Group is outsourced to a professional Internal Audit service provider to assist the AC in carrying out its duties. The Outsourced Internal Auditors report directly to the AC.

The summary of works that had been undertaken by the Outsourced Internal Auditors during the financial year ended 31 July 2023 and the date of this report included the following:

- (a) Human Resource ("HR") Management
 - Recruitment and selection
 - Training, development and succession plan
 - Handling of personnel matters
 - Covid-19 measures
 - Working environment
 - Maintenance of employee master records
 - Payroll processing
 - Statutory contribution
 - Annual performance review
 - Disciplinary and termination
- (b) Operations
 - Planning and production control
 - Review of utilisation of resources
 - Facilities, plant and equipment management
 - Quality Control
 - Machine preventive and corrective maintenance
 - Review of environmental compliances
 - Review of other law and regulatory compliance
- (c) Related party transaction review
 - Review of internal control in place
 - Review of effectiveness of compliance and disclosures
- (d) Review of Anti-Bribery and Corruption Program
 - To review the effectiveness of the Anti-Bribery and Corruption Program in place
 - To review the execution of the Anti-Bribery and Corruption Program
 - To ensure proper compliance with the Anti-Bribery and Corruption Program Review
- (e) Warehousing and Distribution
 - Monitor sales (actual and budget)
 - Execute marketing strategy
 - Sales negotiation authority and pricing policy
 - Order processing and fulfillment
 - Warehouse tracing and recording
 - Inventory distribution/delivery
 - Invoicing and collection
- (f) Credit Risk Management
 - Credit evaluation of new and existing customers
 - Allocation and monitoring of credit limits and terms
 - Credit control and collection
 - Provision of doubtful debts
- (g) Review and follow-up of previous quarter internal audit findings

The internal audits performed had met their objectives of highlighting to the AC about the audit findings which required follow-up action by the Management, any outstanding audit issues which required corrective actions to be taken to ensure an adequate and effective internal control system within the Group, as well as any weaknesses in the Group's internal control system. It ensured that those weaknesses were appropriately addressed and that recommendations from the internal audit reports and corrective actions on reported weaknesses were taken appropriately within the required timeframe by the Management.

The total costs incurred for the internal audit function in respect of the financial year ended 31 July 2023 was RM26,000.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors (“Board”) of A-Rank Berhad is pleased to present its Statement on Risk Management and Internal Control (“SORMIC”) for the financial year ended 31 July 2023, which has been prepared pursuant to the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“SORMIC Guidelines”). The statement below outlines the nature and scope of risk management and internal control of the Company during the financial year under review.

BOARD’S RESPONSIBILITIES

The Board affirms that it is responsible for the Group’s system of internal controls covering not only financial controls but also operational and compliance controls as well as risk management. The Board also affirms that it is responsible for ensuring the adequacy and integrity of those systems. However, such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives.

Therefore, it should be noted that any system can provide only a reasonable and not absolute assurance against material misstatement, fraud or loss.

For the financial year ended 31 July 2023, the Board has received assurances from the Managing Director and the Finance Manager that the Group’s risk management and internal control systems are operating adequately and effectively in all material aspects. There are no significant areas of concern that may affect the financial, operational and compliance controls.

The system of internal control incorporates inter alia, risk management, financial, operational and compliance controls as well as the governance process.

RISK MANAGEMENT FRAMEWORK

The Board recognises the need for an effective risk management framework and to maintain a sound system of internal control. The Group has established a structured and on-going risk management process to identify, evaluate and manage risks that may significantly impact the Group. This includes identifying principal risks in critical areas, assessing the likelihood and the impact of material exposures and determining the corresponding risk mitigation and treatment measure.

The risk assessment of the Group is carried out by ASAP Advisory PLT (“Outsourced Internal Auditors”) to identify and prepare the risk register to reflect existing operations and markets conditions. The Outsourced Internal Auditors will report directly to Audit Committee on the key risk related issues and the Audit Committee shall report to the Board on the status of the risk management process. Risk registers of the principal risks and controls have been created and a risk profile for the Group has been developed and reviewed by the Board and Audit Committee.

The Risk Management Committee (“RMC”) was established to oversee and perform regular reviews on the Group’s risk management processes. During the financial year ended 31 July 2023, two (2) RMC meetings were held which were attended in full by all members of the Committee. The RMC meeting is chaired by the Managing Director and reports directly to the Audit Committee on a half yearly basis where key risks and mitigating actions are deliberated and implemented.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

SYSTEM OF INTERNAL CONTROLS

Key elements of the Group's system of internal controls include the following:

- Organisation structure with clearly defined lines of responsibility and delegated authority which includes defined delegation of responsibilities to the Board Committees, the Management and the operating units;
- The Audit Committee comprises Independent Non-Executive Directors of the Board and has full access to both the Outsourced Internal Auditors and External Auditors. Whenever necessary, the Audit Committee will also review and discuss with the Management on the actions taken on issues brought up by the Outsourced Internal Auditors and the External Auditors;
- A regular review of the high-risk area of business processes by the Group's Outsourced Internal Auditors, which report directly to the Audit Committee, to assess the effectiveness of internal controls and to highlight any significant risk that may adversely affect the Group. The Audit Committee will monitor the status of the implementation of corrective actions to address internal control weaknesses, if any;
- The effectiveness of the system of internal controls is also reviewed through the ISO 9001:2015 which is subject to review and audit that manages and controls the quality requirement of the Group's products and services. The demanding documentation requirements of the certification further ensure a trail of accountability in the Group;
- Quarterly and annual financial results are reviewed by the Audit Committee;
- A regular review of the performance of the Group by the Directors at its meetings to ensure it is in line with the Group's overall objectives;
- A budgeting process which establishes plans and targets against which performances are monitored on an on-going basis;
- A management reporting system in place to facilitate timely generation and monitoring of financial information for management review and decision making; and
- In compliance with Section 17A of the Malaysian Anti-Corruption Commission Amendment Act 2018, the Group has established the Anti-Bribery and Corruption ("ABC") Policy as part of Anti-Bribery Management System of the Group to help prevent, detect and address bribery and corruption, by establishing a culture of integrity, transparency and compliance. The ABC Policy is published in the Company's website at www.arank.com.my.

The Group's Management meets regularly to review the reports, monitors the business development and resolves key operational and management issues and reviews the financial performance against the budget.

INTERNAL AUDIT FUNCTION

In accordance with the Malaysian Code on Corporate Governance, the Group has an internal audit function to review the adequacy and integrity of its system of internal controls.

The internal audit function of the Group is outsourced to the Outsourced Internal Auditors. The responsibilities of the Outsourced Internal Auditors include conducting audits, submitting findings and the provision of independent report to the Audit Committee on the Group's systems of internal controls. Being an independent function, the audit work is conducted with impartiality, proficiency and due professional care.

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 Group's risk management policies on half-yearly basis.

The findings of the internal audit function, including its recommendations and Management's responses, were reported to the Audit Committee. In addition, the internal audit function followed up on the implementation of recommendations from previous cycles of internal audit and update the Audit Committee on the status of Management agreed action plan implementation.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL AUDIT FUNCTION (CONTINUED)

Any areas for improvement identified during the course of the internal audit review are brought to the attention of the Audit Committee. Internal audit reports and risk management report respectively were tabled at the Audit Committee meetings held during the financial year under review. The internal audit reports and risk management report were also forwarded to and discussed with the Management concerned for attention and necessary action, with the status of actions taken then reported back to the Audit Committee and the Board.

Total costs paid to Outsourced Internal Auditors for the financial year ended 31 July 2023 and up to the date of this report amounted to RM26,000 in which the following business processes and areas were audited:

- HR Management;
- Operations;
- Related party transaction review;
- Review of Anti-Bribery and Corruption Program;
- Warehousing and Distribution; and
- Credit Risk Management.

REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the MMLR of Bursa Securities, the External Auditors have reviewed this SORMIC in accordance with Audit and Assurance Practice Guide 3 (“AAPG 3”) Guidance for Auditors on Engagement to Report on the SORMIC; included in the Annual Report issued by the Malaysian Institute of Accountants for inclusion in the Annual Report for the financial year ended 31 July 2023, and reported to the Board that nothing has come to their attention that causes them to believe that the SORMIC intended to be 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 to be set out, nor is the SORMIC factually inaccurate.

CONCLUSION

The Board is satisfied that during the year under review, there is a process to manage the Group’s system of internal controls to mitigate any significant risks faced by the Group so as to safeguard shareholders’ interests and the Group’s assets.

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 July 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries and an associate are manufacturing and marketing of aluminium billets, property holding, investment holding and property developer. The further details of the subsidiaries and an associate are disclosed in Notes 8 and 9 to the financial statements respectively. There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	11,041,737	5,717,132
Attributable to:		
Owners of the parent	13,965,260	5,717,132
Non-controlling interests	(2,923,523)	-
	11,041,737	5,717,132

DIVIDENDS

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

	Company RM
In respect of financial year ended 31 July 2022:	
First and final single tier dividend of 2.75 sen per ordinary share, was paid on 21 December 2022	4,911,819

At the forthcoming Annual General Meeting, a first and final single tier dividend of 2.50 sen per ordinary share amounting to RM4,468,865 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 31 July 2024.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and fully paid-up ordinary share capital of the Company was increased from 177,961,597 to 178,754,597 by way of issuance of 793,000 new ordinary shares pursuant to the options exercised under the Employees' Share Option Scheme at an exercise price of RM0.46 per ordinary share for cash.

DIRECTORS' REPORT

ISSUE OF SHARES AND DEBENTURES (CONTINUED)

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company. There were no other issue of shares during the financial year.

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

EMPLOYEES' SHARE OPTION SCHEME ("ESOS" or "Scheme")

The Company implemented an ESOS, which was in force for a period of five (5) years from 27 August 2018 until 26 August 2023 ("the option period"). On 27 June 2023, the Board of Directors has approved the extension of the ESOS for a further period of five (5) years to 25 August 2028. The main features of the ESOS are as follows:

(a) Eligibility

Employee of the Group

An employee of the Group shall be able to participate in the Scheme, if, as at the date of offer:

- (i) he/she has attained at least 18 years of age and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings;
- (ii) he/she is employed on the date of offer and he/she is employed:
 - on a full time basis and is on the payroll of any company of the Group for a continuous period of at least one (1) year (which shall include any probation period) and his employment has been confirmed; or
 - he/she is serving in a specific designation under an employment contract with any company of the Group for a continuous fixed duration of at least one (1) year (which shall include any probation period) and may, if the ESOS Committee deems fit, to include contract staff hired for a period of one (1) year or more for any purposes or specific requirements of the Group; and
- (iii) such employees falls within any other eligibility criteria (including variations to the eligibility criteria under section (a)(ii) above) that may be determined by the ESOS Committee from time to time at its sole discretion.

Director of the Group

- (i) he/she has attained at least 18 years of age and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings;
- (ii) he/she has been appointed as a Director (and not as alternate Director) in the Company or any company in the Group; and
- (iii) such Director fulfils any other criteria as may be determined by the ESOS Committee from time to time at its sole discretion, whose decision shall be final and binding.

In respect of a Director, a chief executive officer, major shareholders of the Company or a person connected with a Director, chief executive officer or major shareholder, the specific allocation of ESOS options granted under the Scheme must have been approved by the shareholders of the Company at a general meeting.

- (b) The maximum number of shares offered under the ESOS shall not, in aggregate, exceed 10% of the number of issued ordinary shares of the Company at any time during the existence of the ESOS;

DIRECTORS' REPORT

EMPLOYEES' SHARE OPTION SCHEME ("ESOS" or "Scheme") (CONTINUED)

The Company implemented an ESOS, which was in force for a period of five (5) years from 27 August 2018 until 26 August 2023 ("the option period"). On 27 June 2023, the Board of Directors has approved the extension of the ESOS for a further period of five (5) years to 25 August 2028. The main features of the ESOS are as follows: (continued)

- (c) The exercise price determined by the ESOS Committee is based on the five (5)-day Volume-Weighted Average Price of the Company's shares, as quoted on Bursa Malaysia Securities Berhad, immediately preceding the date of offer, with a discount of not more than ten percent (10%) or such other percentage of discount as may be permitted by Bursa Malaysia Securities Berhad or any other relevant authorities from time to time during the duration of the Scheme;
- (d) The maximum number of shares, which may be offered to any eligible employee and Director shall be at the discretion of the ESOS Committee after taking into consideration, among others and where relevant, the performance, position, seniority and length of service, subject to the following:
 - (i) that the number of ESOS options made available under the Scheme shall not exceed ten percent (10%) of the total number of issued ordinary shares of the Company;
 - (ii) that not more than ten percent (10%) of the shares available under the Scheme at the point in time when an offer is made, be granted to any individual eligible person who, either singly or collectively through persons connected with him, holds twenty percent (20%) or more of the issued shares (excluding treasury shares, if any);
 - (iii) that not more than seventy percent (70%) of the total number of shares to be issued under the Scheme will be allocated in aggregate to the Directors and senior management of the Group who are eligible persons; and
 - (iv) that the Directors and senior management of the Group do not participate in the deliberation or discussion of their respective allocation.
- (e) No vesting period as well as performance target that must be achieved prior to the exercise of the ESOS options set by the ESOS Committee. Notwithstanding this, the ESOS Committee shall have the discretion to prescribe any conditions as it may deem fit in the offer;
- (f) The shares shall on issue and allotment rank pari passu in all respects with the then existing issued shares of the Company; and
- (g) No eligible employee and Director shall participate at any time in any other employees' share option scheme within the Company and its subsidiaries unless otherwise approved by the ESOS Committee.

Options exercisable in a particular year but not exercised shall be carried forward to subsequent years within the option period provided that no options shall be exercised beyond the date of expiry of the scheme.

The number of unissued ordinary shares under options was as follows:

Option price	<----- Number of options over ordinary shares ----->			Balance as at 31.7.2023
	Balance as at 1.8.2022	Exercised	Retracted*	
RM0.46	2,105,200	(793,000)	(77,000)	1,235,200
RM0.56	4,908,000	-	(468,000)	4,440,000

* Due to resignation

DIRECTORS' REPORT

EMPLOYEES' SHARE OPTION SCHEME ("ESOS" or "Scheme") (CONTINUED)

Since the implementation of the ESOS until the end of the financial year ended 31 July 2023, a total of 16,745,400 options had been granted to eligible Directors and employees of the Group, which includes a total of 8,380,000 options granted to the Directors. A total of 10,344,200 options had been exercised since the implementation of the ESOS until the end of the financial year, which includes 5,300,000 options exercised by the Directors.

Share options exercised during the financial year resulted in the issuance of 793,000 ordinary shares at an exercise price of RM0.46.

DIRECTORS OF A-RANK BERHAD

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

Tan Sri Datuk Leow Chong Howa	
Tan Wan Lay	
Gan Choon Sun	
Leow Vinzie	
Leow Vinken	
Cheah Tek Kuang	(Appointed on 13 October 2022)
Hong Cheong Liang	(Appointed on 13 October 2022)
Neoh Lay Keong	(Appointed on 17 January 2023)
Siti Ruzainah Binti Abd Halim	(Appointed on 17 January 2023)
Tuan Haji Ahmed Azhar bin Abdullah	(Resigned on 13 October 2022)
Dato' Shahrir Bin Abdul Jalil	(Resigned on 7 December 2022)
Wong Tze Kai	(Resigned on 7 December 2022)
Dr. Leong Chik Weng	(Retired on 7 December 2022)

DIRECTORS OF SUBSIDIARIES OF A-RANK BERHAD

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

Tan Sri Datuk Leow Chong Howa	
Tan Wan Lay	
Gan Choon Sun	
Leow Vinken	
Puan Sri Datin Seri Lee Kuan Kiow	
Gan Yee Hin	
Dato' Shaik Ahmad Sufian B. Shaik Kamal Farid	
Tuan Haji Ahmed Azhar bin Abdullah	(Resigned on 13 October 2022)
Dato' Shahrir Bin Abdul Jalil	(Resigned on 7 December 2022)

DIRECTORS' REPORT

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year ended 31 July 2023 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:

Shares in the Company	Number of ordinary shares			Balance as at 31.7.2023
	Balance as at 1.8.2022	Bought	Sold	
<u>Direct interests</u>				
Tan Sri Datuk Leow Chong Howa	31,500	-	-	31,500
Tan Wan Lay	18,704,300	-	-	18,704,300
Gan Choon Sun	861,680	200,000	(200,000)	861,680
Leow Vinzie	280,000	-	-	280,000
<u>Indirect interest</u>				
Tan Sri Datuk Leow Chong Howa	46,638,887*	-	-	46,638,887*

* Deemed interested by virtue of his indirect shareholdings via his spouse, City Data Limited and LB Aluminium Berhad pursuant to Section 8 of the Companies Act 2016

Share options in the Company	Number of options over ordinary shares			Balance as at 31.7.2023
	Balance as at 1.8.2022	Granted	Exercised	
<u>Direct interests</u>				
Tan Sri Datuk Leow Chong Howa	380,000	-	-	380,000
Tan Wan Lay	1,200,000	-	-	1,200,000
Gan Choon Sun	1,200,000	-	(200,000)	1,000,000
Leow Vinzie	100,000	-	-	100,000

By virtue of Section 8(4) of the Companies Act 2016 in Malaysia, Tan Sri Datuk Leow Chong Howa is deemed to have interest in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

None of the other Directors holding office at the end of the financial year held any interest in the ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' REPORT

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 corporations; and
- (ii) deemed benefits arising from related party transactions as disclosed in Note 31(c) 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 ordinary shares in or debentures of the Company or any other body corporate except for the share options granted pursuant to the ESOS as mentioned in Note 28 to the financial statements.

DIRECTORS' REMUNERATION

Directors' remuneration of the Group and of the Company for the financial year ended 31 July 2023 were as follows:

	Group 2023 RM	Company 2023 RM
Directors of the Company:		
Executive Directors:		
Short-term employee benefits:		
- fees	120,000	120,000
- salaries, bonuses and other benefits	1,599,411	18,000
- defined contribution plan	181,280	-
	1,900,691	138,000
Non-Executive Directors:		
Short-term employee benefits:		
- fees	255,900	255,900
- other benefits	35,000	35,000
	290,900	290,900
Total	2,191,591	428,900
Director of a subsidiary:		
Executive Director:		
Short term employee benefits		
- salaries, bonuses and other benefits	241,139	-
- defined contribution plan	28,800	-
Total	269,939	-
Total Directors' remuneration	2,461,530	428,900

DIRECTORS' REPORT

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 indemnity coverage and insurance premium paid for the Directors and officers of the Group amounted to RM5,000,000 and RM21,210 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 had satisfied themselves that there were no known bad debts to be 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 necessitate the writing off of bad debts or render 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 methods 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.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONTINUED)

(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.

AUDITORS

The auditors, BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206), have expressed their willingness to continue in office.

Auditors' remuneration of the Group and of the Company for the financial year ended 31 July 2023 were as follows:

	Group RM	Company RM
Statutory audit	95,500	11,000
Other services	5,000	5,000
	<u>100,500</u>	<u>16,000</u>

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

Cheah Tek Kuang
Director

Tan Wan Lay
Director

Kuala Lumpur
16 October 2023

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 77 to 128 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 31 July 2023 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,

Cheah Tek Kuang
Director

Tan Wan Lay
Director

Kuala Lumpur
16 October 2023

STATUTORY DECLARATION

I, Tan Tze (CA 19953), being the officer primarily responsible for the financial management of A-Rank Berhad, do solemnly and sincerely declare that the financial statements set out on pages 77 to 128 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)
16 October 2023)

Tan Tze

Before me:

Mardhiyyah Abdul Wahab
No. W729
Commissioner for Oath

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF A-RANK BERHAD
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of A-Rank Berhad, which comprise the statements of financial position as at 31 July 2023 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 77 to 128.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 July 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") 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 ("ISAs"). 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 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.

Carrying amount of inventories at the lower of cost and net realisable value

As at 31 July 2023, the carrying amount of inventories of the Group, which comprised aluminium products was RM92,953,762 as disclosed in Note 11 to the financial statements.

We have focused on the audit risk that the carrying amount of inventories may not be stated at 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, and if not accounted for properly, may lead to the valuation of inventories being misstated.

Audit response

Our audit procedures included the following:

- (i) compared the net realisable values determined by management against the movements of world aluminium prices based on available industry data to ensure the inventories is stated at the lower of cost and net realisable value; and
- (ii) 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.

We have determined that there are no key audit matters to communicate in our auditor's report in respect of the audit of the financial statements of the Company.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF A-RANK BERHAD (INCORPORATED IN MALAYSIA)

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 or 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 MFRSs, IFRSs 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 ISAs 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 ISAs, 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.
- (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 the internal control of the Group and of the Company.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF A-RANK BERHAD (INCORPORATED IN MALAYSIA)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

- (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 8 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
201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Ng Soe Kei
02982/08/2025 J
Chartered Accountant

Kuala Lumpur
16 October 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 31 JULY 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	69,818,895	60,269,098	-	-
Right-of-use assets	6	3,586,805	1,377,896	-	-
Investment property	7	9,344,546	9,344,546	-	-
Investments in subsidiaries	8	-	-	80,279,130	80,279,130
Investment in an associate	9	435,822	435,722	3,000	3,000
Other receivables	10	-	-	8,046,817	7,598,505
		83,186,068	71,427,262	88,328,947	87,880,635
Current assets					
Inventories	11	167,804,815	164,138,566	-	-
Trade and other receivables	10	58,855,009	50,451,336	33,910,084	26,530,237
Derivative financial assets	18	-	238,481	-	-
Current tax assets		277,996	-	67,832	-
Cash and bank balances	12	40,073,287	37,061,702	89,362	7,057,993
		267,011,107	251,890,085	34,067,278	33,588,230
TOTAL ASSETS		350,197,175	323,317,347	122,396,225	121,468,865
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	13	90,643,983	90,171,582	90,643,983	90,171,582
Reserves	14	82,314,639	73,462,012	31,387,782	30,783,283
		172,958,622	163,633,594	122,031,765	120,954,865
Non-controlling interests	8(d)	(7,909,557)	(4,986,034)	-	-
TOTAL EQUITY		165,049,065	158,647,560	122,031,765	120,954,865
LIABILITIES					
Non-current liabilities					
Borrowings	17	47,140,438	56,380,000	-	-
Lease liabilities	6	2,321,202	-	-	-
Deferred tax liabilities	15	4,123,000	2,440,445	-	-
		53,584,640	58,820,445	-	-
Current liabilities					
Trade and other payables	16	57,559,516	57,045,366	364,460	382,000
Derivative financial liabilities	18	813,980	764,248	-	-
Borrowings	17	71,924,371	45,123,594	-	-
Lease liabilities	6	1,265,603	1,419,300	-	-
Current tax liabilities		-	1,496,834	-	132,000
		131,563,470	105,849,342	364,460	514,000
TOTAL LIABILITIES		185,148,110	164,669,787	364,460	514,000
TOTAL EQUITY AND LIABILITIES		350,197,175	323,317,347	122,396,225	121,468,865

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 31 JULY 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Revenue	19	647,379,381	777,907,990	5,000,000	5,000,000
Cost of sales		(622,926,865)	(740,421,887)	-	-
Gross profit		24,452,516	37,486,103	5,000,000	5,000,000
Other operating income	20	6,759,802	1,952,425	1,610,934	2,860,596
Marketing and distribution expenses		(528,450)	(507,454)	-	-
Administrative expenses		(9,723,104)	(8,597,549)	(653,767)	(631,901)
Net losses on impairment of financial assets		(41,381)	(145,814)	-	-
Other operating expenses	21	(288,976)	(4,750,936)	-	-
Profit from operations		20,630,407	25,436,775	5,957,167	7,228,695
Finance costs	22	(5,591,384)	(4,420,544)	-	-
Share of results of an associate	9(c)	100	(3,253)	-	-
Profit before tax	23	15,039,123	21,012,978	5,957,167	7,228,695
Tax expense	24	(3,997,386)	(5,930,537)	(240,035)	(372,000)
Profit for the financial year		11,041,737	15,082,441	5,717,132	6,856,695
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		11,041,737	15,082,441	5,717,132	6,856,695
Profit attributable to:					
Owners of the parent		13,965,260	18,664,554	5,717,132	6,856,695
Non-controlling interests	8(d)	(2,923,523)	(3,582,113)	-	-
		11,041,737	15,082,441	5,717,132	6,856,695
Total comprehensive income attributable to:					
Owners of the parent		13,965,260	18,664,554	5,717,132	6,856,695
Non-controlling interests	8(d)	(2,923,523)	(3,582,113)	-	-
		11,041,737	15,082,441	5,717,132	6,856,695
Earnings per ordinary share attributable to owners of the parent (sen):					
Basic	25(a)	7.96	10.67		
Diluted	25(b)	7.96	10.64		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 JULY 2023

Group	Note	Share capital RM	Share options reserve RM	Retained earnings RM	Total attributable to owners of the parent RM	Non- controlling interests RM	Total equity RM
Balance as at 1 August 2022		90,171,582	1,153,440	72,308,572	163,633,594	(4,986,034)	158,647,560
Profit for the financial year		-	-	13,965,260	13,965,260	(2,923,523)	11,041,737
Other comprehensive income, net of tax		-	-	-	-	-	-
Total comprehensive income		-	-	13,965,260	13,965,260	(2,923,523)	11,041,737
Transactions with owners							
Dividend paid	26	-	-	(4,911,819)	(4,911,819)	-	(4,911,819)
Issuance of ordinary shares pursuant to ESOS exercised		472,401	(200,814)	-	271,587	-	271,587
Total transactions with owners		472,401	(200,814)	(4,911,819)	(4,640,232)	-	(4,640,232)
Balance as at 31 July 2023		90,643,983	952,626	81,362,013	172,958,622	(7,909,557)	165,049,065
Balance as at 1 August 2021		87,603,709	1,740,093	57,644,329	146,988,131	(1,403,921)	145,584,210
Profit for the financial year		-	-	18,664,554	18,664,554	(3,582,113)	15,082,441
Other comprehensive income, net of tax		-	-	-	-	-	-
Total comprehensive income		-	-	18,664,554	18,664,554	(3,582,113)	15,082,441
Transactions with owners							
Dividend paid	26	-	-	(4,000,311)	(4,000,311)	-	(4,000,311)
Issuance of ordinary shares pursuant to ESOS exercised		2,567,873	(586,653)	-	1,981,220	-	1,981,220
Total transactions with owners		2,567,873	(586,653)	(4,000,311)	(2,019,091)	-	(2,019,091)
Balance as at 31 July 2022		90,171,582	1,153,440	72,308,572	163,633,594	(4,986,034)	158,647,560

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 JULY 2023

Company	Note	Share capital RM	Share options reserve RM	Retained earnings RM	Total equity RM
Balance as at 1 August 2021		87,603,709	1,740,093	26,773,459	116,117,261
Profit for the financial year		-	-	6,856,695	6,856,695
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	6,856,695	6,856,695
Transactions with owners					
Dividend paid	26	-	-	(4,000,311)	(4,000,311)
Issuance of ordinary shares pursuant to ESOS exercised		2,567,873	(586,653)	-	1,981,220
Total transactions with owners		2,567,873	(586,653)	(4,000,311)	(2,019,091)
Balance as at 31 July 2022		90,171,582	1,153,440	29,629,843	120,954,865
Profit for the financial year		-	-	5,717,132	5,717,132
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	5,717,132	5,717,132
Transactions with owners					
Dividend paid	26	-	-	(4,911,819)	(4,911,819)
Issuance of ordinary shares pursuant to ESOS exercised		472,401	(200,814)	-	271,587
Total transactions with owners		472,401	(200,814)	(4,911,819)	(4,640,232)
Balance as at 31 July 2023		90,643,983	952,626	30,435,156	122,031,765

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		15,039,123	21,012,978	5,957,167	7,228,695
Adjustments for:					
Bad debts written off	21	-	17,000	-	-
Depreciation of property, plant and equipment	5	4,069,699	4,024,817	-	-
Depreciation of right-of-use assets	6	1,377,896	1,339,913	-	-
Dividend income from a subsidiary	19	-	-	(5,000,000)	(5,000,000)
Fair value gain on discounting of non-current amounts owing by subsidiaries	20	-	-	(448,312)	(1,154,783)
Fair value gain on short term funds	20	(763)	(99,378)	-	(44,582)
Fair value loss on derivative financial instruments	18(d)	288,213	271,027	-	-
Gain on disposal of property, plant and equipment	20	(278)	(198,047)	-	-
Gain on lease modification	20	-	(20,067)	-	-
Impairment losses on trade receivables	10(e)	41,381	145,814	-	-
Interest expense	22	5,591,384	4,420,544	-	-
Interest income		(710,515)	(230,359)	(1,091,902)	(1,661,231)
Property, plant and equipment written off	5	763	821	-	-
Share of (profit)/loss in an associate	9(c)	(100)	3,253	-	-
Share options granted under ESOS	20	(93,193)	-	(70,720)	-
Net unrealised (gain)/loss on foreign exchange		(249,309)	880,702	-	-
Operating profit/(loss) before changes in working capital		25,354,301	31,569,018	(653,767)	(631,901)
Changes in working capital:					
Inventories		(3,666,249)	(5,222,633)	-	-
Trade and other receivables		(11,779,550)	(14,833,403)	21,130	(360,961)
Trade and other payables		941,790	22,750,050	(17,540)	56,134
Cash generated from/(used in) operations		10,850,292	34,263,032	(650,177)	(936,728)
Tax paid		(4,089,661)	(5,379,043)	(439,867)	(240,000)
Net cash from/(used in) operating activities		6,760,631	28,883,989	(1,090,044)	(1,176,728)

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Advances to an associate		(3,000)	-	(3,000)	-
Dividends received from a subsidiary	19	-	-	5,000,000	5,000,000
Interest received		710,515	230,359	-	12,202
Purchase of property, plant and equipment	5	(13,620,261)	(17,501,680)	-	-
Proceed from disposal of property, plant and equipment		280	198,050	-	-
Placements of deposit pledged to a licensed bank		(15,833)	(12,253)	-	-
Repayments from related parties		3,159,928	614,592	-	-
Net cash used in investing activities		(9,768,371)	(16,470,932)	4,997,000	5,012,202
CASH FLOWS FROM FINANCING ACTIVITIES					
Advances to subsidiaries		-	-	(7,397,977)	(24,131,756)
Dividend paid	26	(4,911,819)	(4,000,311)	(4,911,819)	(4,000,311)
Net (repayment)/drawdown of bankers' acceptances		(6,000,000)	6,000,000	-	-
Net drawdown/(repayment) of foreign currency loans		23,561,215	(4,777,961)	-	-
Payments of lease liabilities	6	(1,464,400)	(1,443,400)	-	-
Interest paid		(5,546,284)	(4,301,962)	1,091,902	1,649,029
Proceeds from issuance of ordinary shares pursuant to ESOS exercised		364,780	1,981,220	342,307	1,981,220
Net cash from/(used in) financing activities		6,003,492	(6,542,414)	(10,875,587)	(24,501,818)
Net increase/(decrease) in cash and cash equivalents		2,995,752	5,870,643	(6,968,631)	(20,666,344)
Cash and cash equivalents at beginning of financial year		36,351,627	30,480,984	7,057,993	27,724,337
Cash and cash equivalents at end of financial year	12	39,347,379	36,351,627	89,362	7,057,993

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2023

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Note	Group	
		2023 RM	2022 RM
Borrowings			
<u>Bankers' acceptances</u>			
Balance as at 1 August		6,000,000	-
Cash flows		(6,000,000)	6,000,000
Balance as at 31 July	17	-	6,000,000
<u>Foreign currency loans</u>			
Balance as at 1 August		39,123,594	43,901,555
Cash flows		23,561,215	(4,777,961)
Balance as at 31 July	17	62,684,809	39,123,594
Lease liabilities			
Balance as at 1 August		1,419,300	495,388
Cash flows:			
Payments of lease liabilities		(1,464,400)	(1,443,400)
Non-cash flows:			
Addition of lease liabilities		3,586,805	2,200,869
Modification		-	47,861
Unwinding of interest		45,100	118,582
Balance as at 31 July	6	3,586,805	1,419,300
Amounts owing by subsidiaries			
Balance as at 1 August		25,985,729	1,853,973
Cash flows		7,397,977	24,131,756
Balance as at 31 July	10	33,383,706	25,985,729

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

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2023

1. CORPORATE INFORMATION

A-Rank 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.

The principal place of business of the Company is located at Lot 2-33, Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan.

The consolidated financial statements for the financial year ended 31 July 2023 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.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 16 October 2023.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries and an associate are manufacturing and marketing of aluminium billets, property holding, investment holding and property developer. The further details of the subsidiaries and an associate are disclosed in Notes 8 and 9 to the financial statements respectively. There have been no significant changes in the nature of these activities 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 new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 33.1 to the financial statements.

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.

4. OPERATING SEGMENTS

The Group’s reportable operating segments are aluminium 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 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.

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2023

4. OPERATING SEGMENTS (CONTINUED)

- (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.

2023	Note	Aluminium RM	Property development RM	Total RM
Revenue				
Total revenue		652,379,381	-	652,379,381
Inter-segment revenue		(5,000,000)	-	(5,000,000)
Revenue from external customers		<u>647,379,381</u>	<u>-</u>	<u>647,379,381</u>
Results				
Interest income		694,214	16,301	710,515
Finance costs		(2,317,249)	(3,274,135)	(5,591,384)
Share of results of an associate		100	-	100
Depreciation of:				
- property, plant and equipment		(4,068,451)	(1,248)	(4,069,699)
- right-of-use assets		(1,377,896)	-	(1,377,896)
Net loss on impairment of financial assets		(41,381)	-	(41,381)
Other items of income	(i)	6,759,802	-	6,759,802
Other expenses	(ii)	(288,976)	-	(288,976)
Segment profit/(loss) before tax		18,850,821	(3,811,698)	15,039,123
Tax expense		<u>(3,997,386)</u>	<u>-</u>	<u>(3,997,386)</u>
Segment assets		<u>264,220,708</u>	<u>85,698,471</u>	<u>349,919,179</u>
Segment liabilities		<u>105,941,182</u>	<u>75,083,928</u>	<u>181,025,110</u>

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2023

4. OPERATING SEGMENTS (CONTINUED)

- (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. (continued)

2022	Note	Aluminium RM	Property development RM	Total RM
Revenue				
Total revenue		782,907,990	-	782,907,990
Inter-segment revenue		(5,000,000)	-	(5,000,000)
Revenue from external customers		777,907,990	-	777,907,990
Results				
Interest income		217,397	12,962	230,359
Finance costs		(704,612)	(3,715,932)	(4,420,544)
Share of results of an associate		(3,253)	-	(3,253)
Depreciation of:				
- property, plant and equipment		(4,023,951)	(866)	(4,024,817)
- right-of-use assets		(1,339,913)	-	(1,339,913)
Net loss on impairment of financial assets		(145,814)	-	(145,814)
Other items of income	(i)	1,952,425	-	1,952,425
Other expenses	(ii)	(4,750,936)	-	(4,750,936)
Segment profit/(loss) before tax		25,186,485	(4,173,507)	21,012,978
Tax expense		(5,930,537)	-	(5,930,537)
Segment assets		238,026,427	85,290,920	323,317,347
Segment liabilities		88,827,338	71,905,170	160,732,508

- (i) Other items of income consist of the following:

	2023 RM	Group 2022 RM
Fair value gain on short term funds	763	99,378
Gain on disposal of property, plant and equipment	278	198,047
Gain on foreign exchange:		
- realised	5,375,670	1,289,374
- unrealised	249,309	-
Gain on lease modification	-	20,067
Interest income on deposits with licensed banks	710,515	230,359
Realised gain on derivative financial instruments	303,674	-
Share options granted under ESOS	93,193	-
Training grant	26,400	-
Wages subsidy	-	115,200
	6,759,802	1,952,425

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2023

4. OPERATING SEGMENTS (CONTINUED)

(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. (continued)

(ii) Other expenses consist of the following:

	Group	
	2023	2022
	RM	RM
Bad debt written off	-	17,000
Realised loss on derivative instruments	-	3,581,386
Fair value loss on derivative financial instruments	288,213	271,027
Property, plant and equipment written off	763	821
Unrealised loss on foreign exchange	-	880,702
	288,976	4,750,936

(b) Reconciliations of reportable segment revenue, profit or loss and liabilities to the corresponding amounts of the Group are as follows:

	Group	
	2023	2022
	RM	RM
Revenue		
Total revenue for reportable segments	652,379,381	782,907,990
Elimination of inter-segment revenue	(5,000,000)	(5,000,000)
	647,379,381	777,907,990
Profit for the financial year		
Total profit or loss for reportable segments	15,039,123	21,012,978
Tax expense	(3,997,386)	(5,930,537)
	11,041,737	15,082,441
Assets		
Total assets for reportable segments	349,919,179	323,317,347
Current tax assets	277,996	-
	350,197,175	323,317,347
Liabilities		
Total liabilities for reportable segments	181,025,110	160,732,508
Tax liabilities	4,123,000	3,937,279
	185,148,110	164,669,787

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2023

4. OPERATING SEGMENTS (CONTINUED)

(c) Geographical information

The Group operates only in Malaysia.

In presenting information on the basis of geographical areas, segment revenue is based on the geographical location of customers. The reportable segments are Malaysia, South East Asia other than Malaysia, South Asia and others⁽¹⁾.

⁽¹⁾ Others represent the sales of finished goods to Africa and Europe.

	2023	Group	2022
	RM		RM
Revenue from external customers			
Malaysia	393,047,521		481,556,544
South East Asia other than Malaysia	154,259,981		182,149,031
South Asia	97,658,677		109,088,235
Others ⁽¹⁾	2,413,202		5,114,180
	<u>647,379,381</u>		<u>777,907,990</u>

Major customers

The following is a major customer with revenue equal or more than ten percent (10%) of Group revenue:

	2023	Revenue	2022	Segment
	RM		RM	
Customer A	<u>82,777,520</u>		<u>147,094,698</u>	Malaysia

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2023

5. PROPERTY, PLANT AND EQUIPMENT

Group 2023	Balance as at 1.8.2022 RM	Additions RM	Reclassifi- cation RM	Written off RM	Disposals RM	Depreciation charge for the financial year RM	Balance as at 31.7.2023 RM
Carrying amount							
Freehold land	14,161,971	-	-	-	-	-	14,161,971
Buildings	26,845,834	173,000	-	-	-	(709,265)	26,309,569
Plant and machinery	15,921,431	10,656,678	2,305,150	-	-	(3,136,286)	25,746,973
Office equipment	356,747	92,881	-	(763)	(2)	(66,412)	382,451
Furniture and fittings	55,436	1,450	-	-	-	(11,839)	45,047
Electrical fittings	9,106	-	-	-	-	(8,791)	315
Motor vehicles	613,423	-	-	-	-	(137,106)	476,317
Assets work-in-progress	2,305,150	2,696,252	(2,305,150)	-	-	-	2,696,252
	60,269,098	13,620,261	-	(763)	(2)	(4,069,699)	69,818,895

	←----- At 31.7.2023 ----->		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Freehold land	14,161,971	-	14,161,971
Buildings	35,501,913	(9,192,344)	26,309,569
Plant and machinery	82,483,638	(56,736,665)	25,746,973
Office equipment	971,133	(588,682)	382,451
Furniture and fittings	389,548	(344,501)	45,047
Electrical fittings	2,589,498	(2,589,183)	315
Motor vehicles	963,512	(487,195)	476,317
Assets work-in-progress	2,696,252	-	2,696,252
	139,757,465	(69,938,570)	69,818,895

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2023

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group 2022	Balance as at 1.8.2021 RM	Additions RM	Written off RM	Disposals RM	Depreciation charge for the financial year RM	Balance as at 31.7.2022 RM
Carrying amount						
Freehold land	8,825,000	5,336,971	-	-	-	14,161,971
Buildings	22,285,017	5,172,565	-	-	(611,748)	26,845,834
Plant and machinery	15,175,432	3,923,547	-	-	(3,177,548)	15,921,431
Office equipment	339,456	77,916	(821)	(1)	(59,803)	356,747
Furniture and fittings	67,157	-	-	-	(11,721)	55,436
Electrical fittings	81,728	-	-	-	(72,622)	9,106
Motor vehicles	19,269	685,531	-	(2)	(91,375)	613,423
Assets work-in-progress	-	2,305,150	-	-	-	2,305,150
	46,793,059	17,501,680	(821)	(3)	(4,024,817)	60,269,098

	←----- At 31.7.2022 ----->		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Freehold land	14,161,971	-	14,161,971
Buildings	35,328,914	(8,483,080)	26,845,834
Plant and machinery	70,370,733	(54,449,302)	15,921,431
Office equipment	883,789	(527,042)	356,747
Furniture and fittings	388,097	(332,661)	55,436
Electrical fittings	2,589,498	(2,580,392)	9,106
Motor vehicles	963,513	(350,090)	613,423
Assets work-in-progress	2,305,150	-	2,305,150
	126,991,665	(66,722,567)	60,269,098

All items of property, plant and equipment are initially measured at cost. Cost includes expenditures that is directly attributable to the acquisition of the asset. After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost of the assets to their residual values on a straight-line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the various business segments of the Group. The principal depreciation periods and annual rates used are as follows:

Buildings	2%
Plant and machinery	6% to 20%
Office equipment	10%
Furniture and fittings	10%
Electrical fittings	6%
Motor vehicles	20%

Freehold land has unlimited useful life and is not depreciated.

Assets work-in-progress represents plant and machinery. Assets work-in-progress is not depreciated until such time when the assets are available for use.

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2023

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets

Group	Plant and machinery RM	Motor vehicles RM	Total RM
2023			
Carrying amount			
Balance as at 1 August 2022	1,028,868	349,028	1,377,896
Additions	2,897,560	689,245	3,586,805
Depreciation charge for the financial year	(1,028,868)	(349,028)	(1,377,896)
Balance as at 31 July 2023	2,897,560	689,245	3,586,805
2022			
Carrying amount			
Balance as at 1 August 2021	449,012	-	449,012
Additions	1,502,809	698,060	2,200,869
Modification	67,928	-	67,928
Depreciation charge for the financial year	(990,881)	(349,032)	(1,339,913)
Balance as at 31 July 2022	1,028,868	349,028	1,377,896

Lease liabilities

Group	Plant and machinery RM	Motor vehicles RM	Total RM
2023			
Carrying amount			
Balance as at 1 August 2022	1,060,870	358,430	1,419,300
Additions	2,897,560	689,245	3,586,805
Lease payments	(1,095,400)	(369,000)	(1,464,400)
Interest expense	34,530	10,570	45,100
Balance as at 31 July 2023	2,897,560	689,245	3,586,805
2022			
Carrying amount			
Balance as at 1 August 2021	495,388	-	495,388
Additions	1,502,809	698,060	2,200,869
Modification	47,861	-	47,861
Lease payments	(1,074,400)	(369,000)	(1,443,400)
Interest expense	89,212	29,370	118,582
Balance as at 31 July 2022	1,060,870	358,430	1,419,300

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2023

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)**Lease liabilities (continued)**

Represented by:

	2023	Group
	RM	2022
		RM
Current liabilities	1,265,603	1,419,300
Non-current liabilities	2,321,202	-
	<u>3,586,805</u>	<u>1,419,300</u>

	2023	Group
	RM	2022
		RM
Lease liabilities owing to non-financial institution	<u>3,586,805</u>	<u>1,419,300</u>

- (a) The Group leases a number of plant and machinery and motor vehicles in the locations, in which it operates with fixed periodic rent over the lease term.
- (b) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any, and adjusted for any re-measurement of the lease liabilities.

The Group has low-value leases (leases for which the underlying asset is RM20,000 and below) of office equipment and hostels. The Group applies the "lease of low-value assets" exemption for these leases.

- (c) The right-of-use assets are depreciated on a 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:

Plant and machinery	2 to 5 years
Motor vehicles	2 years

- (d) The following are the amounts recognised in profit or loss:

	2023	Group
	RM	2022
		RM
Depreciation charge of right-of-use assets (included in cost of sales)	1,377,896	1,339,913
Interest expense on lease liabilities (included in finance costs)	45,100	118,582
Expense relating to lease of low-value assets (included in administrative expenses)	91,308	58,808
Gain on lease modification (included in other operating income)	-	(20,067)
	<u>1,514,304</u>	<u>1,497,236</u>

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2023

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

Lease liabilities (continued)

(e) The lease liabilities of the Group and of the Company bear the following interest rates per annum:

	Group	
	2023	2022
	%	%
Lease liabilities	6.65	5.79

(f) Management exercises judgement in determining the incremental borrowing rate whenever the implicit rate of interest in a lease is not readily determinable as well as the lease term. The incremental borrowing rate used is based on a prevailing market borrowing rate over a similar lease term, of similar value as the right-of-use asset in a similar economic environment. Lease term is based on management expectations driven by prevailing market conditions and past experiences in exercising similar renewal and termination options.

(g) Total cash outflows for leases of the Group amounted to RM1,555,708 (2022: RM1,502,208) during the financial year.

(h) Information on financial risks of lease liabilities is disclosed in Note 32 to the financial statements.

7. INVESTMENT PROPERTY

	Group	
	2023	2022
	RM	RM
Cost		
At 31 July 2023/2022	9,344,546	9,344,546
Fair value as at 31 July 2023/2022	11,220,000	11,220,000

(a) Investment property is initially measured at cost, which includes transaction costs. After initial recognition, investment property is stated at cost less any accumulated depreciation and any accumulated impairment losses.

(b) Investment property of the Group comprises freehold land held for capital appreciation purposes.

(c) The fair value of the Group's investment property is categorised as Level 3 in the fair value hierarchy. It was determined by the Directors based on the market comparison approach that reflects recent transaction prices for similar properties. The most significant input into this valuation approach is the price per square foot of comparable properties.

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2023

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2023	2022
	RM	RM
Unquoted shares, at cost	80,279,130	80,279,130

- (a) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any.

All components of non-controlling interests shall be 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.

- (b) Details of the subsidiaries are as follows:

Name of company	Principal place of business/ Country of incorporation	Effective interest in equity held by the Group		Principal activities
		2023	2022	
Formosa Shyen Horng Metal Sdn. Bhd.	Malaysia	100%	100%	Manufacturing and marketing of aluminium billets
Emerald Innovations Sdn. Bhd.	Malaysia	100%	100%	Property holding
Tambun Kekal Sdn. Bhd. ("TKSB")*	Malaysia	57.1%	57.1%	Investment holding
Subsidiary of TKSB				
Konsep Juara Sdn. Bhd. ("KJSB")*	Malaysia	28.6%	28.6%	Property developer

* *Subsidiaries not audited by BDO PLT or member firms.*

- (c) In the previous financial year, the Company acquired 9,299,999 ordinary shares, representing a 100% equity interest in the enlarged share capital of Emerald Innovations Sdn. Bhd. The amount owed by the subsidiary, which amounted to RM9,299,999, was capitalised as an additional cost of the Company's investment in the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2023

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(d) Subsidiaries of the Group that has non-controlling interests ("NCI") are as follows:

	TKSB RM	KJSB RM	Total RM
2023			
NCI percentage of ownership interests and voting interest	42.9%	71.4%	
Carrying amount of NCI	(480,353)	(7,429,204)	(7,909,557)
Loss allocated to NCI	(14,509)	(2,909,014)	(2,923,523)
Total comprehensive loss allocated to NCI	(14,509)	(2,909,014)	(2,923,523)
2022			
NCI percentage of ownership interests and voting interest	42.9%	71.4%	
Carrying amount of NCI	(465,844)	(4,520,190)	(4,986,034)
Loss allocated to NCI	(36,994)	(3,545,119)	(3,582,113)
Total comprehensive loss allocated to NCI	(36,994)	(3,545,119)	(3,582,113)

(e) The summarised financial information before intra-group elimination of the subsidiaries that have NCI as at each reporting period is as follows:

	TKSB RM	KJSB RM
2023		
Assets and liabilities		
Non-current assets	1,002,000	6,936
Current assets	-	76,346,989
Non-current liabilities	-	(47,140,438)
Current liabilities	(1,132,865)	(39,619,563)
Net liabilities	(130,865)	(10,406,076)
Results		
Loss for the financial year	(33,821)	(4,074,647)
Total comprehensive loss	(33,821)	(4,074,647)
Cash flows		
Cash flows used in operating activities	(6,250)	(965,170)
Cash flows from investing activities	6,250	3,741,163
Cash flows from financing activities	-	(2,856,458)
Net increase in cash and cash equivalents	-	(80,465)

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2023

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

- (e) The summarised financial information before intra-group elimination of the subsidiaries that has NCI as at each reporting period are as follows: (continued)

	TKSB RM	KJSB RM
2022		
Assets and liabilities		
Non-current assets	1,002,000	2,454
Current assets	-	75,943,919
Non-current liabilities	-	(56,380,000)
Current liabilities	(1,099,044)	(25,897,802)
Net liabilities	<u>(97,044)</u>	<u>(6,331,429)</u>
Results		
Loss for the financial year	(86,234)	(4,965,647)
Total comprehensive loss	<u>(86,234)</u>	<u>(4,965,647)</u>
Cash flows		
Cash flows used in operating activities	(8,368)	(1,338,399)
Cash flows from investing activities	8,368	3,559,346
Cash flows used in financing activities	-	(2,350,196)
Net decrease in cash and cash equivalents	<u>-</u>	<u>(129,249)</u>

9. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Unquoted shares, at cost	3,000	3,000	3,000	3,000
Share of post-acquisition profit	432,822	432,722	-	-
	<u>435,822</u>	<u>435,722</u>	<u>3,000</u>	<u>3,000</u>

- (a) Investment in an associate is measured at cost less impairment losses, if any, in the separate financial statements of the Company and accounted for using the equity method in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2023

9. INVESTMENT IN AN ASSOCIATE (CONTINUED)

(b) The details of the associate are as follows:

Name of company	Principal place of business/ Country of incorporation	Effective interest in equity		Principal activity
		2023	2022	
Ringgit Voyage Sdn. Bhd.*	Malaysia	30%	30%	Investment holding

* Associate not audited by BDO PLT or member firms.

The above investment is accounted for as investment in associate by virtue of ability of the Group to exercise significant influence over the financial and operating policies of the investee company through representation in the Board of Directors of this associate.

The associate has a financial year end of 31 December. Management accounts of this associate for the financial year ended 31 July 2023 has been used for the purpose of applying the equity method of accounting.

(c) The summarised financial information of the associate are as follows:

	Group	
	2023 RM	2022 RM
Assets and liabilities		
Non-current assets	1,764,420	1,763,413
Current assets	900,371	900,583
Current liabilities	(1,212,052)	(1,211,588)
Net assets	1,452,739	1,452,408
Results		
Profit/(Loss) for the financial year	332	(10,842)
Total comprehensive income/(loss)	332	(10,842)
Share of results by the Group for the financial year		
Share of profit/(loss) by the Group for the financial year	100	(3,253)

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2023

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-current:				
Other receivables				
Amounts owing by subsidiaries	-	-	8,046,817	7,598,505
Current:				
Trade receivables				
Third parties	42,933,392	39,318,160	-	-
Amounts owing by related parties	7,082,475	7,242,373	-	-
	50,015,867	46,560,533	-	-
Less: Impairment losses				
- third parties	(2,533,990)	(2,492,609)	-	-
Total trade receivables	47,481,877	44,067,924	-	-
Current:				
Other receivables				
Third parties	31,237	19,619	-	-
Deposits	38,091	26,340	1,000	1,000
Amount owing by an associate	366,000	363,000	366,000	363,000
Amounts owing by subsidiaries	-	-	33,383,706	25,985,729
	435,328	408,959	33,750,706	26,349,729
Less: Impairment loss				
- amount owing by an associate	(225,000)	(225,000)	(225,000)	(225,000)
	210,328	183,959	33,525,706	26,124,729
Total receivables	47,692,205	44,251,883	33,525,706	26,124,729
Prepayments	11,162,804	6,199,453	384,378	405,508
Total trade and other receivables (current)	58,855,009	50,451,336	33,910,084	26,530,237
Total trade and other receivables (current and non-current)	58,855,009	50,451,336	41,956,901	34,128,742

- (a) Trade and other receivables (excluding prepayments), are classified as financial assets measured at amortised cost.
- (b) The normal trade credit terms granted by the Group in respect of trade receivables ranged from 14 days to 180 days (2022: 14 days to 180 days) from the date of invoice. They are recognised at their original invoices amounts, which represent their fair values on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2023

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

- (c) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses ("ECL").

Lifetime ECL are the ECL that result from all possible default events over the expected life of the asset. The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

The Group has established a provision matrix that is based on its historical credit loss experience, adjusted to reflect current and forward-looking information on macroeconomic factors in Malaysia such as consumer price index, lending interest rate and non-performing loan (2022: consumer price index, lending interest rate and non-performing loan) affecting the ability of the consumers to settle the receivables. Expected loss rates are calculated using the roll rate method separately for exposures in different segments based on common credit risk characteristic, namely receivables aging status.

During this process, the probability of non-payment by the trade receivables is adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime ECL 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 consolidated statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectible, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise judgement in determining the probability of default by trade receivables and appropriate forward-looking information and significant increase in credit risk.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring at the reporting date with the risk of a default occurring at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

- (d) The loss allowance of trade receivables of the Group are as follows:

Group	Gross carrying amount RM	Loss allowance RM	Balance as at 31.07.2023 RM
2023			
Current	43,220,458	(362,477)	42,857,981
Past due:			
- 1 to 30 days	3,453,741	-	3,453,741
- 31 to 60 days	1,170,155	-	1,170,155
- more than 90 days	2,171,513	(2,171,513)	-
	6,795,409	(2,171,513)	4,623,896
	50,015,867	(2,533,990)	47,481,877

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2023

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

(d) The loss allowance of trade receivables of the Group are as follows: (continued)

Group	Gross carrying amount RM	Loss allowance RM	Balance as at 31.07.2022 RM
2022			
Current	42,339,351	(17,208)	42,322,143
Past due:			
- 1 to 30 days	1,696,872	(687)	1,696,185
- more than 90 days	2,524,310	(2,474,714)	49,596
	4,221,182	(2,475,401)	1,745,781
	46,560,533	(2,492,609)	44,067,924

(e) The movement of the allowance for impairment loss on trade receivables is as follows:

Group	Credit impaired RM	Lifetime ECL allowance RM	Total allowance RM
2023			
Balance as at 1 August 2022	2,171,513	321,096	2,492,609
Charge for the financial year	-	41,381	41,381
Balance as at 31 July 2023	2,171,513	362,477	2,533,990
2022			
Balance as at 1 August 2021	2,171,513	175,282	2,346,795
Charge for the financial year	-	145,814	145,814
Balance as at 31 July 2022	2,171,513	321,096	2,492,609

Credit impaired refers to individually determined debtor who is in significant financial difficulties and has defaulted on payments, i.e. being more than 180 days past due to be impaired as at the financial year end.

(f) The movement of the allowance for impairment loss on amount owing by an associate is as follows:

Group and Company	Credit impaired RM
Balance as at 31 July 2022/2023	225,000

NOTES TO THE FINANCIAL STATEMENTS

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10. TRADE AND OTHER RECEIVABLES (CONTINUED)

- (g) As at the end of each reporting period, the credit risks exposures and concentration relating to trade receivables of the Group is summarised in the table below:

	2023	Group
	RM	2022
		RM
Maximum exposure	47,481,877	44,067,924
Collateral obtained	(8,146,415)	(4,756,259)
Net exposure to credit risk	39,335,462	39,311,665

During the financial year, the Group did not renegotiate the terms of any trade receivables.

- (h) Non-current amounts owing by subsidiaries of the Company represent the present value of advances, which are unsecured, bear interest at 2.9% (2022: 3.4%) per annum and are not repayable within the next twelve (12) months.

The fair value of non-current amounts owing by subsidiaries are estimated by discounting expected future cash flows at the market incremental borrowing rate for similar types of lending. The carrying amounts of the non-current amounts owing by subsidiaries are reasonable approximations of their fair values.

Current amounts owing by subsidiaries represent advances and payments made on behalf, which is unsecured, bear interest at 2.9% (2022: 3.4%) per annum and payable within the next twelve (12) months in cash and cash equivalents.

Amount owing by an associate represents advances and payments made on behalf, which is unsecured, interest-free and payable within the next twelve (12) months in cash and cash equivalents.

- (i) Impairment for other receivables, amounts owing by subsidiaries and an associate are recognised based on the general approach within MFRS 9 using the forward-looking ECL 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 ECL along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime ECL along with the gross interest income are recognised. As at the end of the reporting period, the Group and the Company assess 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 ECL 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 other receivables, changes to contractual terms, payment delays and past due information. A significant increase in credit risk is presumed if contractual payments are more than 90 days after credit term.

The probabilities of non-payment by other receivables, amounts owing by subsidiaries and an associate are adjusted by forward-looking information such as consumer price index, lending interest rate and non-performing loan (2022: consumer price index, lending interest rate and non-performing loan) and multiplied by the amount of the expected loss arising from default to determine the twelve month or lifetime ECL for other receivables, amounts owing by subsidiaries and an associate.

It requires management to exercise judgement in determining the probabilities of default by other receivables, amounts owing by subsidiaries and an associate, appropriate forward-looking information and significant increase in credit risk.

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10. TRADE AND OTHER RECEIVABLES (CONTINUED)

- (j) No ECL is recognised arising from other receivables other than amount owing by associate as it is negligible.
- (k) Included in prepayments of the Group are advance payments to overseas suppliers amounting to RM10,601,430 (2022: RM5,950,092).
- (l) The Group determines concentration of credit risk by monitoring its trade receivables on an ongoing basis. At the end of each reporting period, approximately 53% (2022: 51%) of the trade receivables of the Group were due from five (5) (2022: five (5)) major customers.

At the end of the reporting period, 99% (2022: 99%) of the receivables of the Company were owing by subsidiaries.

- (m) The currency exposure profile of receivables excluding prepayments of the Group and of the Company is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	39,324,205	37,868,524	41,572,523	33,723,234
United States Dollar	8,368,000	6,383,359	-	-
	47,692,205	44,251,883	41,572,523	33,723,234

- (n) The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the United States Dollar ("USD") exchange rate against the functional currency of the Group, with all other variables held constant:

Profit after tax	Group	
	2023 RM	2022 RM
USD/RM - strengthen by 3% (2022: 3%)	190,790	145,541
- weaken by 3% (2022: 3%)	(190,790)	(145,541)

There is no impact to the equity as a result of changes in the United States Dollar ("USD") exchange rate against the functional currency of the Group.

- (o) Fair value hierarchy

The valuation technique and significant unobservable input used in determining the fair value measurement of Level 3 financial instrument as well as the relationship between key unobservable inputs and fair value, is detailed in the table below.

Financial instrument	Valuation technique used	Significant unobservable input	Inter-relationship between key unobservable inputs and fair value
Financial asset			
Non-current amounts owing by subsidiaries	Discounted cash flows method	Discount rate 2.9% (2022: 3.4%)	The higher the discount rate, the lower the fair value of the asset would be.

NOTES TO THE FINANCIAL STATEMENTS
31 JULY 2023

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

(o) Fair value hierarchy (continued)

The following table sets out the financial instruments not carried at fair value is disclosed, together with their fair value and carrying amount shown in the statements of financial position:

Company	Fair value of financial instruments not carried at fair value			Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM		
Financial assets					
2023					
Amortised cost					
Amounts owing by subsidiaries (non-current)	-	-	8,046,817	8,046,817	8,046,817
2022					
Amortised cost					
Amounts owing by subsidiaries (non-current)	-	-	7,598,505	7,598,505	7,598,505

During the financial year, the Company recognised a gain of RM448,312 (2022: RM1,154,783) on the fair value measurement in profit or loss arising from the unwinding of interest on amounts owing by subsidiaries.

11. INVENTORIES

	Note	Group	
		2023 RM	2022 RM
At cost			
Aluminium products			
Raw materials		35,615,466	31,305,368
Finished goods		55,745,563	56,986,929
Consumables		1,592,733	1,462,918
		92,953,762	89,755,215
Property development expenditure	(c)	74,851,053	74,383,351
		167,804,815	164,138,566

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2023

11. INVENTORIES (CONTINUED)

- (a) Inventories costs of aluminium products are determined on a first-in, first-out basis.
- (b) Carrying amount of inventories at the lower of cost and net realisable value for aluminium products.

Write-down of inventories for aluminium products to net realisable value, if any, is mainly based on management's estimates, which have been derived from expectation of current market prices and future demand.

Management focused on the 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 requires the management to exercise significant judgement, which have been derived from estimates of selling prices that are subject to price volatility of aluminium, and if not accounted for properly, may lead to the valuation of inventories being misstated.

In estimating the net realisable value of the inventories, the management considers the inventories' ageing, the general economic conditions and consumers' demand.

- (c) Property development expenditure

Group	Balance as at 1.8.2022 RM	Cost incurred during the year RM	Balance as at 31.7.2023 RM
2023			
Leasehold land	70,485,560	-	70,485,560
Development costs	3,897,791	467,702	4,365,493
	<u>74,383,351</u>	<u>467,702</u>	<u>74,851,053</u>
Group	Balance as at 1.8.2021 RM	Cost incurred during the year RM	Balance as at 31.7.2022 RM
2022			
Leasehold land	70,485,560	-	70,485,560
Development costs	3,305,946	591,845	3,897,791
	<u>73,791,506</u>	<u>591,845</u>	<u>74,383,351</u>

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 and other related development costs common to the whole project including professional fees and other relevant levies.

Property development land of a subsidiary with carrying amount of RM70,485,560 (2022: RM70,485,560) is charged as a security for term loan granted to the subsidiary as disclosed in Note 17(b) to the financial statements.

- (d) During the financial year, inventories of the Group recognised as cost of sales amounted to RM559,017,498 (2022: RM683,604,348).

NOTES TO THE FINANCIAL STATEMENTS
31 JULY 2023

12. CASH AND BANK BALANCES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	8,537,379	25,663,031	89,362	7,057,993
Deposits with licensed banks	31,535,908	11,310,075	-	-
Short term funds	-	88,596	-	-
As reported in the statements of financial position	40,073,287	37,061,702	89,362	7,057,993
Less:				
Pledged deposit with a licensed bank with maturity period of more than 3 months	(725,908)	(710,075)	-	-
Cash and cash equivalents included in the statements of cash flows	39,347,379	36,351,627	89,362	7,057,993

(a) Cash and bank balances are classified as financial assets measured at amortised cost, whereas short term funds are classified as financial asset at fair value through profit or loss, and subsequently remeasured to fair value with changes in fair value being recognised in profit or loss.

(b) Bank balances are deposits held at call with licensed banks.

(c) In the previous financial year, short term funds held by the Group and the Company were highly liquid, readily convertible to cash and were subject to insignificant risk of changes in value and hence, met the definition to be classified as cash and cash equivalents. The fair value of short term funds was measured as Level 1 in the fair value hierarchy. There was no transfer between levels in the hierarchy during the previous financial year.

The fair value of the short term funds was determined by reference to the published net asset value per unit at the close of the business at the end of each reporting period.

(d) Deposit pledged to a licensed bank is for term loan granted to a subsidiary as disclosed in Note 17(b) to the financial statements.

(e) Weighted average effective interest rates of deposits placed at licensed banks of the Group and of the Company as at the end of each reporting periods are as follows:

	Group	
	2023	2022
Weighted average effective interest rate		
- Floating rates	2.3% - 4.6%	1.6% - 3.3%

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2023

12. CASH AND BANK BALANCES (CONTINUED)

- (f) The following table demonstrates the sensitivity analysis of the Group if interest rates at the end of each reporting period changed by fifty (50) basis points with all other variables held constant:

Profit after tax	Group	
	2023 RM	2022 RM
- Increase by 0.5% (2022: 0.5%)	119,836	43,315
- Decrease by 0.5% (2022: 0.5%)	(119,836)	(43,315)

There is no impact to the equity as a result of changes of interest rate for floating rate instruments as at the end of the reporting period.

- (g) No ECL were recognised arising from cash and bank balances because the probability of default by these licensed banks were negligible.
- (h) The currency exposure profile of cash and bank balances are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	39,316,376	27,166,972	89,362	7,057,993
United States Dollar	738,821	9,871,675	-	-
Others	18,090	23,055	-	-
	<u>40,073,287</u>	<u>37,061,702</u>	<u>89,362</u>	<u>7,057,993</u>

- (i) The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the United States Dollar ("USD") exchange rate against the functional currency of the Group, with all other variables held constant:

Profit after tax	Group	
	2023 RM	2022 RM
USD/RM - strengthen by 3% (2022: 3%)	16,845	225,074
- weaken by 3% (2022: 3%)	(16,845)	(225,074)

The exposure of the Group to the other currencies are not significant, hence the effects of the changes in the exchange rates are not presented.

There is no impact to the equity as a result of changes in the United States Dollar ("USD") exchange rate against the functional currency of the Group.

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31 JULY 2023

13. SHARE CAPITAL

	Group and Company			
	2023		2022	
	Number of shares	RM	Number of shares	RM
Ordinary shares issued and fully paid-up with no par value				
Balance as at 1 August	177,961,597	90,171,582	173,694,597	87,603,709
Issuance of ordinary shares pursuant to ESOS exercised	793,000	472,401	4,267,000	2,567,873
Balance as at 31 July	178,754,597	90,643,983	177,961,597	90,171,582

- (a) During the financial year, the issued and fully paid-up ordinary share capital of the Company was increased from 177,961,597 to 178,754,597 by way of issuance of 793,000 new ordinary shares pursuant to the options exercised under the Employees' Share Option Scheme at an exercise price of RM0.46 per ordinary share for cash.

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company. There were no other issue of shares during the financial year.

- (b) In the previous financial year, the issued and fully paid-up ordinary share capital of the Company was increased from 173,694,597 ordinary shares to 177,961,597 ordinary shares by way of issuance of 4,267,000 new ordinary shares pursuant to 4,083,000 options exercised under the ESOS at an exercise price of RM0.46 per ordinary share for cash and 184,000 options exercised under ESOS at an exercise price of RM0.56 per ordinary share for cash.
- (c) 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.

14. RESERVES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-distributable:				
Share options reserve	952,626	1,153,440	952,626	1,153,440
Distributable:				
Retained earnings	81,362,013	72,308,572	30,435,156	29,629,843
	82,314,639	73,462,012	31,387,782	30,783,283

Share options reserve

Share options reserve represents the effect of equity-settled share options granted to Directors and employees of the Group and of the Company. This reserve is made up of the cumulative value of services received from Directors and employees for the issue of share options. When options are exercised, the amount from the share options reserve is transferred to share capital. When the options expire, the amount from the share options reserve is transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2023

15. DEFERRED TAX LIABILITIES

(a) The deferred tax liabilities are made up of the following:

	Group	
	2023	2022
	RM	RM
Balance as at 1 August	2,440,445	3,138,677
Recognised in profit or loss (Note 24)	1,682,555	(698,232)
Balance as at 31 July	<u>4,123,000</u>	<u>2,440,445</u>
Presented after appropriate offsetting:		
Deferred tax liabilities	<u>4,123,000</u>	<u>2,440,445</u>

(b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group	Property, plant and equipment RM	Other taxable temporary differences RM	Total RM
2023			
Balance as at 1 August 2022	5,556,528	330,695	5,887,223
Recognised in profit or loss	(255,798)	(270,860)	(526,658)
Balance as at 31 July 2023	<u>5,300,730</u>	<u>59,835</u>	<u>5,360,565</u>
2022			
Balance as at 1 August 2021	3,732,328	107,763	3,840,091
Recognised in profit or loss	1,824,200	222,932	2,047,132
Balance as at 31 July 2022	<u>5,556,528</u>	<u>330,695</u>	<u>5,887,223</u>
		Deductible temporary differences RM	Total RM
Deferred tax assets of the Group			
2023			
Balance as at 1 August 2022		3,446,778	3,446,778
Recognised in profit or loss		(2,209,213)	(2,209,213)
Balance as at 31 July 2023		<u>1,237,565</u>	<u>1,237,565</u>
2022			
Balance as at 1 August 2021		701,414	701,414
Recognised in profit or loss		2,745,364	2,745,364
Balance as at 31 July 2022		<u>3,446,778</u>	<u>3,446,778</u>

NOTES TO THE FINANCIAL STATEMENTS
31 JULY 2023

16. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade payables				
Third parties	21,752,863	26,600,970	-	-
Other payables				
Third parties	12,629,803	11,351,428	-	-
Accruals	4,433,629	3,509,675	364,460	382,000
Amounts owing to related parties	18,743,221	15,583,293	-	-
	35,806,653	30,444,396	364,460	382,000
	57,559,516	57,045,366	364,460	382,000

- (a) Trade and other payables of the Group and of the Company are classified as financial liabilities measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal credit terms granted to the Group ranged from 7 days to 30 days (2022: 7 days to 30 days) from the date of invoice.
- (c) Non-trade amounts owing to related parties represent advances, which are unsecured, bear interest at 2.9% (2022: 3.4%) and are payable upon demand.
- (d) The currency exposure profile of trade and other payables are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	52,485,046	55,934,510	364,460	382,000
United States Dollar	5,074,470	1,110,856	-	-
	57,559,516	57,045,366	364,460	382,000

- (e) The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the United States Dollar ("USD") exchange rate against the functional currency of the Group, with all other variables held constant:

Profit after tax	Group	
	2023 RM	2022 RM
USD/RM – strengthen by 3% (2022: 3%)	(115,698)	(25,328)
– weaken by 3% (2022: 3%)	115,698	25,328

There is no impact to the equity as a result of changes in the United States Dollar ("USD") exchange rate against the functional currency of the Group.

- (f) The maturity profile of the trade and other payables of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one (1) year.

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2023

17. BORROWINGS

	Group	
	2023	2022
	RM	RM
Non-current liability		
Term loan	47,140,438	56,380,000
Current liabilities		
Bankers' acceptance	-	6,000,000
Foreign currency loans	62,684,809	39,123,594
Term loan	9,239,562	-
	71,924,371	45,123,594
	<u>119,064,809</u>	<u>101,503,594</u>

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) Term loan of the Group are secured by:
- (i) corporate guarantee by a related party of which certain directors of subsidiaries are also directors of the related party;
 - (ii) joint and several guarantee by certain substantial shareholders of a related party;
 - (iii) open charge over the property held under title PT 50088, Mukim Batu, State of Wilayah Persekutuan, Kuala Lumpur as disclosed in Note 11(c) to the financial statements;
 - (iv) debenture by KJSB creating fixed and floating charges over all its assets and undertaking, both present and future; and
 - (v) memorandum of charge over fixed deposit by KJSB in respect of Debt Service Reserve Account in the form of First Party Fixed Deposit as disclosed in Note 12(d) to the financial statements.
- (c) The bankers' acceptances and foreign currency loans of the Group are secured by a corporate guarantee from the Company.

NOTES TO THE FINANCIAL STATEMENTS
31 JULY 2023

17. BORROWINGS (CONTINUED)

- (d) The following table sets out the carrying amounts, the weighted average effective interest rates as at the end of each reporting period and the remaining maturities of the borrowings of the Group that are exposed to interest rate risk:

Group	Weighted average effective interest rate per annum %	On demand or within one (1) year RM	One (1) to five (5) years RM	Over five (5) years RM	Total RM
2023					
Floating rates					
Foreign currency loans	5.05%	62,684,809	-	-	62,684,809
Term loan	5.35%	9,239,562	46,066,387	1,074,051	56,380,000
2022					
Floating rates					
Bankers' acceptances	2.38%	6,000,000	-	-	6,000,000
Foreign currency loans	1.23%	39,123,594	-	-	39,123,594
Term loan	4.14%	-	56,380,000	-	56,380,000

- (e) The following table demonstrates the sensitivity analysis of the Group if interest rates at the end of each reporting period changed by fifty (50) basis points with all other variables held constant:

Profit after tax	Group	
	2023 RM	2022 RM
- Increase by 0.5% (2022: 0.5%)	(452,446)	(385,714)
- Decrease by 0.5% (2022: 0.5%)	452,446	385,714

There is no impact to the equity as a result of changes of interest rate for floating rate instruments as at the end of the reporting period.

- (f) The currency exposure profile of borrowings are as follows:

	Group	
	2023 RM	2022 RM
Ringgit Malaysia	56,380,000	62,380,000
United States Dollar	62,684,809	39,123,594
	119,064,809	101,503,594

NOTES TO THE FINANCIAL STATEMENTS

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17. BORROWINGS (CONTINUED)

- (g) The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the United States Dollar (“USD”) exchange rate against the functional currency of the Group, with all other variables held constant:

Profit after tax	Group	
	2023 RM	2022 RM
USD/RM – strengthen by 3% (2022: 3%)	(1,429,214)	(892,018)
– weaken by 3% (2022: 3%)	1,429,214	892,018

There is no impact to the equity as a result of changes in the United States Dollar (“USD”) exchange rate against the functional currency of the Group.

- (h) The maturity profile of borrowings of the Group at the end of each reporting period based on contractual undiscounted repayment obligations is summarized in the table below:

Group	On demand or within one (1) year RM	One (1) to five (5) years RM	Over five (5) years RM	Total RM
As at 31 July 2023				
Financial liabilities				
Borrowings	74,744,265	51,505,200	1,078,957	127,328,422
As at 31 July 2022				
Financial liabilities				
Borrowings	47,435,174	62,335,083	-	109,770,257

- (i) The carrying amounts of borrowings are reasonable approximation of their fair values, either due to their short-term nature or that they are floating rate instruments, which are re-priced to market interest rates on or near the end of the reporting period. Fair values of borrowings of the Group are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
31 JULY 2023

18. DERIVATIVE FINANCIAL INSTRUMENTS

Group	2023		2022		
	Contract/ Notional amount RM	Liabilities RM	Contract/ Notional amount RM	Assets RM	Liabilities RM
Forward foreign exchange contracts	(57,449,915)	(768,812)	(16,683,737)	238,481	-
Commodity futures contracts	22,530	(45,168)	(9,564,153)	-	(764,248)
		<u>(813,980)</u>		<u>238,481</u>	<u>(764,248)</u>

(a) Derivatives financial instruments are classified as at fair value through profit or loss and measured at fair value, categorised as Level 2 of the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

(b) Forward foreign exchange contracts

Forward foreign exchange contracts have been entered into, to operationally hedge forecast sales and purchases denominated in foreign currencies that are expected to occur at various dates within three (3) months from the end of the reporting period. The forward foreign exchange contracts have maturity dates that coincide with the expected occurrence of these transactions. The fair value of these components has been determined based on the difference between the contract value and fair value of the underlying currencies at the end of the reporting period.

(c) Commodity futures contracts

The Group has entered into commodity futures contracts with the objective of hedging the Group's exposure to adverse price movements in aluminum. The commodity futures contracts had maturity dates that coincide with the expected occurrence of these transactions. The fair value of these contracts had been determined based on the difference between the contract value and fair value of the underlying commodity as at the end of the reporting period.

(d) The above derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at fair value through profit or loss. The resulting loss from re-measurement of RM288,213 (2022: loss of RM271,027) is recognised in profit or loss.

(e) The notional/contract amount and maturity date of the derivative financial instruments of the Group outstanding as at the end of each reporting period are as follows:

Group	Expiry date	Notional/ Contract amount USD	Equivalent RM
2023			
Forward currency contracts	Within three (3) months	(12,596,471)	(57,449,915)
Commodity future contracts	Within three (3) months	5,000	22,530
2022			
Forward currency contracts	Within three (3) months	(3,800,184)	(16,683,737)
Commodity future contracts	Within three (3) months	(2,147,800)	(9,564,153)

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2023

18. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

- (f) The net exposure to foreign currency risk of the Group is kept at a minimum level by entering into forward foreign exchange contracts and hence any fluctuation in the foreign currency will not have a significant impact to the financial statements of the Group.
- (g) The financial instruments of the Group, which are subject to price risk along with their contract values and mark-to-market fair value on closing, plus fair value recognised over the financial year are as follows:

Group	Contract and notional value within 3 months RM	Fair value attributed to price changes at period closing within 3 months RM
2023		
Commodity based		
Forward sales contracts	2,036,712	(20,277)
Forward purchase contracts	(2,014,182)	(24,891)
	22,530	(45,168)
2022		
Commodity based		
Forward purchase contracts	(9,564,153)	(764,248)

The exposure of the Group to price volatility was solely derived from aluminium products. If the price of aluminium products changes by 3% (2022: 3%), profit after tax for the Group would have equally increased or decreased by approximately RM188,954 (2022: RM162,327).

19. REVENUE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Revenue from contracts with customers				
Sale of goods	647,379,381	777,907,990	-	-
Revenue from other sources				
Dividend income from a subsidiary	-	-	5,000,000	5,000,000
	647,379,381	777,907,990	5,000,000	5,000,000
Timing of revenue recognition				
Transferred at a point in time	647,379,381	777,907,990	-	-

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31 JULY 2023

19. REVENUE (CONTINUED)

(a) Sale of goods

Revenue from sale of goods are 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.

There is no significant financing component in the revenue arising from sale of goods as the sales are made on the normal credit terms not exceeding twelve (12) months.

(b) Dividend income

Dividend income is recognised when the right to receive payments is established.

Disaggregation of revenue from contracts with customers has been presented in the operating segments, Note 4 to the financial statements, which has been presented based on products and services and geographical location from which the sale transactions originated.

20. OTHER OPERATING INCOME

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Fair value gain on discounting of non-current amounts				
owing by subsidiaries	-	-	448,312	1,154,783
Fair value gain on short term funds	763	99,378	-	44,582
Gain on disposal of property, plant and equipment	278	198,047	-	-
Gain on foreign exchange:				
- realised	5,375,670	1,289,374	-	-
- unrealised	249,309	-	-	-
Gain on lease modification	-	20,067	-	-
Interest income:				
- deposits with licensed banks	710,515	230,359	-	12,202
- amounts owing by subsidiaries	-	-	1,091,902	1,649,029
Realised gain on derivative financial instruments	303,674	-	-	-
Share options granted under ESOS	93,193	-	70,720	-
Training grant	26,400	-	-	-
Wages subsidy	-	115,200	-	-
	6,759,802	1,952,425	1,610,934	2,860,596

Interest income

Interest income is recognised as it accrues, using the effective interest method.

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21. OTHER OPERATING EXPENSES

	Group	
	2023 RM	2022 RM
Bad debt written off	-	17,000
Property, plant and equipment written off	763	821
Realised loss on derivative instruments	-	3,581,386
Unrealised losses on foreign exchange	-	880,702
Fair value loss on derivative financial instruments	288,213	271,027
	288,976	4,750,936

22. FINANCE COSTS

	Group	
	2023 RM	2022 RM
Interest expense on:		
- amounts owing to related parties	429,356	1,398,570
- bankers' acceptances	130,467	18,663
- bank overdraft	332	2
- foreign currency loans	2,129,671	534,531
- lease liabilities	45,100	118,582
- term loan	2,856,458	2,350,196
	5,591,384	4,420,544

23. PROFIT BEFORE TAX

Other than those disclosed elsewhere in the financial statements, profit before tax is arrived at after charging:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Auditors' remuneration:				
Statutory audit				
- BDO PLT	90,700	82,000	11,000	11,000
- other auditors	4,800	4,800	-	-
under provision in prior year				
- other auditors	120	-	-	-
Non-audit services				
- BDO PLT	5,000	5,000	5,000	5,000

NOTES TO THE FINANCIAL STATEMENTS
31 JULY 2023

24. TAX EXPENSE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current tax expense based on profit for the financial year:				
- current year	2,308,999	6,641,000	240,000	372,000
- under/(over)-provision in prior years	5,832	(12,231)	35	-
	2,314,831	6,628,769	240,035	372,000
Deferred tax (Note 15) Relating to origination and reversal of temporary differences	1,682,555	(698,232)	-	-
	3,997,386	5,930,537	240,035	372,000

- (a) Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 24%) of the estimated taxable profit for the fiscal year.
- (b) The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate of the Group and of the Company are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit before tax	15,039,123	21,012,978	5,957,167	7,228,695
Tax at Malaysian statutory tax rate of 24% (2022: 24%)	3,609,390	5,043,115	1,429,720	1,734,887
Tax effects in respect of:				
- non-allowable expenses	1,905,683	1,745,248	10,280	242,971
- non-taxable income	(184)	(774,705)	(1,200,000)	(1,605,858)
- effect of share of profit/(loss) of an associate	80	(2,602)	-	-
- tax incentives and allowances	(1,523,415)	(68,288)	-	-
	3,991,554	5,942,768	240,000	372,000
Under/(Over)-provision of income tax in prior years	5,832	(12,231)	35	-
	3,997,386	5,930,537	240,035	372,000

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2023

25. 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 equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2023	2022
Profit attributable to equity holders of the parent (RM)	13,965,260	18,664,554
Weighted average number of ordinary shares in issue (unit)	175,430,161	174,916,652
Basic earnings per ordinary share (sen)	7.96	10.67

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year end 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. The adjusted weighted average number of ordinary shares in issue and issuable has been arrived at based on the assumption that the ESOS are exercised at the beginning of the financial year. The ordinary shares to be issued under ESOS are based on the assumed proceeds on the difference between average share price for the financial year and exercise price.

	Group	
	2023	2022
Profit attributable to equity holders of the parent (RM)	13,965,260	18,664,554
Weighted average number of ordinary shares in issue (unit)	175,430,161	174,916,652
Effects of dilution due to ESOS	-	572,116
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share (unit)	175,430,161	175,488,768
Diluted earnings per ordinary share (sen)	7.96	10.64

26. DIVIDENDS

	Group and Company			
	2023		2022	
	Dividend per share Sen	Amount of dividend RM	Dividend per share Sen	Amount of dividend RM
In respect of the financial year ended 31 July 2022 Final single tier dividend paid on 21 December 2022	2.75	4,911,819	-	-
In respect of the financial year ended 31 July 2021 Final single tier dividend paid on 22 December 2021	-	-	2.25	4,000,311

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2023

26. DIVIDENDS (CONTINUED)

At the forthcoming Annual General Meeting, a first and final single tier dividend of 2.50 sen per ordinary share amounting to RM4,468,865 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 31 July 2024.

27. EMPLOYEE BENEFITS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Salaries, bonuses and wages	11,479,068	10,377,690	-	-
Defined contribution plan	792,251	744,299	-	-
Social security contributions	116,538	94,560	-	-
Other benefits	906,370	548,852	53,000	36,000
	13,294,227	11,765,401	53,000	36,000

Included in employee benefits of the Group and of the Company is Executive Directors' and other key management personnel's remuneration as disclosed in Note 31(c) to the financial statements.

28. EMPLOYEES' SHARE OPTION SCHEME ("ESOS" or "Scheme")

The Company implemented an ESOS, which was in force for a period of five (5) years from 27 August 2018 until 26 August 2023 ("the option period"). On 27 June 2023, the Board of Directors has approved the extension of the ESOS for a further period of five (5) years to 25 August 2028. The main features of the ESOS are as follows:

(a) Eligibility

Employee of the Group

An employee of the Group shall be able to participate in the Scheme, if, as at the date of offer:

- (i) he/she has attained at least 18 years of age and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings;
- (ii) he/she is employed on the date of offer and he/she is employed:
 - on a full time basis and is on the payroll of any company of the Group for a continuous period of at least one (1) year (which shall include any probation period) and his employment has been confirmed; or
 - he/she is serving in a specific designation under an employment contract with any company of the Group for a continuous fixed duration of at least one (1) year (which shall include any probation period) and may, if the ESOS Committee deems fit, to include contract staff hired for a period of one (1) year or more for any purposes or specific requirements of the Group; and
- (iii) such employees falls within any other eligibility criteria (including variations to the eligibility criteria under section (a)(ii) above) that may be determined by the ESOS Committee from time to time at its sole discretion.

NOTES TO THE FINANCIAL STATEMENTS

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28. EMPLOYEES' SHARE OPTION SCHEME ("ESOS" or "Scheme") (CONTINUED)

The Company implemented an ESOS, which was in force for a period of five (5) years from 27 August 2018 until 26 August 2023 ("the option period"). On 27 June 2023, the Board of Directors has approved the extension of the ESOS for a further period of five (5) years to 25 August 2028. The main features of the ESOS are as follows: (continued)

(a) Eligibility (continued)

Director of the Group

- (i) he/she has attained at least 18 years of age and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings;
- (ii) he/she has been appointed as a Director (and not as alternate Director) in the Company or any company in the Group; and
- (iii) such Director fulfils any other criteria as may be determined by the ESOS Committee from time to time at its sole discretion, whose decision shall be final and binding.

In respect of a Director, a chief executive officer, major shareholders of the Company or a person connected with a Director, chief executive officer or major shareholder, the specific allocation of ESOS options granted under the Scheme must have been approved by the shareholders of the Company at a general meeting.

- (b) The maximum number of shares offered under the ESOS shall not, in aggregate, exceed 10% of the number of issued ordinary shares of the Company at any time during the existence of the ESOS;
- (c) The exercise price determined by the ESOS Committee is based on the five (5)-day Volume-Weighted Average Price of the Company's shares, as quoted on Bursa Malaysia Securities Berhad, immediately preceding the date of offer, with a discount of not more than ten percent (10%) or such other percentage of discount as may be permitted by Bursa Malaysia Securities Berhad or any other relevant authorities from time to time during the duration of the Scheme;
- (d) The maximum number of shares, which may be offered to any eligible employee and Director shall be at the discretion of the ESOS Committee after taking into consideration, among others and where relevant, the performance, position, seniority and length of service, subject to the following:
 - (i) that the number of ESOS options made available under the Scheme shall not exceed ten percent (10%) of the total number of issued ordinary shares of the Company;
 - (ii) that not more than ten percent (10%) of the shares available under the Scheme at the point in time when an offer is made, be granted to any individual eligible person who, either singly or collectively through persons connected with him, holds twenty percent (20%) or more of the issued shares (excluding treasury shares, if any);
 - (iii) that not more than seventy percent (70%) of the total number of shares to be issued under the Scheme will be allocated in aggregate to the Directors and senior management of the Group who are eligible persons; and
 - (iv) that the Directors and senior management of the Group do not participate in the deliberation or discussion of their respective allocation.
- (e) No vesting period as well as performance target that must be achieved prior to the exercise of the ESOS options set by the ESOS Committee. Notwithstanding this, the ESOS Committee shall have the discretion to prescribe any conditions as it may deem fit in the offer;

NOTES TO THE FINANCIAL STATEMENTS 31 JULY 2023

28. EMPLOYEES' SHARE OPTION SCHEME ("ESOS" or "Scheme") (CONTINUED)

The Company implemented an ESOS, which was in force for a period of five (5) years from 27 August 2018 until 26 August 2023 ("the option period"). On 27 June 2023, the Board of Directors has approved the extension of the ESOS for a further period of five (5) years to 25 August 2028. The main features of the ESOS are as follows: (continued)

- (f) The shares shall on issue and allotment rank pari passu in all respects with the then existing issued shares of the Company; and
- (g) No eligible employee and Director shall participate at any time in any other employees' share option scheme within the Company and its subsidiaries unless otherwise approved by the ESOS Committee.

Options exercisable in a particular year but not exercised shall be carried forward to subsequent years within the option period provided that no options shall be exercised beyond the date of expiry of the scheme.

The number of unissued ordinary shares under options was as follows:

Option price	Number of options over ordinary shares			Balance as at 31.7.2023
	Balance as at 1.8.2022	Exercised	Retracted*	
RM0.46	2,105,200	(793,000)	(77,000)	1,235,200
RM0.56	4,908,000	-	(468,000)	4,440,000

* Due to resignation

Since the implementation of the ESOS until the end of the financial year ended 31 July 2023, a total of 16,745,400 options had been granted to the eligible Directors and employees of the Group, which includes a total of 8,380,000 options granted to the Directors. A total of 10,344,200 options had been exercised since the implementation of the ESOS until the end of the financial year, which includes 5,300,000 options exercised by the Directors.

Share options exercised during the financial year resulted in the issuance of 793,000 ordinary shares at exercise price of RM0.46.

Fair value of share options was estimated by the Group using the Black-Scholes-Merton option pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of share option measured at grant date and the assumptions used are as follows:

Expected life (years)	1 – 5
Average share price at grant date (RM)	0.50 – 0.62
Exercise price (RM)	0.46 – 0.56
Fair value of share options (RM)	0.14 – 0.18
Risk free rate of interest (%)	3.32% – 3.88%
Expected dividend yield (%)	3.25% – 5.10%
Expected volatility (%)	34.90% – 47.01%

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2023

29. CAPITAL COMMITMENTS

	Group	
	2023	2022
	RM	RM
Capital expenditure in respect of purchase of property, plant and equipment:		
- Approved and contracted for	5,320,263	7,364,800
- Approved but not contracted for	3,419,780	3,761,250
	8,740,043	11,126,050

30. GUARANTEE

	Company			
	2023		2022	
	Limit	Utilised	Limit	Utilised
	RM	RM	RM	RM
Corporate guarantees given to financial institutions for banking facilities to a subsidiary	#	62,684,809	#	45,123,594

The Company provided corporate guarantee for banking facilities granted to a subsidiary with a limit of RM118,000,000 and USD10,000,000 (2022: RM88,000,000 and USD10,000,000).

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 corporate guarantees as 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 each 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 statements of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote.

NOTES TO THE FINANCIAL STATEMENTS

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31. 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 8 to the financial statements;
 - (ii) an associate as disclosed in Note 9 to the financial statements;
 - (iii) companies in which the Directors of the Company have substantial financial interests;
 - (iv) LB Aluminium Berhad and its subsidiary, LB Aluminium (Sarawak) Sdn. Bhd. (collectively referred to as the "LB Group") is a related party to the Group, whereby Tan Sri Datuk Leow Chong Howa and Leow Vinzie are the Directors of LB Group; and
 - (v) key management personnel, whom 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 had the following transactions with related parties during the financial year:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<i>With subsidiaries:</i>				
- Dividend income	-	-	5,000,000	5,000,000
- Interest income	-	-	1,091,902	1,649,029
<i>With related parties in which a Director has substantial financial interests:</i>				
- Sales to LB Aluminium Berhad	82,777,520	147,094,698	-	-
- Sales to LB Aluminium (Sarawak) Sdn. Bhd.	16,607,932	19,290,288	-	-

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 of the Company.

Information regarding outstanding balances arising from related party transactions as at 31 July 2023 are disclosed in Notes 10 and 16 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2023

31. RELATED PARTY DISCLOSURES (CONTINUED)

(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 or indirectly, including Director (whether Executive or otherwise) of the Group and of the Company.

The remuneration of key management personnel during the financial year was as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Directors of the Company				
Executive Directors:				
Short-term employee benefits:				
- fees	120,000	120,000	120,000	120,000
- salaries, bonuses and other benefits	1,599,411	1,464,522	18,000	12,000
- defined contribution plan	181,280	170,470	-	-
	1,900,691	1,754,992	138,000	132,000
Non-Executive Directors:				
Short-term employee benefits:				
- fees	255,900	246,000	255,900	246,000
- other benefits	35,000	24,000	35,000	24,000
	290,900	270,000	290,900	270,000
Total	2,191,591	2,024,992	428,900	402,000
Director of a subsidiary				
Executive Director:				
Short-term employee benefits:				
- salaries, bonuses and other benefits	241,139	240,923	-	-
- defined contribution plan	28,800	28,800	-	-
Total	269,939	269,723	-	-
Total Directors' remuneration	2,461,530	2,294,715	428,900	402,000
Other key management personnel:				
Short term employee benefits				
	1,985,831	1,839,378	-	-
Defined contribution plan	368,580	328,700	-	-
Total compensation of other key management personnel	2,354,411	2,168,078	-	-

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group amounted to RM60,550 (2022: RM152,550).

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2023

31. RELATED PARTY DISCLOSURES (CONTINUED)

- (c) Compensation of key management personnel (continued)

Directors of the Group have been granted the following number of options under the ESOS:

	2023 Number	Group 2022 Number
Balance as at 1 August	3,560,000	6,340,000
Exercised	(480,000)	(2,780,000)
Retracted	(400,000)	-
Balance as at 31 July	2,680,000	3,560,000

The terms and conditions of the ESOS are detailed in Note 28 to the financial statements.

32. CAPITAL AND FINANCIAL RISK MANAGEMENT

- (a) Capital management

The primary objective of the capital management of the Group is to ensure that the Group would be able to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. The overall strategy of the Group remains unchanged from that in the previous financial year ended 31 July 2022.

The Group manages its capital structure and makes adjustments to it in response to changes in the economic conditions. In order to maintain or adjust the capital structure, the Group 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 31 July 2023 and 31 July 2022.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group includes within net debt, borrowings less cash and bank balances. Capital represents equity attributable to the owners of the parents. The gearing ratio as at 31 July 2023 and 31 July 2022 are as follows:

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Borrowings	17	119,064,809	101,503,594	-	-
Less: Cash and bank balances	12	(40,073,287)	(37,061,702)	(89,362)	(7,057,993)
Net debt/(cash)		78,991,522	64,441,892	(89,362)	(7,057,993)
Total capital		172,958,622	163,633,594	122,031,765	120,954,865
Gearing ratio (%)		45.67	39.38	*	*

* Gearing ratio is not applicable as the Company are at net cash position.

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 more than twenty-five percent (25%) of the issued and paid-up capital and such shareholders' equity is not less than RM40.0 million. The Company has complied with this requirement for the financial year ended 31 July 2023.

The Group is not subject to any other externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2023

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Financial risk management objectives and policies

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in interest rate, foreign currency exchange and the unpredictability of the financial markets.

The Group is exposed mainly to interest rate risk, foreign currency risk, credit risk, liquidity and cash flow risk and price fluctuation risk.

Information on the management of the related exposures is detailed below:

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates.

The exposure of the Group and of the Company to interest rate risk arises primarily from their borrowings and deposits placed with licensed banks.

Sensitivity analysis for interest rates risk

The Group regularly reviews and ensure that it obtains bank borrowings at competitive rates under the most favourable terms and conditions.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Notes 12 and 17 to the financial statements respectively.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would 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 currency giving rise to this risk is primarily United States Dollar ("USD"). The Group entered into forward foreign exchange contracts to limit its exposure of sales and purchases dominated in foreign currency.

The foreign currency profile and sensitivity analysis has been disclosed in Notes 10, 12, 16, 17 and 18 to the financial statements respectively.

(iii) 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.

NOTES TO THE FINANCIAL STATEMENTS
31 JULY 2023**32. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)**

(b) Financial risk management objectives and policies (continued)

(iii) Credit risk (continued)

The primary exposure of the Group to credit risk arises through its trade receivables while the Company's primary exposure is through the amounts owing by subsidiaries. The trading terms of the Group with its customers are mainly on credit. The credit period is generally for a period of fourteen (14) days, extending up to one hundred and eighty (180) days for major customers. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by management.

The credit risk profiles have been disclosed in Note 10 to the financial statements.

Exposure to credit risk

At the end of each reporting period, the maximum exposure to credit risk of the Group and of the Company is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The information regarding credit enhancement for trade and other receivables is disclosed in Note 10 to the financial statements.

(iv) Liquidity and cash flow risk

The Group monitors its cash flow position actively and maintains sufficient cash balances and credit facilities to meet its working capital requirements and other obligations as and when they fall due.

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 and credit lines deemed adequate to finance the Group's activities.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Notes 6, 16, 17 and 18 to the financial statements respectively.

(v) Price fluctuation risk

The Group is exposed to price fluctuation risks arising from sale and purchase of aluminium commodities. The Group entered into commodity futures contracts with the objective of managing and mitigating the exposure to price volatility in the commodity markets.

As at the end of each reporting period, the Group has entered into several commodity futures contracts in the ordinary course of business.

The price fluctuation risk profile have been disclosed in Note 18 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 JULY 2023

33. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs**33.1 New MFRSs adopted during the financial year**

The Group and the Company adopted the following Standards and Amendments of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022

The adoption of the above Standards and Amendments did not have any material effect on the financial performance or position of the Group and of the Company.

33.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2023

The following are Standards and Amendments 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
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 – Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 16 <i>Lease liability in a sale and leaseback</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangement</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 112 <i>International Tax Reform – Pillar Two Model Rules</i>	Refer paragraph 98M of MFRS112
Amendments to MFRS 10 and MFRS 128 <i>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 and Amendments, since the effects would only be observable for future financial years.

LIST OF PROPERTIES

	Location	Approximate Age of Building (years)	Tenure	Land Area (Build-up Area) m ²	Description/ Existing Use	Net Book Value as at 31 July 2023 RM	Date of Revaluation/ Acquisition*
FORMOSA SHYEN HORNG METAL SDN BHD							
1	Lot 2-31, Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	-	Freehold	4,209	Industrial land with container storage yard	1,718,565	22-Feb-13
2	Lot 2-32, Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	26	Freehold	3,521 (1,364)	Industrial land with single storey factory	6,003,836	22-Feb-13
3	Lot 2-33, Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	26	Freehold	3,521 (1,364)			22-Feb-13
4	Lot 2-34, Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	22	Freehold	3,521 (1,740)	Industrial land with single storey factory	4,166,341	22-Feb-13
5	Lot 2-35, Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	22	Freehold	3,521 (1,740)			22-Feb-13
6	Lot 2-36, Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	19	Freehold	3,521 (2,030)	Industrial land with single storey factory	5,215,535	22-Feb-13
7	Lot 2-36(A), Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	19	Freehold	3,521 (2,030)			22-Feb-13
8	Lot 2-42, Jalan Perindustrian Mahkota 9, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	15	Freehold	3,521 (240)	Industrial land with single storey warehouse and production office with laboratory, workshop and canteen and single storey factory with double-storey office (Lot 2-43 & 2-44)	14,173,878	22-Feb-13
9	Lot 2-43, Jalan Perindustrian Mahkota 9, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	15 and 9	Freehold	3,521 (2,089)			22-Feb-13
10	Lot 2-44, Jalan Perindustrian Mahkota 9, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	15 and 9	Freehold	3,521 (1,969)			22-Feb-13
11	Lot 2-45, Jalan Perindustrian Mahkota 9, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	17	Freehold	4,209 (1,487)	Industrial land with three-storey office building	3,856,414	22-Feb-13
12	Lot 2-48, Jalan Perindustrian Mahkota 9, Taman Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan	-	Freehold	6,340	Industrial land	5,336,971	8-Mar-22*
EMERALD INNOVATIONS SDN BHD							
13	H.S (D) 184636, PT 47408, Mukim Semenyih, Daerah Ulu Langat, Selangor Darul Ehsan	-	Freehold	9,225	Vacant commercial land	9,344,546	27-Feb-19*

ANALYSIS OF SHAREHOLDINGS

AS AT 29 SEPTEMBER 2023

STATISTICS ON ORDINARY SHAREHOLDING

Number of issued shares : 178,754,597 ordinary shares
 Class of shares : Ordinary Shares
 Voting rights : One vote per one (1) ordinary share

ANALYSIS OF ORDINARY SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Total Shareholders	No. of Shares Held	% of Shareholdings
Less than 100	59	2.68	2,825	0.00
100 to 1,000	153	6.96	71,006	0.04
1,001 to 10,000	1,070	48.66	5,561,010	3.11
10,001 to 100,000	789	35.88	23,864,340	13.35
100,001 to less than 5%	125	5.68	67,173,689	37.58
5% and above	3	0.14	82,081,727	45.92
Total	2,199	100.00	178,754,597	100.00

DIRECTORS' INTEREST

Name	<----- Number of ordinary shares ----->			
	Direct Interest		Indirect Interest	
	No. of Shares Held	% of Shareholdings	No. of Shares Held	% of Shareholdings
Cheah Tek Kuang – Chairman	-	-	-	-
Tan Sri Datuk Leow Chong Howa – Vice Chairman	31,500	0.02	46,638,887*	26.09
Tan Wan Lay	18,704,300	10.46	-	-
Gan Choon Sun	861,680	0.48	-	-
Leow Vinzie	280,000	0.16	-	-
Leow Vinken	-	-	-	-
Hong Cheong Liang	-	-	-	-
Neoh Lay Keong	-	-	-	-
Siti Ruzainah Binti Abd Halim	-	-	-	-

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 Shareholdings	No. of Shares Held	% of Shareholdings
City Data Limited	44,507,387	24.90	-	-
Tan Sri Datuk Leow Chong Howa	31,500	0.02	46,638,887*	26.09
Lin, Chih-Chang	18,870,040	10.56	-	-
Tan Wan Lay	18,704,300	10.46	-	-

* Deemed interested by virtue of his indirect shareholdings via his spouse, City Data Limited and LB Aluminium Berhad pursuant to Section 8 of the Companies Act 2016.

ANALYSIS OF SHAREHOLDINGS AS AT 29 SEPTEMBER 2023

THIRTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares Held	% of Shareholdings
1	Citigroup Nominees (Asing) Sdn Bhd Beneficiary: Exempt an for Bank of Singapore Limited (Foreign)	44,507,387	24.90
2	Lin, Chih-Chang	18,870,040	10.56
3	Tan Wan Lay	18,704,300	10.46
4	Sam Kwai Sim	6,806,100	3.81
5	Fairways Assets Investment Limited	6,300,000	3.52
6	Mablewood International Holding Limited	5,519,430	3.09
7	Meyer Capital Holding Ltd	4,200,000	2.35
8	Alliancegroup Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Teo Kwee Hock (7004011)	2,500,000	1.40
9	LB Aluminium Berhad	2,100,000	1.17
10	Lee Heng Yee	1,903,700	1.06
11	Lim Khuan Eng	1,890,000	1.06
12	Lim Kuan Gin	1,878,700	1.05
13	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Teo Siew Lai	1,312,400	0.73
14	Mohd Najib Bin Mashhor	1,100,000	0.62
15	Loh Boon Hong	1,000,000	0.56
16	Gan Choon Sun	861,680	0.48
17	Tan Teck Peng	760,000	0.43
18	Lee Haw Ming	705,140	0.39
19	Alliancegroup Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Ta Kin Yan (7000778)	700,000	0.39
20	JCA Builders (Malaysia) Sdn Bhd	655,200	0.37
21	Loh Lai Kim	613,000	0.34
22	Wong Kong Nyok	600,000	0.34
23	Liew Seong Kin	584,500	0.33
24	Tan Tze	550,000	0.31
25	Maybank Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Toh Su See	525,200	0.29
26	Maybank Nominees (Tempatan) Sdn Bhd Beneficiary: Chua Eng Ho Wa'a @ Chua Eng Wah	501,600	0.28
27	Lee Chin Poh	497,150	0.28
28	Wong Cheng Khein @ Wong Chen Chee	495,200	0.28
29	Amsec Nominees (Tempatan) Sdn Bhd Beneficiary: AmBank (M) Berhad for Chua Sing Keong (9240-1101)	490,000	0.27
30	Maybank Nominees (Tempatan) Sdn Bhd Beneficiary: Mah Yoke Lian	485,700	0.27
	Total	127,616,427	71.39

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PROXY FORM



A-RANK BERHAD
(200301031200 [633621-X])
(Incorporated in Malaysia)

CDS Account No.	
Number of shares held	

I / We _____
[Full name in block, NRIC/Passport/Company No.]

of _____
(full address)

being a Member(s) of A-RANK BERHAD hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares Held	%
Address			
Contact No:	Email Address:		

and / or* (*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares Held	%
Address			
Contact No:	Email 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 conducted on a fully virtual basis using the remote participation and voting facilities through the online meeting platform, TIIH Online, provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via its website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC: D1A282781) on Tuesday, 5 December 2023 at 10:00 a.m. or at any adjournment thereof, and to vote as indicated below:

NO.	ORDINARY RESOLUTIONS	*FOR	*AGAINST
1.	To approve the payment of a first and final single tier dividend of 2.50 sen per ordinary share in respect of the financial year ended 31 July 2023.		
2.	To approve the payment of Directors' fees of RM323,000 for the financial year ended 31 July 2023.		
3.	To approve the payment of Directors' benefits of up to RM54,000 for the period immediately after the AGM 2023 until the next AGM of the Company to be held in 2024.		
4.	To re-elect Mr Gan Choon Sun as Director.		
5.	To re-elect Ms Leow Vinzie as Director.		
6.	To re-elect Mr Neoh Lay Keong as Director.		
7.	To re-elect Puan Siti Ruzainah Binti Abd Halim as Director.		
8.	To re-appoint Messrs BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
9.	To grant authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
10.	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 _____, 2023.

Signature^
Member(s)

^ Manner of execution:

- If you are an individual member, please sign where indicated.
- 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.
- 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:
 - at least two (2) authorised officers, of whom one shall be a director; or
 - any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

NOTES:

1. IMPORTANT NOTICE

The Annual General Meeting ("AGM") will be conducted on a fully virtual basis using the remote participation and voting ("RPV") facilities through the online meeting platform, TIIH Online, provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") in Malaysia via its website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC: D1A282781) on Tuesday, 5 December 2023 at 10:00 a.m.. Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the AGM via the RPV facilities provided by Tricor.

Please read these Notes carefully and follow the procedures in the Administrative Guide for the AGM in order to participate remotely via RPV.

- (a) For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 28 November 2023. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM or appoint a proxy or proxies to participate on his/her/its behalf via RPV.
- (b) A member who is entitled to participate at this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate 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 participate instead of the member at the AGM via RPV.

- (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) A member who has appointed a proxy or attorney or authorised representative to participate at the AGM via RPV **must request his/her proxy or attorney or authorised representative to register himself/herself for RPV** via TIIH Online website at <https://tiih.online>. Procedures for RPV can be found in the Administrative Guide for the AGM.
- (h) The appointment of a proxy may be made in hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

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STAMP

**A-RANK BERHAD
(200301031200 [633621-X])**

c/o Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.

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(i) In hard copy form

In the case of an appointment made in hard copy form, this proxy form must be deposited with Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur ("Tricor's Office").

(ii) By electronic means via facsimile

In the case of an appointment made by facsimile transmission, this proxy form must be received via facsimile at 03-2783 9222.

(iii) By electronic means via email

In the case of an appointment made via email transmission, this proxy form must be received via email at is.enquiry@my.tricorglobal.com.

For options (ii) and (iii), the Company may request any members to deposit original executed proxy form to Tricor's Office before or on the day of meeting for verification purposes.

(iv) By electronic form via TIIH Online

In the case of an appointment of a proxy made in electronic form, the proxy form must be deposited via TIIH Online website at <https://tiih.online>. Please follow the procedures as set out in the Administrative Guide for the electronic lodgement of proxy form.

(i) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with Tricor's Office not less than forty-eight (48) hours before the time appointed for holding the AGM 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.

(j) Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.

(k) Last date and time for lodging this proxy form is **Sunday, 3 December 2023 at 10:00 a.m.**

(l) For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL certificate of appointment of authorised representative with Tricor's Office. The certificate of appointment of authorised representative should be executed in the following manner:

(i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.

(ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:

- (aa) at least two (2) authorised officers, of whom one shall be a director; or
- (bb) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.



A-RANK BERHAD
(200301031200 [633621-X])

Lot 2-33, Jalan Perindustrian Mahkota 7,
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