

Masteel

MALAYSIA STEEL WORKS (KL) BHD

Registration No. 197101000213 (7878-V)

ANNUAL REPORT 2022



FTSE4Good



**PUTTING THE STEEL
INTO MALAYSIA'S
GROWTH**

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifty-First Annual General Meeting ("**51st AGM**") of the Company will be conducted as a virtual meeting through live streaming from the broadcast venue via Remote Participation and Voting ("**RPV**") facilities at Masteel Meeting Room, Unit B-05-3A, 5th Floor, Block B (West Wing), PJ8 Office Suite, No. 23, Jalan Barat, Seksyen 8, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia ("**Broadcast Venue**") on Wednesday, 31 May 2023 at 2.00 p.m. for the purpose of considering and if thought fit, passing with or without modifications the resolutions set out in this Notice.

AGENDA

As Ordinary Business

- | | | |
|----|--|--|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon. | <i>[Please refer to Note (i) of the Explanatory Notes]</i> |
| 2. | To approve the Directors' fees up to an aggregate amount of RM180,000.00 for the financial year ending 31 December 2023 and benefits payable to the Directors up to an aggregate amount of RM438,000.00 from 31 May 2023 until the next AGM of the Company and the payment thereof. | (Ordinary Resolution 1)

<i>[Please refer to Note (ii) of the Explanatory Notes]</i> |
| 3. | To re-elect the following Directors who are retiring pursuant to Clause 96 of the Constitution of the Company:-

(i) Dato' Sri Tai Hean Leng @ Tek Hean Leng
(ii) Mr. Lau Yoke Leong

Encik Muhammad Hanizam Bin Hj. Borhan who is retiring pursuant to Clause 96 of the Constitution of the Company, has expressed his intention not to seek for re-election. Hence, he will retain his office until the conclusion of the 51st AGM. | (Ordinary Resolution 2)
(Ordinary Resolution 3)

<i>[Please refer to Note (iii) of the Explanatory Notes]</i> |
| 4. | To re-elect Puan Zueraini Binti Ahmad Basri who is retiring pursuant to Clause 103 of the Constitution of the Company. | (Ordinary Resolution 4)

<i>[Please refer to Note (iii) of the Explanatory Notes]</i> |
| 5. | To re-appoint RSM Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. | [Ordinary Resolution 5] |

As Special Business

To consider and, if thought fit, to pass the following resolutions:-

- | | | |
|----|--|---|
| 6. | Proposed Continuation in Office of Dato' Ikhwan Salim Bin Dato' Haji Sujak as Independent Non-Executive Director | (Ordinary Resolution 6) |
| | " THAT approval be and is hereby given to Dato' Ikhwan Salim Bin Dato' Haji Sujak who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company. | <i>[Please refer to Note (iv) of the Explanatory Notes]</i> |

Notice of Annual General Meeting
(CONT'D)**7. Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares ("Proposed Renewal of Share Buy-Back Mandate")****(Ordinary Resolution 7)***[Please refer to Note (v) of the Explanatory Notes]*

"THAT subject to the Companies Act 2016 (**"the Act"**), the Constitution of the Company, the Main Market Listing Requirements (**"MMLR"**) of Bursa Malaysia Securities Berhad (**"Bursa Securities"**) and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to make purchases of the Company's ordinary shares as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company;

THAT an amount not exceeding the Company's retained earnings account be allocated by the Company for the Proposed Share Buy-Back;

THAT the authority conferred by this resolution will be effective immediately upon the passing of this resolution and will expire at:-

- (i) the conclusion of the next AGM of the Company (being the Fifty-Second AGM of the Company), at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the Fifty-Second AGM of the Company is required by law to be held; or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any);

THAT upon completion of the purchase(s) by the Company of its own ordinary shares, the Directors of the Company be and are hereby authorised to deal with the ordinary shares purchased in their absolute discretion in the following manner:-

- (i) distribute the shares as share dividends to the shareholders; or
- (ii) resell the shares or any of the shares on Bursa Securities; or
- (iii) transfer the shares or any of the shares for the purposes of or under an employees' shares scheme; or
- (iv) transfer the shares or any of the shares as purchase consideration; or
- (v) cancel all the ordinary shares so purchased; and/or
- (vi) sell, transfer or otherwise use the shares for such other purposes as allowed by the Act.

AND THAT the Directors of the Company be authorised to take all steps necessary to implement, complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Share Buy-Back Mandate as may be agreed or allowed by any relevant governmental and/or regulatory authority."

Notice of Annual General Meeting

(CONT'D)

8. Proposed Renewal of Authority under Sections 75 and 76 of the Act and the Constitution of the Company for the Directors to allot and issue shares**(Ordinary Resolution 8)***[Please refer to Note (vi) of the Explanatory Notes]*

"THAT pursuant to Sections 75 and 76 of the Act, the Directors be and are hereby authorised and empowered to allot and issue shares in the Company at any time until the conclusion of the next AGM of the Company and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares) at the time of issue, subject always to the Constitution of the Company and approval of all relevant regulatory bodies being obtained for such allotment and issuance.

THAT in connection with the above, pursuant to Section 85 of the Act and Clause 59 of the Constitution of the Company, the shareholders do hereby waive the statutory pre-emptive rights of the offered shares in proportion of their holdings of such price and at such terms to be offered arising from any issuance of new shares above by the Company.

AND THAT the new shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares."

9. To transact any other business, of which due notice shall have been given in accordance with the Constitution of the Company and the Act.

By Order of the Board,

TAI YIT CHAN (MAICSA 7009143) (SSM Practicing Certificate No. 202008001023)**TAN AI NING** (MAICSA 7015852) (SSM Practicing Certificate No. 202008000067)

Company Secretaries

Selangor Darul Ehsan

28 April 2023

NOTES:-

1. The Company will conduct the AGM entirely through live streaming and online remote voting using the RPV facilities. For further details and guidelines on RPV facilities, please refer to the Administrative Guide.
2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairman of the Meeting to be at the main venue. No shareholders/proxies/corporate representatives from the public shall be physically present at the Broadcast Venue on the day of AGM.
3. In respect of deposited securities, only members whose names appear on the Record of Depositors on 25 May 2023 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the meeting or appoint proxy(ies) to attend, speak and/or vote on his (her) behalf.
4. A member [other than an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991] entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote on his (her) behalf. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend, participate, speak and vote at the meeting of the Company shall have the same rights as the members to speak at the meeting.

Notice of Annual General Meeting
(CONT'D)**NOTES (CONT'D):-**

5. Where a member appoints two (2) proxies, the appointment shall be invalid unless he (she) specifies the proportions of his (her) shareholdings to be represented by each proxy.
6. Where a member of the Company is an Exempt Authorised Nominee who holds shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
7. Where a member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, it is entitled to appoint not more than two (2) proxies in respect of each security account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where an Authorised Nominee appoints two (2) proxies to attend and vote at the AGM, the proportion of shareholdings to be represented by each proxy must be specified in the proxy form, failing which, the appointment shall be invalid.

The members, proxies or corporate representatives may submit questions before the AGM to the Chairman or Board of Directors electronically by email to eservices@sshsb.com.my no later than Monday, 29 May 2023 at 2.00 p.m. or via real-time submission of typed texts via RPV facilities during live streaming of the AGM as the primary mode of communication.

8. The proxy form shall be in writing, executed by or on behalf of the appointer or his (her) attorney duly authorised in writing or, if the appointer is a corporation, either be executed under its common seal or by its duly authorised attorney or officer.
9. The appointment of proxy may be made in the form of hardcopy or by electronic means as specified below and must be received by the Share Registrar, Securities Services (Holdings) Sdn Bhd no later than Monday, 29 May 2023 at 2.00 p.m. or any adjournment thereof:-

In hardcopy form

Deposited at the office of the Share Registrar at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia.

By electronic means

Alternatively, the instrument appointing of proxy may also be lodged electronically via SS e-Portal at <https://sshsb.net.my/> or by fax to +603-2094 9940 or by email to eservices@sshsb.com.my.

If you have submitted your proxy form(s) prior to the AGM and subsequently decide to appoint another person or wish to personally participate in the AGM via RPV facilities, please write to eservices@sshsb.com.my to revoke the earlier appointed proxy(ies) no later than Monday, 29 May 2023 at 2.00 p.m. or any adjournment thereof.

10. Pursuant to paragraph 8.29A(1) of the MMLR of Bursa Securities, all the resolutions set out in the Notice of the AGM will be put to vote by poll. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

Notice of Annual General Meeting

(CONT'D)

EXPLANATORY NOTES**(i) Agenda 1 - Audited Financial Statements for the financial year ended 31 December 2022**

Agenda item no. 1 is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require formal approval of shareholders for the audited financial statements. Hence, this item on the Agenda is not put forward for voting.

(ii) Ordinary Resolution 1 - Directors' Fees and Benefits

Section 230(1)(b) of the Act provides that the fees of the directors and any benefits payable to the directors of a listed company and its subsidiary companies shall be approved at a general meeting.

The shareholders had, at the Fiftieth ("50th") AGM held on 16 June 2022 approved the Directors' fees up to an aggregate amount of RM180,000.00 for the financial year ended 31 December 2022 and benefits payable to the Directors up to an aggregate amount of RM496,000.00 from 16 June 2022 until the next AGM of the Company.

During a review in 2023, the Remuneration Committee recommended and the Board has approved, subject to shareholders' approval at this AGM, that the Directors' fees remain unchanged and the benefits payable to the Directors from 31 May 2023 until the next AGM of the Company to be held in year 2024 be reduced to an aggregate amount of RM438,000.00 following the reduction in total number of board members in the Company.

(iii) Ordinary Resolutions 2 to 4 - Re-election of Directors

Section 340(1)(b) of the Act provides that the election of directors in place of those retiring shall be approved at annual general meeting. The profiles of the Directors who are standing for re-election as per Agenda items no. 3 and 4 are set out in the Directors' profile of the Annual Report 2022.

Based on the recommendation of the Nomination Committee, the Board is satisfied with the performance and contributions of the following Directors and supports the re-election based on the following justifications:-

(a) Ordinary Resolution 2 - Re-election of Dato' Sri Tai Hean Leng @ Tek Hean Leng ("Dato' Sri Tai") as Executive Director

Dato' Sri Tai shows exemplary leadership in building businesses and creating value, he has contributed significantly to the Company by providing valuable input and steer the Company forward in the past years with notable achievements during his tenure as Managing Director/Chief Executive Officer of the Company. He has exercised his due care and carried out his professional duties proficiently during his tenure as Executive Director of the Company.

(b) Ordinary Resolution 3 - Re-election of Mr. Lau Yoke Leong ("Mr. Lau") as Executive Director/Chief Financial Officer

Mr. Lau has vast experience in managing the financial and treasury activities as Chief Financial Officer of the Company. He is also familiar with the Group's business operations and able to provide valuable input to steer the Group forward. He has also exercised his due care and carried out his professional duties during his tenure as Executive Director of the Company.

(c) Ordinary Resolution 4 - Re-election of Puan Zueraini Binti Ahmad Basri ("Puan Zueraini") as Independent Non-Executive Director

Puan Zueraini fulfills the requirement of independence set out in the MMLR of Bursa Securities. She has demonstrated her independence by proactively providing external perspective to the Board in developing the Group's risk management strategies. She also exercised her professional duties proficiently during her tenure as an Independent Non-Executive Director of the Company.

Encik Muhammad Hanizam Bin Hj. Borhan, having served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years will retire by rotation pursuant to Clause 96 of the Constitution of the Company. As he is not seeking for re-election, he will retire at the conclusion of this AGM.

Mr. Ng Wah Lok, having served as a Senior Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years has expressed his intention to resign as a director at the conclusion of this AGM.

Notice of Annual General Meeting
(CONT'D)**EXPLANATORY NOTES (CONT'D)****(iv) Ordinary Resolution 6 - Proposed Continuation in Office of Dato' Ikhwan Salim Bin Dato' Haji Sujak ("Dato' Ikhwan") as Independent Non-Executive Director**

In respect of Ordinary Resolution 6, the Board has via the Nomination Committee assessed the re-appointment of Dato' Ikhwan who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, and recommended him to continue to act as Independent Non-Executive Director of the Company as he has continued to display a high level of integrity and is objective in his judgement and decision-making in the best interest of the Company, shareholders and stakeholders. The detailed justifications are as set out in the Corporate Governance Overview Statement.

(v) Ordinary Resolution 7 - Proposed Renewal of Share Buy-Back Mandate

Ordinary Resolution 7 proposed under item 7 of the Agenda, if passed, will give the Directors of the Company authority to take all such steps as are necessary or expedient to implement, finalise, complete and/or to effect the purchase(s) of ordinary shares by the Company up to ten per centum (10%) of the total number of issued shares of the Company at the time of issue as the Directors may deem fit and expedient in the best interests of the Company. The authority will, unless revoked or varied by the Company in general meeting, continue to be in force until the conclusion of the next AGM of the Company or the expiry of the period within which the next AGM of the Company following the 51st AGM is required by law to be held.

Please refer to the Statement to Shareholders dated 28 April 2023 for further information.

(vi) Ordinary Resolution 8 - Proposed Renewal of Authority under Sections 75 and 76 of the Act and the Constitution of the Company for the Directors to allot and issue shares

The Company had, during its 50th AGM held on 16 June 2022, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Sections 75 and 76 of the Act. As of the date of this notice, the Company did not issue any shares pursuant to this mandate obtained.

Ordinary Resolution 8 proposed under item 8 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Sections 75 and 76 of the Act. The mandate, if passed, serves as a measure to meet the Company's immediate working capital needs in the short term without relying on conventional debt financing (which will result in higher finance costs to be incurred) for the purpose of funding investment project(s), working capital and/or acquisition(s). This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

The waiver of pre-emptive rights pursuant to Section 85 of the Act and Clause 59 of the Constitution of the Company will allow the Directors of the Company to issue new shares of the Company which rank equally to existing issued shares of the Company, to any person without having to offer new shares to all the existing shareholders of the Company prior to issuance of new shares in the Company under the general mandate.

If there should be a decision to issue new shares after the general mandate is obtained, the Company will make an announcement in respect thereof.

PERSONAL DATA PRIVACY:

By submitting proxy form(s) appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

CORPORATE
INFORMATION

Board Of Directors

DATO' IKHWAN SALIM BIN DATO' HAJI SUJAK
(Chairman – Independent Non-Executive)**DATO' SRI TAI HEAN LENG @ TEK HEAN LENG**
(Managing Director/Chief Executive Officer)**LAU YOKE LEONG**
(Executive Director/Chief Financial Officer)**ONG TENG CHUN**
(Executive Director)**NG SIEW PENG**
(Executive Director)**NG WAH LOK**
(Senior Independent Non-Executive Director)**ROY THEAN CHONG YEW**
(Independent Non-Executive Director)**MUHAMMAD HANIZAM BIN HJ. BORHAN**
(Independent Non-Executive Director)**ZUERAINI BINTI AHMAD BASRI**
(Independent Non-Executive Director)

Audit Committee	Roy Thean Chong Yew (Chairman) Ng Wah Lok Muhammad Hanizam Bin Hj. Borhan
Nomination Committee	Muhammad Hanizam Bin Hj. Borhan (Chairman) Ng Wah Lok Roy Thean Chong Yew

Remuneration Committee	Muhammad Hanizam Bin Hj. Borhan (Chairman) Ng Wah Lok Roy Thean Chong Yew
Risk Management Committee	Ng Wah Lok (Chairman) Ong Teng Chun Muhammad Hanizam Bin Hj. Borhan

Company SecretariesTai Yit Chan (MAICSA 7009143)
(SSM Practicing Certificate No. 202008001023)Tan Ai Ning (MAICSA 7015852)
(SSM Practicing Certificate No. 202008000067)**Registered Office**Unit B-05-3A, 5th Floor
Block B (West Wing), PJ8 Office Suite
No. 23, Jalan Barat, Seksyen 8
46050 Petaling Jaya, Selangor Darul Ehsan
Tel : 03-7955 7889 Fax : 03-7956 0389**Head Office**Wisma Masteel
Lot 29C, Off Jalan Tandang, Section 51
46050 Petaling Jaya, Selangor Darul Ehsan
Tel : 03-7781 1611 Fax : 03-7781 5435**Auditors**RSM Malaysia PLT
202206000002 (LLP0030276-LCA) & AF 0768
5th Floor, Penthouse, Wisma RKT, Block A
No. 2, Jalan Raja Abdullah
Off Jalan Sultan Ismail
50300 Kuala Lumpur**Share Registrar**Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara, Damansara Heights
50490 Kuala Lumpur
Tel : 03-2084 9000 Fax : 03-2094 9940**Principal Bankers**Hong Leong Bank Berhad
OCBC Bank (Malaysia) Berhad
Standard Chartered Bank Malaysia Berhad
HSBC Bank Malaysia Berhad
MBSB Bank Berhad**Stock Exchange Listing**

Main Market of Bursa Malaysia Securities Berhad

SharesStock Name : Masteel
Stock Code : 5098**Warrants**Stock Name : Masteel-WB
Stock Code : 5098WB

CORPORATE STRUCTURE

Masteel
MALAYSIA STEEL WORKS (KL) BHD
[Registration No. 197101000213 (7878-V)]

100%

**MS EXPRESS
SDN BHD**
201701013472 (1227637-T)

Logistic provider for
transportation of steel products
and building materials.

100%

**MS FABRICON
SDN BHD**
202001014310 (1370630-V)

Dormant

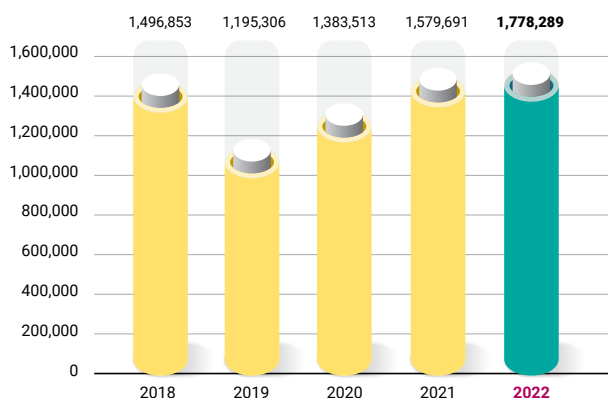
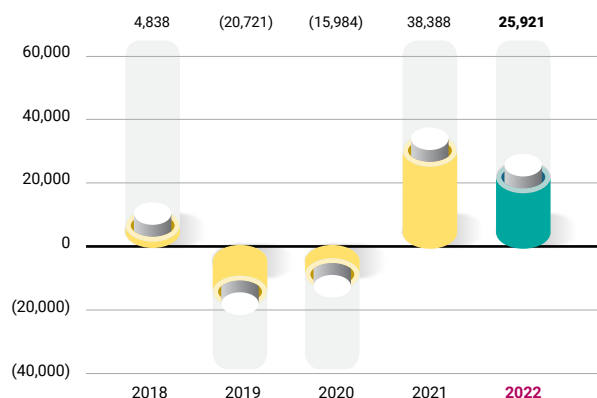
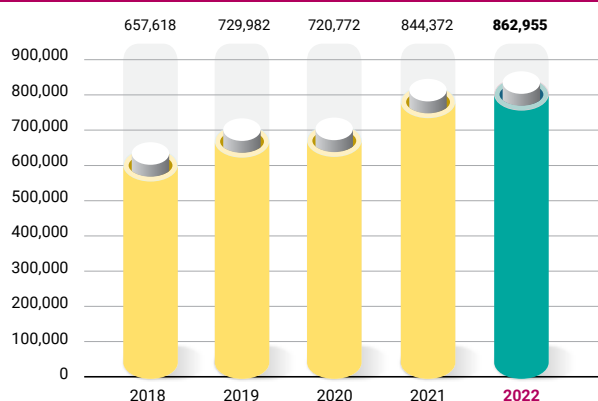
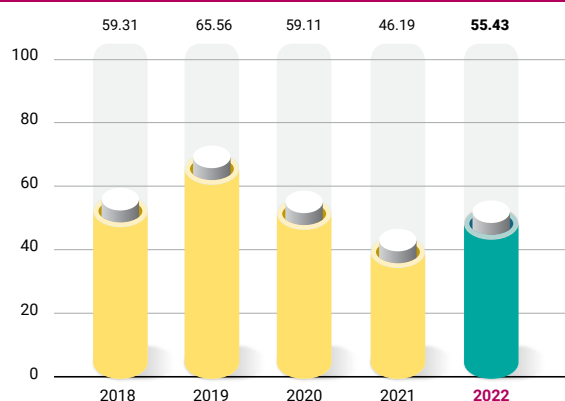
48.25%

**BIO MOLECULAR
INDUSTRIES SDN BHD**
200501014182 (691229-K)

Manufacturing, research and
development of radioisotopes
and radiopharmaceuticals products
for Positron Emission
Tomography (PET).

FINANCIAL
HIGHLIGHTS

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Revenue	1,496,853	1,195,306	1,383,513	1,579,691	1,778,289
Profit/(Loss) before taxation	4,838	(20,721)	(15,984)	38,388	25,921
Net Profit/(Loss) for the financial year	6,705	(8,326)	(14,726)	32,503	19,071
Total Assets Employed	1,376,837	1,518,292	1,606,618	1,722,730	1,803,456
Total Shareholders' funds	657,618	729,982	720,772	844,372	862,955
Paid-up Share Capital	230,094	233,310	239,942	329,648	329,648
No. of Ordinary Shares in Issue ('000)	427,240	436,040	452,740	679,110	679,110
Gearing Ratio	59.31%	65.56%	59.11%	46.19%	55.43%
Net Assets per Share (RM)	1.54	1.67	1.59	1.24	1.27
Earnings/(Loss) per Share (sen)	1.58	(1.95)	(3.27)	4.79	2.82
Diluted Earnings per Share (sen)	–	–	–	3.87	2.39

REVENUE
RM'000PROFIT/ (LOSS) BEFORE TAXATION
RM'000TOTAL SHAREHOLDERS' FUNDS
RM'000GEARING RATIO
%

DIRECTORS' PROFILE

DATO' IKHWAN SALIM BIN DATO' HAJI SUJAK

Chairman – Independent Non-Executive

Nationality	Malaysian
Gender	Male
Age	66



Dato' Ikhwan Salim Bin Dato' Haji Sujak was appointed as Non-Executive Chairman on 22 May 2003 and a Non-Executive Director of Malaysia Steel Works (KL) Bhd ("Masteel") on 23 July 1998. He was re-designated as an Independent Non-Executive Director on 23 April 2012. He obtained a Bachelor of Science degree in Economics/ Accounting in 1977 from Queen's University, Belfast, Ireland. He joined Nestle (M) Sdn Bhd as a Finance Executive in 1979. In 1980, he joined Jaya Management Sdn Bhd, a subsidiary of General Corporation Berhad as the Group Finance Planning Manager and upon restructuring his family's varied business operations in 1981, he was made the Director for the holding company, Jaya Holdings Sdn Bhd. In 1999, he was appointed as Director of Konsortium Jaringan Selangor Sdn Bhd. Subsequently, he was appointed as Independent Director of Kumpulan Perangsang Selangor Berhad from 2001 to 2008. He was also a committee member of the Automobile Association of Malaysia and the British Graduates Association of Malaysia. On 1 January 2022, Dato' Ikhwan Salim was appointed as Member of SME Corp. Malaysia. Dato' Ikhwan Salim is currently holding directorships in Glomac Berhad and Land & General Berhad and also sits on the Board of several private companies in Malaysia.

Dato' Ikhwan Salim attended all 5 Board meetings of the Company held during the financial year ended 31 December 2022.

DATO' SRI TAI HEAN LENG @ TEK HEAN LENG

Managing Director/Chief Executive Officer

Nationality	Malaysian
Gender	Male
Age	59



Dato' Sri Tai Hean Leng was appointed as an Executive Director of Masteel on 25 April 1994. He is also the Managing Director/ Chief Executive Officer of Masteel. He obtained a Bachelor of Science degree in Mechanical Engineering from the University of Southern California in 1987 and a Master's degree in Finance from the University of Hull, United Kingdom in 1993. He began his practical training in 1987 as a Plant Manager in the manufacturing of Liquefied Petroleum Gas ("LPG") pressure vessels for the oil and gas industries. He has been involved in the formulation and implementation of Masteel's corporate strategies including corporate planning, business expansion and operations. He has more than 35 years of business experience in the iron and steel industry. Dato' Sri Tai also sits on the Board of MS Express Sdn Bhd which is the wholly-owned subsidiary of Masteel. He also sits on the Board of Bio Molecular Industries Sdn Bhd, an associate company of Masteel and several private companies in Malaysia. Dato' Sri Tai is a member of the board of the Malaysia Steel Institute ("MSI") and he is the Vice President of the Malaysia Steel Association ("MSA"). Dato' Sri Tai was appointed as Vice Chairman of Sustainable Development & Climate Change Committee ("SDCC") of the Federation of Malaysian Manufacturers ("FMM") on 2 March 2023. He does not hold any directorship in any other public company.

Dato' Sri Tai attended all the 5 Board meetings of the Company held during the financial year ended 31 December 2022.

Directors' Profile

(CONT'D)

LAU YOKE LEONG

Executive Director/Chief Financial Officer



Nationality	Malaysian
Gender	Male
Age	54

Lau Yoke Leong was appointed as an Executive Director of Masteel on 16 April 2007. He joined Masteel as an Accountant in July 2000, was promoted as Chief Accountant in June 2004, and was appointed as Chief Financial Officer in April 2016. He is a Fellow Chartered Certified Accountant and a member of the Malaysian Institute of Accountants ("MIA"). He has more than 21 years of experience in various fields of accounting, audit, taxation and management matters as well as an in-house training instructor on updating accounting standards and audit software programs, corporate restructuring, corporate exercise and due diligence assignments. He started his accounting profession in 1994 as an auditor with Messrs Ong & Wong. He completed the professional qualification from The Association of Chartered Certified Accountants in late 1995. Upon graduation in 1995, he joined another public accounting firm, Messrs T.H.Liew & Gan before moving on to Messrs Deloitte Touche Tohmatsu as an auditor from 1996 to 1999. From 1999 to 2000, he was with Bell Management Services Sdn Bhd before joining Masteel. Mr. Lau also sits on the Board of MS Fabricon Sdn Bhd which is the wholly-owned subsidiary of Masteel. He also sits on the Board of Bio Molecular Industries Sdn Bhd, an associate company of Masteel and several private companies in Malaysia. He does not hold any directorship in any other public company.

Mr. Lau attended all 5 Board meetings of the Company held during the financial year ended 31 December 2022.

MUHAMMAD HANIZAM BIN HJ. BORHAN

Independent Non-Executive Director

(Chairman of Nomination Committee and Remuneration Committee,
Member of Audit Committee and Risk Management Committee)

Nationality	Malaysian
Gender	Male
Age	50

Muhammad Hanizam Bin Hj. Borhan was appointed as an Independent Non-Executive Director on 12 November 2007. He is a member of the Malaysian Institute of Accountants ("MIA"). He obtained his Bachelor in Accountancy (Hons) Degree from the Universiti Teknologi MARA ("UiTM") Shah Alam in 1997. He started his career in an accounting firm Messrs Ali Jaafar & Co, in Kuala Lumpur as an audit assistant between 1996 to 1999 before he moved on to become audit supervisor with Messrs MNZ Associates, a Public Accountants firm between 1999 to 2000. He re-joined Messrs Ali Jaafar & Co in October 2000 as Audit Assistant Manager and was subsequently promoted to become the Audit Manager from 2002 to 2004. He joined Messrs Ismail Adam & Co as Tax Manager from May 2004 to September 2005. Thereafter, he started his own professional firm Messrs My Accounting Services where he is currently offering accounting and business advisory services to a variety of clients. He has more than 23 years of experience in small and medium-sized firms involved in trading, manufacturing, marketing, plantation, construction, property development, quasi-government agencies and services industries. In February 2015, he was appointed as a member of Accounting Syllabus Committee for the Malaysian Higher School Certificate under the Majlis Peperiksaan Malaysia ("MPM") and was responsible to review the accounting syllabus periodically. He does not hold any directorship in any other public company.

Encik Muhammad Hanizam attended all 5 Board meetings of the Company held during the financial year ended 31 December 2022.

Directors' Profile

(CONT'D)

NG SIEW PENG

Executive Director



Nationality	Malaysian
Gender	Female
Age	44

Ng Siew Peng was appointed as an Executive Director on 23 November 2017. She obtained a Master of Business Administration with specialisation in Finance from the University of Southern Queensland, Australia. She joined Masteel in October 2012 as an Assistant Finance Manager and was subsequently promoted to the position of Corporate Manager in April 2016. Her principal duties are to ensure the integrity of the governance framework, compliance with statutory and regulatory requirements and implements decision made by the Board of Directors. She was also tasked to work with the Sustainability team of Masteel to manage the Company's Environmental, Social and Governance ("ESG") strategies and initiatives. She has more than 19 years of working experience in Corporate Finance and Corporate Governance. Prior to joining Masteel, she worked in Frontken Corporation Berhad, where she worked closely with the Senior Vice President to achieve the Company's objectives and participate actively in corporate finance related assignments. From 2004 to 2010, she was with Soon Seng Palm Oil Mill Sdn Bhd to assist the Group Director in the implementation and coordination of new overseas investment plan. She also sits on the Board of a private company. She does not hold any directorship in any other public company.

Ms. Ng attended all 5 Board Meetings of the Company held during the financial year ended 31 December 2022.

NG WAH LOK

Senior Independent Non-Executive Director

(Chairman of Risk Management Committee,
Member of Audit Committee, Nomination Committee and Remuneration Committee)



Nationality	Malaysian
Gender	Male
Age	62

Ng Wah Lok was appointed as an Independent Non-Executive Director of Masteel on 29 July 2004. He obtained his Bachelor of Engineering degree in 1984 and a Master degree in Engineering Science in 1989 from the University of Malaya. Upon graduation, he worked as a Project Engineer for a research project in the University of Malaya developing a hand pump to eradicate waterborne diseases in rural areas. In 1989, he joined Malaysian Industrial Products Sdn Bhd as a Project Engineer. In 1993, he was appointed as the General Manager of Masteel and was responsible for the upgrading of the rolling mill in Petaling Jaya and managed the expansion of the Bukit Raja plant in Klang. In 1999, he resigned as Senior General Manager and alternate Director of Masteel. He is currently a Director of several private companies and 4 unlisted public companies in Malaysia, namely Eagle Dialysis Centre Berhad, New Covenant Community Centre Bhd, Full Gospel Tabernacle Bhd and Tung Ling Seminary.

Mr. Ng attended all 5 Board meetings of the Company held during the financial year ended 31 December 2022.

Directors' Profile

(CONT'D)

ONG TENG CHUN

Executive Director

(Member of Risk Management Committee)

Nationality	Malaysian
Gender	Male
Age	54

Ong Teng Chun was appointed as an Executive Director of Masteel on 30 September 2015. He joined Masteel as an Assistant Finance Manager in September 1998 and was subsequently promoted to the position of Senior Vice President in July 2010. His principal duties include managing the Financial, Treasury and Risk Management of Masteel. He was also en-tasked to spearhead the marketing division of steel bars. He obtained his Bachelor of Business degree majoring in Banking and Finance, in 1991, from Curtin University, Western Australia. Prior to joining Masteel, Mr. Ong worked in Malaysian International Merchant Bankers Bhd ("MIMB"), where he was actively engaged in various syndicated fundraising exercises and structuring of project loan facilities. He also sits on the Board of several private companies in Malaysia. He does not hold any directorship in any other public company.

Mr. Ong attended all 5 Board Meetings of the Company held during the financial year ended 31 December 2022.

ROY THEAN CHONG YEW

Independent Non-Executive Director

*(Chairman of Audit Committee)**Members of Nomination Committee and Remuneration Committee)*

Nationality	Malaysian
Gender	Male
Age	51

Roy Thean Chong Yew was appointed as an Independent Non-Executive Director of Masteel on 2 July 2015. He is a member of the Malaysian Institute of Certified Public Accountants ("MICPA"), Malaysian Institute of Accountants ("MIA") and a Chartered Member of Institute of Internal Auditors of Malaysia ("CMIIA"). He started embarking on his career path in 1994 with PKF Malaysia. After accumulating extensive working experience in his field, he left PKF Malaysia as an Audit Manager in 2003 to join a professional services firm, Russell Bedford Malaysia Business Advisory Sdn. Bhd. ("RBMBA") for another six (6) years, rising to the position of an Executive Director. In 2009, he left RBMBA to start his own business venture. With over 26 years of working experience in local and international professional services firms, Mr Roy Thean has been involved in rendering a wide and diverse range of professional services to public listed companies and multinational and large national enterprises. His work encompasses a wide range of professional services with his core practice being in corporate finance and advisory work for transaction support services including business valuations, financial due diligence, preparation of business plans and financial modeling, internal control and business risk review, corporate governance, risk management, merger/ acquisition-related services, internal and external auditing. Presently, Mr Roy Thean is holding directorships in JAG Berhad and Teladan Setia Group Berhad, both listed on the ACE Market.

Mr. Roy Thean attended all 5 Board Meetings of the Company held during the financial year ended 31 December 2022.

Directors' Profile

(CONT'D)

ZUERAINI BINTI AHMAD BASRI

Independent Non-Executive Director

Nationality	Malaysian
Gender	Female
Age	49



Zueraini Binti Ahmad Basri was appointed as an Independent Non-Executive Director on 1 July 2022. Pn. Zueraini obtained her Bachelor of Business Administration, Finance & Organisational Behavior from the University of Missouri-St.Louis and Master in Finance from the Royal Melbourne Institute of Technology University. Currently, she is pursuing the Climate and Sustainability certification and intends to contribute further in sustainability goals. She has over 23 years of risk management experience in financial institutions covering financial and non-financial risk management in both local and foreign banks. She has applied her extensive experience to set-up integrated risk management as the pioneering Chief Risk Officer for BMW Financial Services Malaysia. She currently oversees retail and commercial credit risk, operational risk, enterprise risk, market risk and business continuity management for BMW Financial Services. In her banking days, she covered credit evaluation across commercial, corporate and investment segments, within conventional and Islamic banking. Her main risk focus area was in credit and financial evaluation, loan structuring and corporate governance. Given the breadth of her exposure, she supports business strategies through forward looking risk management practices and encourages enterprise-wide risk management approach for organizations. She does not hold any directorship in any other public company.

For the financial year ended 31 December 2022, Pn. Zueraini attended all 2 Board Meetings of the Company, which were held subsequent to her appointment as Director on 1 July 2022.

Other than the aforesaid, none of the Directors has a family relationship with any other directors/ major shareholders, except for the Managing Director/Chief Executive Officer, who is related to a major shareholder. None of the Directors have any conflict of interest with the Company. The members of the Board have no convictions for any offences within the past five (5) years or have been imposed on any public sanction or penalty by relevant regulatory bodies during the financial year ended 31 December 2022, other than traffic offences (if any).

PARTICULARS OF KEY SENIOR MANAGEMENT

TAN KA YEONG

Senior Vice President

Nationality	Malaysian
Gender	Male
Age	54

Tan Ka Yeong was appointed as a Senior Vice President of Masteel on 1 October 2018. He joined Masteel as a Plant Engineer in 1997 and was promoted as a Special Assistant to the Managing Director/ Chief Executive Officer in 2006. In 2009, he was promoted again as Deputy General Manager. He holds a MSC in Materials Engineering with Distinction from the University of Sunderland, Sunderland U.K. He has more than 28 years of experience in the engineering field. He started his engineering profession in 1994 to 1997 with Harom LPG Industries Sdn Bhd as a Plant Engineer before joining Masteel in 1997.

None of the Key Senior Management has any directorship in public companies and listed issuers. None of the Key Senior Management has a family relationship with any directors/ major shareholders. None of the Key Senior Management have any conflict of interest with the Company. The Key Senior Management have no convictions for any offences within the past five (5) years or have been imposed on any public sanction or penalty by relevant regulatory bodies during the financial year ended 31 December 2022, other than traffic offences (if any).

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP'S BUSINESS AND OPERATIONS

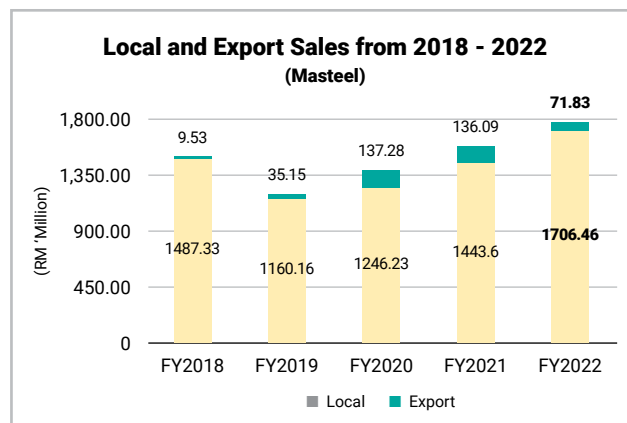
Masteel's principal business activities are in the manufacturing and marketing of high tensile steel bars, mild steel bars and prime steel billets which comply with the Malaysian Standard (MS 146:2014), Australasian Certification Authority for Reinforcing and Structural Steels [(“ACRS”) (Australia)] for the construction and infrastructure sectors and ISO 9001 (Quality Management System). In addition, Masteel has also been accredited ISO 14001 (Environmental Management Systems) & ISO 45001 (Occupational Health and Safety Management Systems). The Company has two (2) 100%-owned subsidiaries i.e., MS Express Sdn Bhd (“MSX”) and MS Fabricon Sdn Bhd (“MSF”). MSX is involved in the transportation and logistics of steel bar and billets between Masteel's Bukit Raja and Petaling Jaya facilities and transportation and delivery of Masteel's products to its customers, whilst MSF's primary activities are to operate a “Cut and Bend” facility for the steel products of Masteel.

Masteel also has a 48.25% owned associate company, Bio Molecular Industries Sdn Bhd (“Bio-M”), which is a strategic partnership between Masteel and Curium International S.A., which is a worldwide leader in radiopharmaceuticals. Bio-M has own cyclotron and a dedicated radiochemistry lab for R&D in its facility and it is principally involved in producing radiopharmaceuticals for the diagnosis and management of cancer patients [(Positron Emission Tomography) PET]. Bio-M is GMP-certified by the local [National Pharmaceutical Control Bureau \(NPCB\)](#). The company has also been granted the BioNexus Status by [Malaysian Biotechnology Corporation Sdn Bhd](#) and the facility is also licensed by the [Atomic Energy Licensing Board](#).

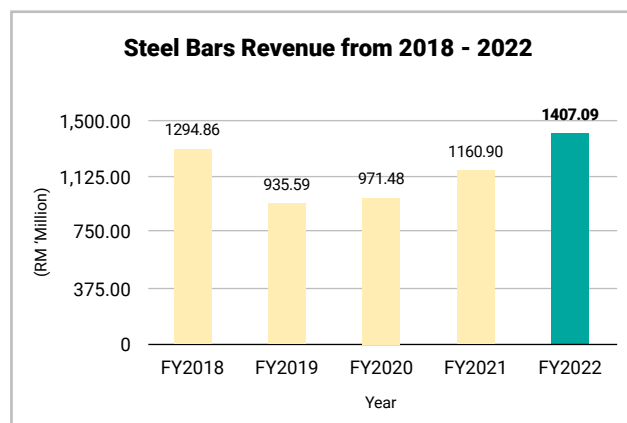
The manufacturing facilities of Masteel and MSF are located in Petaling Jaya and Bukit Raja, Klang, Selangor. The geographical presence of the sales of its steel bars are primarily in the Klang Valley, Johor and the East Coast of West Malaysia. Its radioisotopes manufacturing facility is located in Bandar Enstek, Negeri Sembilan. The main market for its radioisotopes are hospitals throughout Malaysia.

The main driver of revenue for the Group is from the sales of steel bars and billets.

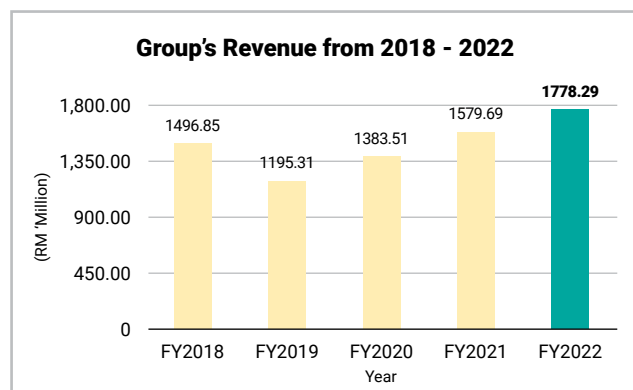
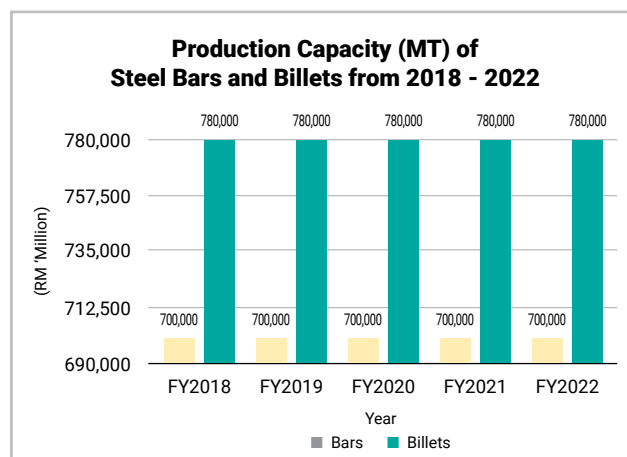
The distribution between local and export sales for the past 5 years are as follows:



The sales revenue from steel bars in the past 5 years are as follows:-



The production capacity of billets and bars are as follows:-



Management Discussion and Analysis

(CONT'D)

BUSINESS OBJECTIVES

The objective of the Company's manufacturing activities is to maximize shareholders' value through the generation of profits by increasing sales volume and widening profit margin per MT with the efficient utilisation of minimum overheads and capital.

Whilst the Company is constantly striving to improve its productivity and cost efficiency through continuous management upskilling and upgrading of its plant and machinery, whilst focusing its core objective of being a sustainable steel producer to better serve its home market and new markets across the continents.

Ongoing development on the technology and methodology to improve the efficiencies and reliability of the manufacturing facilities are key agendas for the management team of the Company. The utilisation of a new environmentally efficient steel melting facility also improves the billet production efficiency and reduce reliance on various consumables which constitutes a significant amount of the production cost. This technological transformation will eventually enable the Company to keep the costs of production in check and remain competitive in the industry. Besides to remain competitive, this technological transformation further reduces Green House Gases ("GHG") emission which is in line with our Company's mission as the first "green" integrated steel mill in Malaysia.

The Company employs and retains a dedicated and experienced workforce which is accustomed to the challenges of the cyclical nature inherent in the steel business and the demanding working environment of heavy industry.

The complexity of ensuring consistently high utilization rate of all manufacturing facilities is a major factor that can affect the costs and competitiveness of its products. The Company has in place stringent and comprehensive training, inspection and maintenance programs with extensive incentives and penalty schemes to ensure the fullest compliance. Other external factors such as market pricing, exchange rate fluctuations and cost-push factors are harder to mitigate and anticipate.

Although majority Covid-19 pandemic restrictions have been removed, Masteel is still observing some critical Covid-19 prevention measures to ensure the safety and wellbeing of its employees whilst mitigating any disruption to its operation.

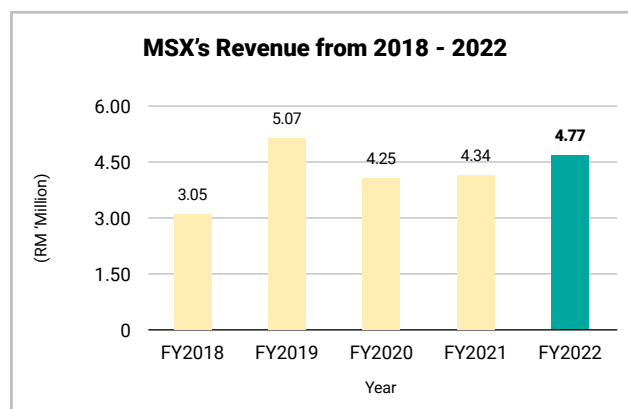
It is the business philosophy of the Company to be prudent when expending its financial resources and is constantly remaining vigilant and informed about future economic and industry trends.

FINANCIAL RESULTS AND FINANCIAL CONDITION

The Group's key financial performance for FYE2022 is as follows:-

- (a) For the year under review, the Group's revenue increased by 12.66% to RM1.78 billion as compared to RM1.58 billion in the previous financial year. The increase in revenue was mainly attributed to higher sales volume of steel bars as compared to previous year despite recording a lower selling price. A higher sales volume was recorded mainly due to improvement of demand as a consequence of local and global economic recovery.
- (b) The Group recorded a decline in its profit before tax from RM38.39 million in FYE2021 to RM25.92 million in FYE2022. The decline was mainly due to higher prices of raw materials as a result of global inflationary pressure and supply chain disruptions.

In FYE2022, the Group still managed to record an improved turnover with a lower profitability despite operating in a very trying global economic environment which has been caused by numerous complex and interconnected challenges such as geopolitical tensions including the Russia/Ukraine war, global supply chain disruptions, high inflationary environment and stringent zero COVID policy adopted by China in 2022. The Group's commendable performance was mainly driven by the cost-efficient and the latest state of the art production technologies that have been deployed by the Company notwithstanding the effects of high price volatility and tightening monetary policies faced by the steel industry worldwide.

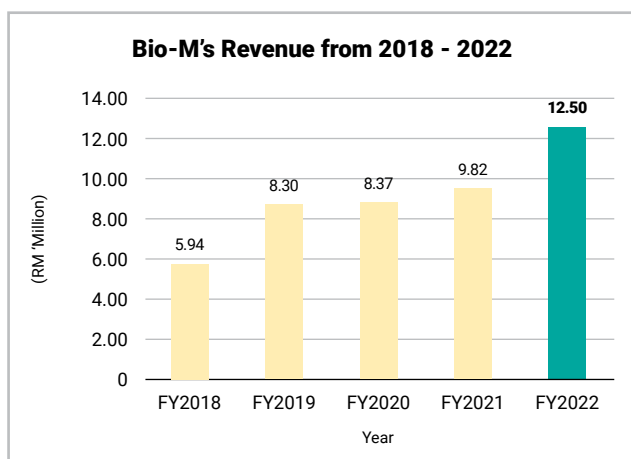


In line with the economic recovery and improvement in Masteel's operation since late year 2022, MSX's revenue also increased by 9.91% from RM4.34 million in FYE2021 to RM4.77 million in FYE2022. In line with increase in revenue, MSX's profit before taxation ("PBT") increased marginally by 1.11% from RM0.90 million in FYE2021 to RM0.91 million in FYE2022. The main reason for the improvement in profit before taxation was due to a lower hire purchase financing cost incurred in FYE2022.

Management Discussion and Analysis

(CONT'D)

During the year under review, MSF has remained dormant. However, its loss before tax had reduced from RM0.56 million in FYE2021 to RM0.11 million in FYE2022.



Bio-M, the associate company which the leading manufacture in Malaysia of radioisotopes for PET-CT imaging of cancer had recorded a turnover of RM12.50 million in FYE2022, an increase of 27.29% from RM9.82 million in FYE 2021. In line with the increase of its customer base in FYE2022, Bio-M's gross profit increased by 32.12% from RM4.11 million in FYE2021 to RM5.43 million in FYE2022. Consequently, the Company achieved an improved profit before taxation of RM1.94 million in FYE2022 as compared to profit before taxation of RM0.32 million recorded in FYE2021.

The financial outcome of the Group other than being driven by the available manufacturing capacities is also affected by actual sales volumes, selling price of its end products and raw material costs. In addition, the magnitude of the increase in energy costs, labour costs, and financial costs will also affect the final financial outcome of the Group.

The following are the risk factors that could affect the financial performance of the Company:-

(1) After battling the Covid-19 pandemic for 2 years, Malaysia commenced its transition to the endemic phase and reopened its border on 1 April 2022. However, the possibility of emergence of more contagious new variant of Covid-19 such as the new XxB Omicron variants, which had spread rapidly among local communities in China, still persist and shall be closely monitored. Reopening of Malaysia's national borders to the influx of Chinese tourists could pose a threat to public health as new Omicron variants of Covid-19 could be highly contagious. The increased risk of the Omicron variant transmission in Malaysia may have a consequential adverse effect on the Company's production operations, demand and consumption of steel bars. Nevertheless, with the existing comprehensive Government's Standard

Operation Procedures, the public health sector's readiness to cope with any possible increased demand for healthcare facilities should the Covid-19 cases spike and the high vaccination rate amongst the Malaysian population, the risk of reimplementing of total economic lockdowns will be very low.

- (2) Political stability has contributed to Malaysia's economic growth since its independence in 1957 as well as its recovery from the many previous economic recessions. In November 2022, the formation of Malaysia's unprecedented unity government which will provide a strong foundation of economic growth and stability, will be able to mitigate the negative effects associated with political instability of a country.
- (3) The pace of rollout of new megaprojects under the 2023 Budget, coupled with the current softness in the property sector are the major risk factors which could affect the local demand for steel bars. Nevertheless, with the improved political stability situation in the country, acceleration on the implementation of infrastructure projects with high multiplier effects will be expected. Improved confidence and sentiment in property investment will also provide better outlook to Malaysian property sector.
- (4) The risk of imported steel bars being dumped into Malaysia is currently low due to the imposition of anti-dumping import duties of up to 20.09% on rebars from Singapore and Turkey. This anti-dumping import duty was gazetted on 21 January 2020 which has become effective from 22 January 2020 and will expire on 21 January 2025.
- (5) The Company is susceptible to any adverse movement in borrowing cost as the Company is reliant on short-term borrowings to meet its working capital requirements. Any decision by the Bank Negara Malaysia to revise the monetary policy by changing the overnight policy rate will impact the borrowing cost of the Company. Thus, as a cost conscious manufacturer, the Company is always on the lookout for alternative financing options such as equity funding.
- (6) Certain operational risks which are inherent in the manufacturing industry such as disruption of electricity supply and fire hazards will affect production of the plant and have a negative impact on the financial performance of the Company. The risk of potential fire hazard exists as the nature of the steel manufacturing processes involves the use of furnaces to generate heat for the melting of scrap metals. With the existence of this fire hazard, the management of the Company has implemented various mitigating measures such as installing effective fire suppression systems, providing suitable firefighting equipment and training for employees on fire-fighting techniques.

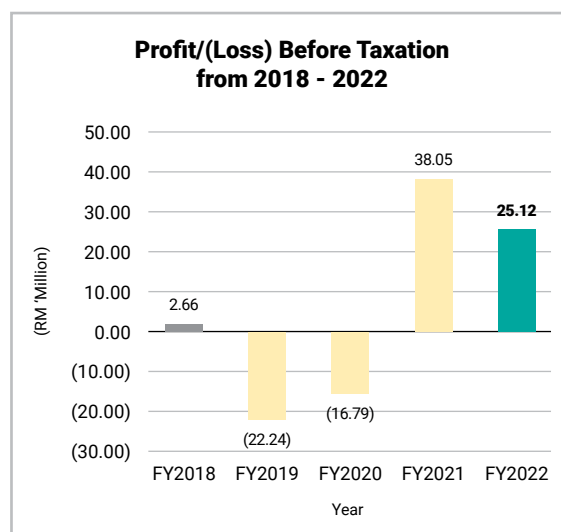
Management Discussion and Analysis

(CONT'D)

- (7) The cost of the Company's steel production is subjected to fluctuations in prices of raw materials, in particular scrap metal and electricity tariff. The supply tightness and global supply chain disruptions which are still in existence since 2021 coupled with the Chinese government's tight control over steel production and the removal of export rebates had resulted in increased raw material costs and rising steel prices respectively. The global market price for thermal coal had been steadily increased since early 2022 and reached its peak in September 2022. This high cost of thermal coal had driven up the power generation cost in Malaysia significantly as 60% of power generation in Malaysia is derived from thermal coal. In some situations, increases in the prices of raw materials and electricity tariff cannot be directly passed to the customers in order to remain price-competitive and to maintain the Company's market share. Therefore, a significant increase in the market prices of raw materials and increase in energy cost will have an adverse effect on the business and future earnings of the Company. Nevertheless, the management of the Company will endeavour to mitigate any potential increase in cost by striving for higher output and better production cost efficiency with the implementation of new technology packages and manpower retraining.
- (8) Foreign exchange volatility risk will continue to be minimized and mitigated through constant monitoring of the foreign exchange market and the Company's overall forex exposure. In addition, the Company is anticipating to increase its foreign currency-based revenue via the export of billets and steel bars. Thereby, this anticipated increase of exports will provide a natural hedge to a portion of its forex exposure.
- (9) Our steel manufacturing business operates in a market characterised by strong competition resulting from a number of established local and foreign steel players as well as some volume of imported steel products. Such competition, arising from local steel producers or imported steel products, may result in a loss of market share and a margin compression on our steel products.
- (10) Global steel industry is susceptible to geopolitical and natural disaster risks that will affect the supply chain of steel industry. The Russia-Ukraine war which was erupted in early 2022 coupled with the recent massive earthquake in Turkey have a disruptive effect on the global steel supply chain as their combined crude steel output accounts to approximately 138 million tonnes. Besides affecting the crude steel output, these geopolitical tensions and natural disaster will also trigger severe disruption to global market's critical raw materials supply chain. The eventual repercussion of the supply chain disruptions in relation to raw materials and steel products will have a continued inflationary impact on the costs of raw materials and building materials which in turn will have a detrimental knock-on effect on the global economic growth.

FINANCIAL SECTION OF THE COMPANY

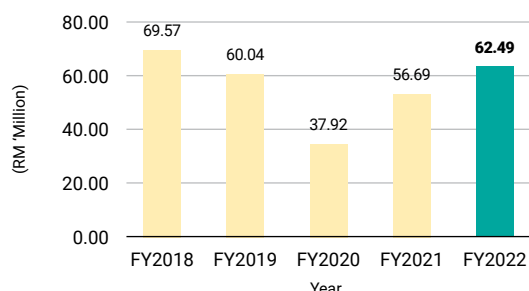
- (a) The Company's revenue increased by 12.66% from RM1.58 billion in FYE2021 to RM1.78 billion in FYE2022 due to higher sales volume of steel bars as compared to previous year resulting from the recovery of the local steel demand and prices in line with economic activities reopening since 3rd quarter of FYE2021. Pent up demand for construction materials subsequent to the easing of Covid-19 pandemic restriction resulted in an improvement of the Company's sales of steel bars.



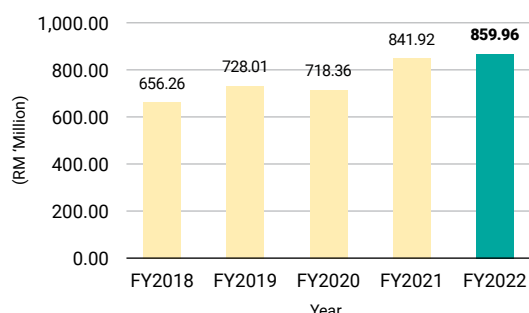
- (2) Further to the successful completion of Mastee's technological transformation plan in its steelmaking process in the first quarter of 2021 and the completion of the Company's upgrading and revamping of its Klang rolling mill and continuous casting machine facilities in the second half of 2022, the Company recorded a Gross profit of RM114.38 million in FYE2022, a marginal decrease of 3.11% from RM118.05 million in FYE2021 despite operating in a high inflationary cost push environment.
- (3) In FYE2022, the Company recorded a Profit before Tax ("PBT") of RM25.12 million as compared to Profit Before Tax of RM38.05 million in FYE 2021. The main factors which contributed to the Company's continuous profitability were increased sales volume, improved production cost efficiency, prudent financial and operational management.
- (4) As at 31 December 2022, the Company's inventories value increased by 9.48% from RM652.56 million as at 31 December 2021 to RM714.43 million as a consequence of higher prices of raw materials.

Management Discussion and Analysis

(CONT'D)

**Cash Balance and Short Term Deposits
from 2018 - 2022**

- (5) In line with the improvement of its collection, the Company's cash balance and short-term deposits increased by 10.23% from RM56.69 million in FYE2021 to RM62.49 million in FYE2022.
- (6) As a result of higher inventories as at 31 December 2022, the Company's short-term borrowings increased by 22.46% from RM313.82 million in FYE2021 to RM384.30 million in FYE2022. The Company's net long-term borrowings also increased by 30.06% from RM67.00 million in FYE2021 to RM87.14 million in FYE2022 due to the upgrading and revamping of its Klang rolling mill capital expenditure.
- (7) As at 31 December 2022, the Company's Property, Plant & Equipment account increased by 5.67% from RM779.87 million in FYE2021 to RM824.12 million mainly due to its capital expenditure on the upgrading of its Klang rolling mill and its revamping on the continuous casting machine facility.
- (8) In tandem with the increase of the Company's turnover, its trade payable increased marginally from RM449.27 million as at 31 December 2021 to RM462.10 million as at 31 December 2022. However, in view of the Company's higher production volume of its steel products, the Company's average trade payable days improved marginally from 112 days in FYE2021 to 101 days in FYE2022.

**Total Shareholders' Funds from
2018 - 2022**

- (9) The Company's shareholders' funds had increased by 2.14% to RM859.96 million as at 31 December 2022 as compared to RM841.92 million in the previous year. The increase was mainly due to the increase of retained earnings.

FORWARD LOOKING STATEMENTS

Global steel industry outlook for 2023 remains cautiously optimistic, with signs of recovery and growth in China's economy, the world's second biggest economy, amidst facing multiple headwinds such as high inflationary environment, rising interest rates, increased financial instability associated with the turbulence in the United States and European banking sector, slowing global economy and rising geopolitical tensions. In view of the rapid recovery of China's economy, after abandoning its "Zero Covid" policy in early December 2022, the world economy will be able to better withstand any unforeseen downward pressure and uncertainties arising from the headwinds. With the planned crude steel production cut by approximately 2.5%, being part of China's pledge to curb carbon dioxide emissions, coupled with expectations of stronger Chinese demand as a consequence of its various economic stimulus packages, the global steel industry is poised to enjoy a gradual and stable recovery.

Local steel industry is recovering from the COVID-19 pandemic and its associated disruptions. The industry had experienced a sharp decline in demand and production since 2020, as lockdowns and supply chain disruptions affected steel consumption in various sectors, including construction, automotive, and manufacturing.

Masteel remains upbeat on the Company's prospects as prices of its steel products are firming upward supported by our government's various fiscal stimulus measures including, acceleration on the implementation of infrastructure projects which offer high multiplier effects. Under the RM388.10 billion 2023 budget, development expenditure allocation was increased to RM97.00 billion, the highest in the nation's history compared to RM71.16 billion in 2022, which will augur well for the entire infrastructure and construction sectors.

In particular, the construction sector is expected to have a growth of 6.1% in 2023 with civil engineering subsector is anticipated to regain its positive growth, following the continuation and acceleration of major infrastructure projects, such as Mass Rail Transit Line 3 (MRT3), Johor-Singapore Rapid Transit System (RTS), the Pan Borneo highways in Sabah and Sarawak, Baleh Hydroelectric, Sarawak Water Supply Grid Programme, Large-Scale Solar 3 plants, upgrade of the Klang Valley Double Track (KDVT) Phase 2, East Coast Rail Link and the 5G network rollout.

Management Discussion and Analysis

(CONT'D)

Furthermore, in line with the revival and launching of new rail and road network infrastructure, Malaysia property market will continue to improve in 2023. This improved outlook on Malaysia property sector will bode well for the construction and building materials sectors.

Despite prices of raw materials increasing, Masteel was still able to achieve a commendable profitable performance in FYE2022 due to the completion of the Company's upgrading and revamping of its Klang rolling mill and continuous casting machine facilities in the second half of 2022. Upon commissioning of the abovementioned facilities, the rolling mill productivity and cost efficiency had improved while the emission of Green House Gases ("GHG") was further reduced. Besides improving the Company's financial performance, these upgrades are also consistent with the Company's commitment in championing environmentally-responsible practices in the industry as Masteel is the first ultra-low carbon emission' integrated steel mill in the nation.

Moving forward, the steel industry is expected to recover alongside with the improving performance of the construction sector which will be driven by the Government's continuous efforts in promoting infrastructure development in the country, return of foreign workers and the uplift in the demand for properties as the economy recovers.

In anticipation of an improvement in local demand for steel products, Masteel will continue to maximise its new steelmaking facilities and continue to explore any export opportunity of its steel products to regional markets where demand remains firm. In conjunction with Masteel's aspiration to be a regional steel player, the Company is applying for accreditation of its steel bars by CARE Certification International which will allow the Company to export its steel products to neighbouring countries such as Singapore, Hong Kong and United Kingdom.

Masteel is well-positioned to capitalize on any potential economic boom in the long steel sector due to its new state of the art steel melting facilities and the technological upgrades and revamping of its Klang rolling mill along with the continuous casting machine facilities.

Masteel's subsidiary, MSX, is expected to continue its contribution to the Group's cost-saving initiatives by reducing the transport costs of delivering its billets and steel bars between its Bukit Raja Plant to Petaling Jaya Plant. MSX performance is expected to improve as it replaces its older prime movers with new units.

In the radiopharmaceutical division, the quantity of radioisotopes to be sold in 2023 is expected to grow organically with the addition of 2 new customers who will be starting their Positron Emission Tomography – Computed Tomography services. The estimated doses to be ordered from both new customers are approximately 7,200 mCi per year.

Masteel and its Management has always made the spirit of dynamism and proactiveness as its hallmark, this is reflected in the Board of Directors' and Management's ability to look forward and plan ahead and this has allowed the Company to overcome many hurdles over the past 5 decades.

On Masteel's endeavour in increasing the value creation to its stakeholders, the Company is cognisant of the importance of adopting Environmental, Social and Governance ("ESG") best practices in the steel manufacturing activities. The Company's inclusion in the FTSE4Good Bursa Malaysia Index and FTSE4Good Bursa Malaysia Syariah Index in December 2022 will augur well for the stock price performance in the future.

Looking to maintain the above achievement, we have established both short and long-term emissions reduction targets, with a goal of reducing emissions by a further 10% by 2026, and 15% by 2031. The pursuit of reducing GHG emissions will be further enhanced by the introduction of a new technology package at its Petaling Jaya steel plant in 2023.

In FYE2023, the Company will continue to strengthen its ESG practises in the ensuing quarters by launching its first "Green Award" program with the objective to "internalize" ESG practices by inviting all its stakeholders to start their Sustainability Statement and carbon dioxide emission calculation.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

In recognising the importance of good governance as a fundamental part of discharging their responsibilities, the Board of Directors ("Board") of Malaysia Steel Works (KL) Bhd ("Masteel" or "Company") has taken steps to evaluate and implement the Group's corporate governance policies and procedures. The Board is committed to ensure that good corporate governance is practiced and complied with throughout the Group within the framework as expounded by the Malaysian Code on Corporate Governance 2021 ("MCCG") and Corporate Governance Guide (4th Edition) to enhance the shareholders' value.

This Corporate Governance Overview Statement is supported by a report ("Corporate Governance Report"), based on a prescribed format as outlined in paragraph 15.25(2) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") so as to map the application of Masteel's corporate governance practices against the MCCG. The Corporate Governance Report is available on the Company's website, www.masteel.com.my as well as via an announcement on the website of Bursa Securities.

This Statement should also be read in conjunction with the other statements in this Annual Report, namely the Audit Committee Report, Statement on Risk Management and Internal Control, and Sustainability and Task Force on Climate-Related Financial Disclosure Report, for a more holistic and granular understanding of the Group's corporate governance framework and practices.

Summary of Corporate Governance Practices

Masteel has benchmarked its practices against the relevant promulgations and higher order practices, across the three (3) principles of the MCCG, namely:

- Principle A: Board Leadership and Effectiveness;
- Principle B: Effective Audit and Risk Management; and
- Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

As at the date of this statement, Masteel has applied most of the practices espoused by the MCCG ("Practices"), except for the following:

- Practice 5.3 - Tenure of independent directors does not exceed a cumulative term limit of nine (9) years, and if does, to seek shareholders' approval via two-tier voting process;
- Practice 5.4 (Step Up) - Policy which limits the tenure of independent directors to nine (9) years;
- Practice 5.9 - The Board comprises at least 30% woman directors;
- Practice 8.2 - Disclosure on a named basis of the Company's top five (5) senior management's remuneration in bands of RM50,000;
- Practice 8.3 (Step Up) - Fully disclose the detailed remuneration of each member of senior management on a named basis; and
- Practice 12.2 - Adoption of integrated reporting based on a globally recognised framework.

Amongst the five (5) Step Ups advocated by the MCCG, the Board has adopted Step Up 4.5 which calls for the board to identify a designated person to provide dedicated focus to manage sustainability strategically; Step Up 9.4 which calls for the Audit Committee to comprise solely Independent Directors; and Step Up 10.3 which required the Risk Management Committee ("RMC") to comprise of majority Independent Directors. Step Ups are aspirational practices to facilitate companies in achieving greater excellence in corporate governance. Accordingly, the adoption of Step Ups is voluntary and in the heightened self-interest of Masteel.

In line with the requirements of the MCCG, the Group has provided clear and forthcoming explanations for departures from the Practices in the Corporate Governance Report. With regards to departure in Practices, the Board has provided disclosures on the alternative measures in place which will achieve similar outcomes to those Intended Outcomes of the MCCG. The explanations on the departures, supplemented with disclosure of the alternative practices are contained in the Corporate Governance Report.

Corporate Governance Overview Statement

(CONT'D)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS**I Board Responsibilities**

The Group acknowledges the pivotal role played by the Board in the stewardship of its directions and operations, and ultimately the enhancement of long-term shareholders' value. To fulfill this role, the Board is responsible for the overall corporate governance of the Group by setting the appropriate tone at the top, including planning its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Board is guided by a Board Charter which sets out the duties and responsibilities of the Board. The Board Charter sets out the matters reserved for Board's collective decision is to ensure a clear division of responsibilities. The Limits of Authority further detailed the authorisation of expenditures within the Group.

The Group is continuously taking proactive actions to ensure that adequate procedures are in place to prevent persons associated with the Group from undertaking corrupt conduct. Subsequent to the introduction of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 ("MACC Act"), the Group had on 29 May 2020 adopted the Anti-Bribery and Anti-Corruption Policy ("ABAC Policy") and will conduct a review of the ABAC policy at appropriate intervals or at least once every three (3) years to consider its suitability, adequacy and effectiveness. An Integrity Committee was established and a Compliance Officer was appointed to assist RMC in undertaking primarily anti-bribery and anti-corruption measures and responses in accordance with the Guidelines on Adequate Procedures issued pursuant to the MACC Act. The Company also maintains a Register of Gifts, Entertainment, Hospitality, Travel, Donation and Sponsorship ("GEHTDS") which will be regularly reviewed by the Integrity Committee.

The Managing Director/Chief Executive Officer ("MD/CEO") together with the Executive Directors, supported by the Management staff, are closely involved in the Company's day-to-day operations and ensure that shareholders' long-term interests are served. Through oversight, review and counsel, the Board establishes and promotes the Group's business and organizational objectives, provides leadership to the Group, oversees business affairs and integrity, and works with the Management to determine the Group's mission and long-term strategy.

Collectively, the Board brings a balance of skills and experience appropriate to the business owing to their diverse background in business, accounting, finance, political and commercial fields.

In order to assist in the discharge of its responsibilities, the Board has established the following committees ("Board Committee(s)") to perform certain of its functions and to provide recommendations and advice:

- Audit Committee ("AC");
- Remuneration Committee ("RC");
- Nomination Committee ("NC"); and
- Risk Management Committee ("RMC").

Each Board Committee operates its functions within its terms of reference which have been approved by the Board and are subject to periodic review. The Board appoints the Chairman and members of each Board Committee amongst themselves.

The Chairman of the respective Board Committees reports to the Board on key matters deliberated at the Board Committees' meetings and makes necessary recommendations to the Board. The ultimate responsibility for decision-making lies with the Board.

Corporate Governance Overview Statement

(CONT'D)

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

During the year, the Board undertook a review on the Board Charter, Terms of Reference of Board Committees and policies such as Whistleblowing Policy and External Auditors Assessment Policy in order to ensure compliance with legislation and best practices and to remain relevant and effective. The policies are designed to provide guidance and clarity for Directors and Management on the role of the Board and Board Committees in discharging their duties towards the Company.

The Board is also mindful of the importance of devoting sufficient time and effort to carry out their responsibilities and enhance their professional skills. It is also the Board's policy for Directors to notify the Chairman of the Board before accepting any new directorships notwithstanding that the MMLR allows a Director to sit on the board of up to five (5) listed issuers.

The Board met five (5) times during the financial year ended ("FYE") 31 December 2022. The attendance of each Director at the Board meetings held during the FYE 31 December 2022 is as follows:-

Name of Directors	Number of Attendance Achieved	Percentage (%)
Dato' Ikhwan Salim Bin Dato' Haji Sujak - Independent Non-Executive Chairman	5/5	100
Dato' Sri Tai Hean Leng @ Tek Hean Leng - Managing Director/Chief Executive Officer ("MD/CEO")	5/5	100
Mr. Lau Yoke Leong - Executive Director/Chief Financial Officer ("CFO")	5/5	100
Mr. Ong Teng Chun - Executive Director	5/5	100
Ms. Ng Siew Peng - Executive Director	5/5	100
Mr. Ng Wah Lok - Senior Independent Non-Executive Director	5/5	100
Mr. Roy Thean Chong Yew - Independent Non-Executive Director	5/5	100
Encik Muhammad Hanizam Bin Hj. Borhan - Independent Non-Executive Director	5/5	100
Puan Zueraini Binti Ahmad Basri - Independent Non-Executive Director (Appointed on 1 July 2022)	2/2	100

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling the roles and responsibilities which is evidenced by the satisfactory attendance record of the Directors at Board meetings.

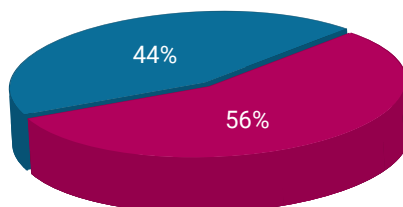
There is a clear division of responsibilities between the Chairman and MD/CEO to ensure that there is a balance of power and authority, as set out in the Board Charter. The Independent Non-Executive Chairman, Dato' Ikhwan Salim Bin Dato' Haji Sujak is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board while the MD/CEO, Dato' Sri Tai Hean Leng @ Tek Hean Leng is entrusted by the Board on the daily running of the business and implementation of the Board's policies and decisions.

Corporate Governance Overview Statement
(CONT'D)**PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****I Board Responsibilities (Cont'd)**

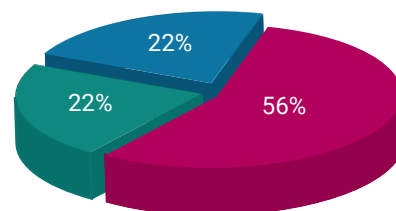
The Board is also of the view that the Chairman of the Board should not involve in any Board Committees in order to ensure check and balance, as well as objectivity, will not be impaired/influenced by the Chairman of the Board who also sits on Board Committee(s). During the year under review, the Chairman of the Board has not been a member of any Board Committee and was not involved/participated in the decision-making process of all the Board Committees of the Company.

The Board has access to the advice and services of the Company Secretaries. Both Company Secretaries of the Company are qualified to act as Company Secretaries under the Companies Act 2016 ("CA 2016") and are Fellow members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). The Company Secretaries provide support to the Board in fulfilling its fiduciary duties and leadership role in shaping the corporate governance of the Group.

Notices of meetings are circulated to Directors at least seven (7) days before the meetings. The Management provides the Board with detailed meeting materials at least five (5) business days in advance. Senior Management may be invited to join the meetings to brief the Board and the Board Committees on requisite information being discussed, where necessary.

II Board Composition**BOARD COMPOSITION**

■ Independent Non-Executive Director ■ Executive Director

BOARD AGE DIVERSITY

■ 40 - 49 years ■ 50 - 59 years ■ 60 years and above

Corporate Governance Overview Statement

(CONT'D)

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

The Board currently has nine (9) members, comprising four (4) Executive Directors and five (5) Independent Non-Executive Directors. The present Board composition complies with Paragraph 15.02 of the MMLR which requires at least two (2) directors or one-third (1/3) of the Board, whichever is higher, to be independent. The Chairman of the Board is an Independent Non-Executive Director who carries out a leadership role in the conduct of the Board and its relations with shareholders and stakeholders.

The current size and composition of the Board are adequate for facilitating effective and objective decision-making given the scope and nature of the Group's business and operations. The Independent Directors play a strong and vital role in entrenching good governance practices in the affairs of the Group through their participation in the respective Board Committees. The Independent Non-Executive Directors of the Company had devoted sufficient time and attention to the Group's affairs. None of the Directors on the Board hold more than five (5) directorships in other listed issuers on Bursa Securities.

According to the Company's Board Diversity Policy, the Board recognised diversity as an important criterion in determining board composition and to ensure different perspectives are considered for Board effectiveness and strength.

The Board acknowledges the requirement under Practice 5.9 of the MCCG to have at least 30% of women Directors on the Board so that to have diverse perspectives insights in making Board decisions. The Board however believes that it is more important to have the right mix and skills at the Board instead of merely looking at percentages in order to carry out its duties effectively. Nonetheless, with the recommendation of the NC and having reviewed the profile of Puan Zueraini Binti Ahmad Basri, the Board had on 1 July 2022 appointed Puan Zueraini Binti Ahmad Basri as Independent Non-Executive Director. Hence, there are currently two (2) female directors on Board.

III NC

The NC comprises exclusively of Independent Non-Executive Directors, as follows:

Name	Designation
Encik Muhammad Hanizam Bin Hj. Borhan	Chairman
Mr. Ng Wah Lok	Member
Mr. Roy Thean Chong Yew	Member

The Board has through the NC, conducted an annual assessment on the effectiveness of the Board as a whole and the contribution of each individual Director. The assessment was conducted in-house and facilitated by Boardroom Corporate Services Sdn Bhd, the external corporate secretarial services provider of the Company.

The effectiveness of the Board Committees is assessed in terms of composition, required mix of skills, experience, structure and processes, accountabilities and responsibilities, as well as the effectiveness of the Chairmen of the respective Board Committees.

Corporate Governance Overview Statement
(CONT'D)**PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****III NC (Cont'd)**

The Chairman of the NC, Encik Muhammad Hanizam Bin Hj. Borhan is an Independent Non-Executive Director. During the FYE 31 December 2022, the NC held one (1) meeting and all members registered full attendance. Below is a summary of the key activities undertaken by the NC in discharge of its duty for the FYE 31 December 2022:

- Conducted an annual assessment on the effectiveness of the Board and Board Committees covering areas such as Board structure and operations, management relationship with the Board, the Board's role and responsibilities, the required mix of skills and experience of the Directors, time commitments, skills, characters, experiences, integrity and competencies to effectively discharge the role as a Director and reported the findings in the Board meeting.
- Reviewed and assessed the independence of the Independent Directors of the Company.
- Reviewed the terms of office and performance of the AC and each of its members.
- Reviewed, considered and recommended to the Board for approval, the re-election of Directors who retire by rotation pursuant to the Company's Constitution and subsequently tabling at the forthcoming Annual General Meeting ("AGM").
- Reviewed and assessed the independence of Dato' Ikhwan Salim Bin Dato' Haji Sujak, who has served the Company as an Independent Director for a cumulative term of more than nine (9) years to continue serving as an Independent Director and recommended to the Board for consideration and subsequently tabling at the forthcoming AGM.
- Reviewed and assessed the independence of Mr. Ng Wah Lok and Encik Muhammad Hanizam Bin Hj. Borhan, both have served the Company as Independent Directors for a cumulative term of more than twelve (12) years to continue serving as Independent Directors and recommended to the Board for consideration and subsequently tabling at the forthcoming AGM.
- Reviewed and discussed the suitable training programme for continuous development of Directors to strengthen their contributions to the Board.
- Reviewed and discussed the succession planning of the Company.
- Reviewed and proposed the revised Terms of Reference of NC to the Board for approval.
- Reviewed, assessed and recommended the appointment of Puan Zueraini Binti Ahmad Basri as the Independent Non-Executive Director of the Company.
- Reviewed the revised assessment and evaluation forms of the Board and Board Committees by including Environmental, Social and Governance factors in the said forms to assess the performance of the Board against the achievement of the sustainability targets.

Corporate Governance Overview Statement

(CONT'D)

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

III NC (Cont'd)

The Directors have individually or collectively attended various training programmes during the FYE 31 December 2022, amongst others, the following:-

Name of Directors	Programmes Attended
Dato' Ikhwan Salim Bin Dato' Haji Sujak	<ul style="list-style-type: none"> Conduct of Directors & Common Breaches of Listing Requirements
Dato' Sri Tai Hean Leng @ Tek Hean Leng	<ul style="list-style-type: none"> Task Force on Climate-related Financial Disclosures (TCFD) Climate Disclosure Training Programme Forging Environmental, Social and Governance (ESG) for the Future of Your Business - Capture, Analyse, Rate and Trade
Mr. Lau Yoke Leong	<ul style="list-style-type: none"> Forging Environmental, Social and Governance (ESG) for the Future of Your Business - Capture, Analyse, Rate and Trade Conducting a Better Annual General Meeting The Corporate Governance Overview Statement, Corporate Governance Report, Audit Committee Report, and Statement on Risk Management & Internal Control
Mr. Ong Teng Chun	<ul style="list-style-type: none"> Forging Environmental, Social and Governance (ESG) for the Future of Your Business - Capture, Analyse, Rate and Trade
Ms. Ng Siew Peng	<ul style="list-style-type: none"> Webinar Series: Fundamentals of Board Governance Webinar Series: Board Succession, Evaluation and Recruitment Webinar Series: Environmental, Social and Governance (ESG) and Sustainability Reporting Task Force on Climate-related Financial Disclosures (TCFD) Climate Disclosure Training Programme Sustainability Management and Reporting - What this entails and how the Board and Management managing and reporting sustainability practices Forging Environmental, Social and Governance (ESG) for the Future of Your Business - Capture, Analyse, Rate and Trade Conducting a better Annual General Meeting
Mr. Ng Wah Lok	<ul style="list-style-type: none"> Leadership conference - Growing your vision - FGT International.
Mr. Roy Thean Chong Yew	<ul style="list-style-type: none"> Corporate Liability Updates Environmental, Social and Governance (ESG) Sustainability - Impact to the Company and Board of Directors Malaysian Institute of Accountants (MIA) International Accountants Conference 2022 Sustainability Report Awareness Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees The Role of Board in Strategy, Environmental, Social and Governance (ESG) & Risk Management Usual Oversight
Encik Muhammad Hanizam Bin Hj. Borhan	<ul style="list-style-type: none"> Malaysian Institute of Accountants (MIA) Webinar Series : Environmental, Social and Governance (ESG) Reporting : A Key to Value Creation Today
Puan Zueraini Binti Ahmad Basri	<ul style="list-style-type: none"> Bursa Malaysia Mandatory Accreditation Programme

Corporate Governance Overview Statement

(CONT'D)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**III NC (Cont'd)**

The Directors will continue to attend relevant training courses to further enhance their skills and knowledge to enable them to discharge their responsibilities more effectively.

The Company Secretaries facilitated the organisation of internal training programmes and keep the Directors informed of relevant external training programmes. The Company Secretaries also circulate the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and brief the Board quarterly on these updates at Board meetings.

(i) Appointment to the Board and Re-election of Directors

Following the amendments made to MMLR of Bursa Securities, the Board had on 26 May 2022 adopted a Directors' Fit and Proper Policy which set out the approach, guidelines and procedures to ensure a formal, rigorous and transparent process is being adhered for the appointment and/or re-election of the Directors of the Company. The Directors' Fit and Proper Policy is available on the Company's website at www.masteel.com.my.

In evaluating the suitability of candidates for the Board, the NC reviews the completed Fit and Proper Self-declaration Form and ensures that the candidates possess the necessary background, skills, professional expertise and character.

During the year under review, Puan Zueraini Binti Ahmad Basri was appointed as Independent Non-Executive Director effective 1 July 2022. In proposing her recommendation, the NC has considered and evaluated her skills, knowledge, expertise, time commitment and diversity before recommending it to the Board for approval. Subsequent to the appointment, she also completed the Mandatory Accreditation Programme (MAP) within four months from the date of her appointment.

The Company's Constitution states that all Directors are subject to retirement by rotation and in ascertaining the number of directors to retire annually, at least one-third of the Directors are required to retire and the Company shall ensure that all Directors shall stand for re-election at least once in every three (3) years.

The NC is also responsible to conduct the fit and proper assessments on the Directors who are due for retirement at the AGM.

Based on the assessment, the NC and the Board are satisfied with the performance of the following Directors who are subject to retirement pursuant to the Company's Constitution at the forthcoming AGM:

- (i) Dato' Sri Tai Hean Leng @ Tek Hean Leng – Clause 96;
- (ii) Mr. Lau Yoke Leong – Clause 96;
- (iii) Encik Muhammad Hanizam Bin Hj. Borhan – Clause 96; and
- (iv) Puan Zueraini Binti Ahmad Basri – Clause 103.

All the aforesaid Directors have expressed their intention to seek for re-election at the forthcoming AGM with the exception of Encik Muhammad Hanizam Bin Hj. Borhan, who shall retain the office until the conclusion of the forthcoming AGM.

Corporate Governance Overview Statement

(CONT'D)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**III NC (Cont'd)****(ii) Tenure of Independent Director**

The Board Charter of the Company allows for an Independent Director who is serving exceeding a cumulative term of nine (9) years to be retained by obtaining the annual shareholders' approval during the AGM of the Company.

The NC will evaluate the independence of the Independent Director prior to their recommendation to the Board on retaining the Independent Director with valid justifications.

The invaluable knowledge of the Independent Directors gained through the years, as well as their continued contribution will provide stability and benefits to the Board and the Group as a whole. The Board believes that the integrity of the Directors in discharging their responsibilities in the best interest of the Company, after having provided all the relevant confirmation on their independence, will be able to determine if they can continue to bring independence and objective judgement on Board deliberations and decision-making.

Dato' Ikhwan Salim Bin Dato' Haji Sujak has served the Company as Independent Non-Executive Director for more than nine (9) years. The NC and the Board have determined that Dato' Ikhwan Salim Bin Dato' Haji Sujak remained unbiased, objective and independent in expressing his opinion and participating in decision-making of the Board.

The Board will seek the approval of the shareholders of the Company to support the Board's decision to retain him as Independent Non-Executive Director based on the following justifications:-

- (a) He has fulfilled the criteria under the definition of Independent Director as stated in the MMLR, and therefore is able to bring independent and objective judgment to the Board.
- (b) He has contributed sufficient time and effort in attending all the Board meetings.
- (c) The length of his service on the Board does not in any way interfere with his exercise of independent judgement and ability to act in the best interests of the Company.
- (d) As he has been with the Company for more than nine (9) years, he therefore understands the Company's business operations which enable him to participate actively and contribute during deliberations or discussions at Board meetings without compromising his independence and objective judgement.
- (e) He has exercised his due care during his tenure as Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company and shareholders.

Mr. Ng Wah Lok and Encik Muhammad Hanizam Bin Hj. Borhan have served the Company as Senior Independent Non-Executive Director and Independent Non-Executive Director of the Company respectively for a cumulative term of more than twelve (12) years. Pursuant to the mandatory twelve (12) years tenure limit for independent directors introduced via the enhanced MMLR of Bursa Securities, all long-serving Independent Directors of more than 12 years must resign or be re-designated as non-Independent Directors on or before 1 June 2023.

As Encik Muhammad Hanizam Bin Hj. Borhan who is retiring by rotation pursuant to Clause 96 of the Constitution of the Company is not seeking for re-election, he will retire at the conclusion of the forthcoming AGM. Meanwhile, Mr. Ng Wah Lok has also expressed his intention to resign as a Senior Independent Non-Executive Director at the conclusion of the forthcoming AGM.

Corporate Governance Overview Statement
(CONT'D)**PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****IV Remuneration**

The Board through RC has established a Directors' Remuneration Policy to assist the Group in attracting, retaining and motivating its Directors in order to run the Group successfully.

During the financial year 2022, the RC consists of the following members:

Name	Designation
Encik Muhammad Hanizam Bin Hj. Borhan	Chairman
Mr. Roy Thean Chong Yew	Member
Mr. Ng Wah Lok	Member

During the financial year 2022, the RC had convened two (2) meetings and attended by all the RC members. The RC had reviewed the remuneration for the Executive Directors, which reflects the level of risk and responsibility, the individual's performance indicators ("KPI") on the job, and the performance of the Company and considered their remuneration packages are well within the comparable companies in similar industry. The RC had also reviewed the fees and benefits payable for Non-Executive Directors, which reflects the experience and level of responsibilities undertaken by the individual Non-Executive Directors concerned. Furthermore, the RC had also reviewed and proposed the revised Terms of Reference of RC to the Board for approval.

The level and structure of the Group's remuneration policy are aligned with the business strategy and long-term objectives of the Group, and are appropriate to attract, retain and motivate the Directors to provide good stewardship, as well as motivate key management personnel to successfully manage the Group. The Board is of the view that the current remuneration level suffices to attract, retain and motivate qualified Directors to serve on the Board.

The detailed remuneration of the Board is disclosed in the Corporate Governance Report of the Company and in Note 24 of the Notes to the financial statements of the Company FYE 31 December 2022.

Corporate Governance Overview Statement

(CONT'D)

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

The Board is assisted by the AC to oversee the Group's financial reporting processes and the quality of its financial reporting and to ensure that the financial statements of the Group comply with applicable financial reporting standards in Malaysia.

The AC is chaired by an Independent Non-Executive Director who is distinct from the Chairman of the Board. All members of the AC are financially literate, with the Chairman and another member of the AC being members of the Malaysian Institute of Accountants.

The AC consists of the following members:

Name	Designation
Mr. Roy Thean Chong Yew	Chairman
Mr. Ng Wah Lok	Member
Encik Muhammad Hanizam Bin Hj. Borhan	Member

The AC comprises solely of Independent Non-Executive Directors. The composition of the AC, including its roles and responsibilities, number of meetings and attendance of the AC, summary of the AC activities and Internal Auditors' activities during the FYE 31 December 2022 are set out on pages 39 to 41 of the Audit Committee Report of this Annual Report.

The AC regularly reviews and scrutinises the audit report by the Internal Auditors and conducts an annual assessment on the adequacy of the department's scope of work and resources. The AC has in its Terms of Reference requires that a former key audit partner observe a cooling-off period of at least three (3) years before being appointed as a member of the AC and to date, the Company has not appointed any former key audit partner as Director of the Company.

Alongside, the AC has the procedures to assess the suitability, objectivity and independence of the External Auditors annually which is contained in the External Auditors Assessment Policy. The AC had met with the External Auditors twice during FYE 31 December 2022 without the presence of the Management (i.e. 7 April 2022 and 28 November 2022 respectively) to discuss any key area or issues which require the attention of the AC and Board.

The AC discussed a summary of internal audit's findings together with the Management's responses to ensure that the Management undertakes the agreed remedial actions as proposed by the Internal Auditors.

All members of the AC undertake continuous professional development to keep themselves abreast with the relevant developments in accounting and auditing standards, practices and rules.

Corporate Governance Overview Statement

(CONT'D)

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

The RMC which comprises of a majority of Independent Non-Executive Directors, assists the Board in fulfilling its responsibilities in the risk governance and oversight functions via establishing a sound internal control framework to manage risks with the overall responsibility for overseeing the risk management activities of the Group and approving the appropriate risk management procedures and measurement methodologies across the Group. With the assistance of an external consultant, an Enterprise Risk Management ("ERM") approach has been adopted to develop an effective and sound ERM.

The RMC consists of the following members:

Name	Designation
Mr. Ng Wah Lok	Chairman
Mr. Ong Teng Chun	Member
Encik Muhammad Hanizam Bin Hj. Borhan	Member

The Board has established an internal audit function within the Group known as Internal Audit Department ("IAD"), which is independent from the operations of the respective operating units. The principal role of the IAD is to undertake regular and systematic reviews of the system of internal control independently so as to provide a reasonable assurance that such a system continues to operate satisfactorily and effectively. It is the responsibility of the IAD to provide the AC with independent and objective reports on the state of internal control of the various operating units within the Group and the extent of compliance of the units within the Group's established policies and procedures as well as the relevant statutory requirements. The internal audit reports are presented together with the Management's response and proposed action plans to the AC quarterly.

The principles and guidelines promulgated by the Institute of Internal Auditors ("IIA") in the International Professional Practices Framework ("IPPF") for an internal audit function to be considered effective have been adopted.

The details of the Company's risk management and internal control framework are set out on pages 42 to 45 of the Statement on Risk Management and Internal Control of this Annual Report.

Corporate Governance Overview Statement

(CONT'D)

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

The Board recognises the importance of maintaining transparency and accountability to its shareholders as a key element of good corporate governance and thus, maintains a high level of disclosure and communication with its shareholders, stakeholders and the public in general through disclosures to Bursa Securities and to the press. The Group's financial performance, major corporate developments and other relevant information are promptly disseminated to the investors via the announcements of its quarterly results, Annual Report, announcements to Bursa Securities and press releases.

The Board has put in place a Corporate Disclosure Policy and Procedures to ensure compliance with the disclosure requirements as stipulated in the MMLR and also to set out the persons authorised and responsible to approve and disclose material information to shareholders and stakeholders.

The Company has established a dedicated section for corporation information on the Company's website, www.masteel.com.my, which is accessible by the public at large to obtain information on the Company's Board Charter, Terms of Reference of each Board Committee, press releases, corporate information, operation activities, financial performance as well as the Company's share price.

The Board will review and update the existing policies and procedures as and when necessary to ensure that they are updated in accordance with the prevailing legal and regulatory promulgations as well as best practices.

II Conduct of General Meetings

The AGM is a principal forum for two-way communication between the shareholders and the Management of the Group. Shareholders are provided with an opportunity to participate in the question and answer session in which they may raise questions pertaining to the Group's businesses and affairs. The Chairman, and the other members of the Board together with the Management and the Company's external auditors are available to respond to queries from shareholders at the AGM. In light of the Covid-19 pandemic, Masteel has conducted its Fiftieth ("50th") AGM on a fully virtual basis through live streaming and online remote voting using the Remote Participation and Voting ("RPV") facilities on 16 June 2022. This is so provided by the Constitution of the Company which allows for General Meetings to be held using any technology or electronic means.

In light of the Covid-19 pandemic, only essential individuals such as Chairman, MD/CEO, CFO, AC Chairman and Company Secretary were physically present at the broadcast venue while the rest of the Directors and meeting participants participated in the meeting remotely for the safety of shareholders, Directors, staff and other stakeholders as their safety are of paramount importance to Masteel.

During the AGM, shareholders took the opportunity to raise questions on the agenda items of the AGM as well as the financial performance of the Group via real-time submission of typed texts via the RPV facilities, the Chairman and MD/CEO responded to all questions raised and provided clarification as required by shareholders.

Electronic poll voting was adopted at the 50th AGM and the Chairman had notified the shareholders on the demand for a poll on all resolutions as set forth in the Agenda of the AGM for the interest of all shareholders and chaired the meeting in an orderly manner. A scrutineer was appointed to validate the votes cast at the said AGM. Such scrutineer must be independent of the person undertaking the polling process.

Corporate Governance Overview Statement
(CONT'D)**PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)****II Conduct of General Meetings (Cont'd)**

Further, in line with the recommendation of MCGG, the notice of the previous AGM was issued at least twenty-eight (28) days before the AGM date to enable the shareholders to go through the Annual Report and papers supporting the resolutions proposed. In addition to being dispatched individually to shareholders, the Notice of AGM was also circulated in a nationally circulated newspaper alongside an announcement on the website of Bursa Securities. This allows shareholders to have immediate access of the notice of AGM and make the necessary preparations for the AGM.

When there is special business or where special resolutions are proposed, the explanation of the effects of such special business or special resolutions are provided in the notice of the AGM under the explanatory notes.

The outcome of all resolutions proposed at the 50th AGM was announced to Bursa Securities at the end of the meeting day while the minutes of the said meeting were published on the Company's website as soon as practicable after the conclusion of the AGM.

FOCUS AREAS AND FUTURE PRIORITIES ON CORPORATE GOVERNANCE

The Board, against a challenging business backdrop, focused its attention on the foundational aspects of its roles as they relate to the creation of long-term value for stakeholders. The Board will continue to enhance the corporate disclosure requirements in the best interest of the shareholders and stakeholders of the Company in the upcoming years.

During the year under review, the Company has been actively embedding the Environmental, Social and Governance factors in business decision-making process, to meet the global demand for ESG as well as for long-term sustainability of the Group.

The areas to be prioritised by the Board will be those principles yet to be adopted by the Company as disclosed in the Corporate Governance Report 2022.

This Statement is made in accordance with a resolution of the Board dated 5 April 2023.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

There was no corporate proposal during the financial year ended 31 December 2022.

2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees incurred for the services rendered to the Company and the Group by the external auditors during the financial year under review are as follows:-

Type of Fees	The Company (RM'000)	The Group (RM'000)
Audit fee	150	160
Non-audit fee	11	11

3. MATERIAL CONTRACTS

There was no material contract entered by the Company and its subsidiaries involving Directors and/or major shareholders' interest during the financial year ended 31 December 2022.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board is required to present the financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs, the results, and cash flows of the Group and the Company.

The Board is satisfied that in preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2022, the Group has used the appropriate accounting policies and applied them consistently and supported by reasonable prudent judgment and estimates, adopted to include new and revised Malaysian Financial Reporting Standards (MFRSs) where applicable. The Board is also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements.

The Board has also taken all necessary steps to ensure that proper internal controls are in place to safeguard the assets of the Group and to detect and prevent fraud and other irregularities.

AUDIT COMMITTEE REPORT

The objective of the AC is to assist the Board in meeting its responsibilities relating to accounting and reporting practices of the Company and its subsidiary companies.

In addition, the AC shall:-

- (a) Oversee and appraise the quality of the audits conducted both by the Group's Internal Auditors and External Auditors ("EA") and enhance their independence by providing direction to and oversight of their functions;
- (b) Maintain open lines of communication between the Board, the Internal Auditors and the EA for the exchange of views and information, as well as to confirm their respective authority and responsibilities; and
- (c) Determine the adequacy of the Group's administrative, financial reporting, operating and accounting controls.

MEMBERS

The AC comprises the following members:-

Name	Designation	Directorship
Mr Roy Thean Chong Yew*	Chairman	Independent Non-Executive Director
Mr Ng Wah Lok	Member	Senior Independent Non-Executive Director
Encik Muhammad Hanizam Bin Hj. Borhan*	Member	Independent Non-Executive Director

* Member of the Malaysian Institute of Accountants ("MIA").

The terms of reference of the AC is available for reference on the Company's website at www.masteel.com.my/InvestorRelations/AuditCommittee.

During the financial year under review, five (5) AC meetings were held which recorded full attendance from all the members of the AC, as follows:-

Committee Members	Number of Attendance Achieved
Mr Roy Thean Chong Yew	5/5
Mr Ng Wah Lok	5/5
Encik Muhammad Hanizam Bin Hj. Borhan	5/5

Audit Committee Report

(CONT'D)

SUMMARY OF AC WORKS

The AC carried out main works during the FYE 31 December 2022 in discharging its duties and responsibilities in accordance with its terms of reference which are as follows:-

Financial Reporting and Annual Reporting

- Reviewed the Group's quarterly reports with the adoption of the new MFRS for the Group before recommending to the Board for consideration and approval. The First, Second, Third and Fourth Quarter Interim Financial Reports were tabled at the AC meetings held on 26 May 2022, 25 August 2022, 28 November 2022 and 27 February 2023 respectively. The quarterly interim financial reports were prepared in accordance with MFRS 134, IAS 34, Companies Act 2016 and Paragraph 9.22 of the MMLR.
- Reviewed the Group's draft audited financial statements for the FYE 31 December 2021 at the AC meeting held on 7 April 2022 before recommending to the Board for approval.
- Reviewed the Corporate Governance ("CG") Report, CG Overview Statement, AC Report and Statement on Risk Management and Internal Control prior to submission to the Board for consideration and approval for inclusion in the Annual Report.

Internal Audit

- Reviewed and assessed yearly internal audit plan, scope of internal audit reports, internal audit findings and areas for improvements and recommendations, if any.
- Assessed the performance of the Internal Audit Department ("IAD") and satisfied that the IAD have discharged their responsibilities in a commendable manner, performed competently, functioning effectively and have received sufficient resources and adequate authority in order to carry out their work in accordance to the Internal Audit Charter.

Corporate Governance

- Conducted periodic reassessment and refinement on corporate governance including terms of reference of AC before recommending to the Board for consideration and approval.

External Audit

- Reviewed and discussed the audit findings raised by the EA for the draft Audited Financial Statements for the FYE 31 December 2021.
- Reviewed and discussed with the EA of the Group on their Audit Status Memorandum for the Group for the FYE 31 December 2021 and Audit Planning Memorandum for the FYE 31 December 2022.
- Held two (2) private meetings with the EA without the presence of the Executive Directors and Management on 7 April 2022 and 28 November 2022 to ensure there were no restrictions and the scope of their audit is in line with the MCCG.
- Assessed the performance, suitability, objectivity and independence of the EA and was satisfied with the performance and the suitability of the EA and recognized that the provision of non-audit services by RSM Malaysia PLT for the FYE 2022 did not in any way impair their objectivity independence as EA of the Company.
- Reviewed and discussed on the recommendation of the re-appointment of RSM Malaysia PLT as EA of the Group to the Board and reviewed their objectivity and independence and audit fees.

Audit Committee Report
(CONT'D)**SUMMARY OF AC WORKS (CONT'D)****Risk Management Framework and Internal Control System**

- Reviewed and discussed the effectiveness of the risk management framework and internal control system of the Group.

Related Party Transactions

- Reviewed if there is any, the related party transactions and/or recurrent related party transactions entered into by the Company and to determine if such transactions are undertaken on an arm's length basis and normal commercial terms, and the disclosure of such transactions in the Annual Report of the Company, and to review conflicts of interests that may arise within the Company or the Group.

INTERNAL AUDIT FUNCTION

The internal audit activities are carried out in-house by the IAD of the Group, headed by a qualified personnel and a member of IIA (Institute of Internal Auditors Malaysia). The IAD is independent of the operations of the respective operating units. The principal role of the department is to undertake independent regular and systematic reviews of the system and internal control so as to provide reasonable assurance that such system continue to operate satisfactorily and effectively. It is the responsibility of the IAD to provide the AC with independence and objective report on the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements. The internal audit reports are presented together with the Management's response and proposed action plans to the AC quarterly.

During the financial year under review, the IAD carried out the following:-

- Executed internal control reviews in accordance with the approved risk based internal audit plan. The business processes reviewed are as follows:-
 - Review on delivery of steel bars to customers
 - Review on billets sales and collection
 - Review on steel bars inventory
 - Review of scrap payments to suppliers
 - Review on the bank reconciliation
 - Review on the data security, back up and cyber security procedures
 - Review on diesel usage and inventory
 - Review on the weighbridge system
- Performed follow-up review to ensure that corrective actions have been taken in a timely manner.

The results of the abovementioned work carried out by the IAD were tabled to the AC at their scheduled meetings.

The cost incurred for the IAD of the Group in respect of the FYE 31 December 2022 amounted to RM292,327.

An overview of the state of internal control within the Group is set out in the Statement on Risk Management and Internal Control on pages 42 to 45 of this Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR"), the Board is pleased to provide the following statement on the state of risk management and internal control of the Group for the financial year ended 31 December 2022, which has been prepared in accordance with the "Statement on Risk Management and Internal Control Guidance for Directors of Public Listed Companies" by The Institute of Internal Auditors Malaysia.

BOARD RESPONSIBILITIES

The Board has overall responsibility for risk management and system of internal controls of the Group comprising the Company and its subsidiary companies, excluding the associated company.

The Board recognises the importance of maintaining a sound risk management framework and internal control system for good corporate governance and efficient work processes. The Board acknowledges its overall responsibility and re-affirms its commitment to maintaining a sound system of risk management and internal controls and for reviewing its adequacy and effectiveness to safeguard shareholders' investment and the Group's assets.

In discharging its stewardship responsibilities, the Board recognises that the internal control system in the Group:-

- is a logical and systematic method of identifying, analysing, assessing, treating and monitoring the Group's risk;
- is a continuous and ongoing process;
- should be an integral part of the Group's management practices; and
- enable the Group to not only minimise losses but maximise opportunities.

RISK MANAGEMENT

In dealing with its stewardship responsibilities, the Board recognises that effective risk management is an integral part of good business management practice. The Board acknowledges that all areas of the Group's business activities involve some degree of risk and it is committed to ensure that the Group has an effective risk management framework, which allows the Management to manage risk within defined risk parameters. All identified risks are dealt with and managed within limits and controls. These limits and controls are monitored closely and adjusted periodically, taking into account changes in market conditions, products and processes.

The Board has a Risk Management Committee ("RMC") to oversee the implementation of the risk management framework, internal control, integrity and sustainability reporting matter.

The Board and Management are presently practicing proactive significant risks identification on a biannually basis, particularly environment, social, governance, finance, procurement, sales and marketing, operation, human resource management, information technology and legal, and put in place the appropriate risk response strategies and controls until those risks are managed to, and maintained at level acceptable to the Board.

Risk Management Officer has been appointed to facilitate a continual process to identify, evaluate, manage and monitor significant risks that the Group faces in its businesses, operations, social and environmental related matters. The risk owners, mainly the department head will update their Key Risk Registers at specific intervals i.e. yearly basis for Company risks level. The RMC reviews the key risks and planned actions to ascertain if those risks are mitigated and are managed appropriately. The RMC report shall be tabled to the Board for review and evaluation twice a year.

The Group has adopted and implemented the Anti-Bribery and Corruption Policy, and the Guidelines on Adequate Procedures pursuant to the Section 17A(5) of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 and has an Integrity Committee to assist the RMC in establishing an oversight body which reflects the Group's:-

- strict zero-tolerance approach to any instance of bribery and corruption, and to act promptly and appropriately should it occur;
- shall not indulge, participate or facilitate in any form of bribery and corruption; and
- to collaborate with its internal and external stakeholders in practicing good governance and accountability to combat all forms of bribery and corruption.

Statement on Risk Management and Internal Control

(CONT'D)

RISK MANAGEMENT (CONT'D)**Risk Summary**

The Board and RMC takes a proactive stance on evolving risks, with such risks to be identified, assessed and mitigative actions to be taken/implemented.

The prevalent use and changing development in Information Technology ("IT") brings with it inherent IT risks. In view of this, the Company had engaged an external IT Consultant and implemented IT Cybersecurity Monitoring System to protect the Company's system against malwares/threats.

Accordingly, the overall risk map has been updated and the risk impact of "Information Technology" has been adjusted from 'high' to 'medium'.

Taking cognizance of the impact of sustainability on business environment and its inherent risks, the Risk Register has been updated accordingly with risks in the areas of environment, social and governance ("ESG"), the main components of sustainability. Some of the ESG risks and mitigation action being updated into the Risk Register are:

- ESG: Environment - Environment aspect has been improved in which the Company has taken initiatives by replacing the furnace from Electric Arc to Induction, thus reducing the emission of carbon dioxide.

Management has established the supplier evaluation questionnaire to carry out the risk assessment in relation to the environmental issue for existing or potential new suppliers.

- ESG: Social - The Company is committed to protect human rights by promoting gender diversity and provide equal rights and opportunities to all employees. The Company has in place relevant programme(s)/statement in preventing and control of global health issue.
- ESG: Governance Risk Management - A comprehensive Risk Management Framework was duly established by the Company.
- ESG: Tax & Corporate Governance - All relevant rules and regulations in relation to the tax laws & regulations, corporate governance guidelines and regulatory requirements are duly complied with.
- ESG: Anti-Bribery and Anti-Corruption - The Company has performed most of the compliance programmes as set forth in the Guidelines.

With the updates, the Risk Register has incorporated sustainability risks, and thus encompass most identifiable key risks. The Board and RMC takes a vigilant stance and serious view of possible risk breaches. During the financial year, there were reviews undertaken by independent reviewers on the following areas, to assess the robustness and effectiveness of the risk preventive and detective controls. This is to ensure that potential financial losses, regulatory risks, reputational and other risks are assessed and mitigated.

The areas reviewed were the areas of legal and procurement.

The focus on the risk review on Legal Division were in the areas of:

- Contract management
- Business licensing
- Agreement with outsource legal advisor
- Regulatory changes

Reviews were also undertaken on Procurement Division, on the main areas of procurement and material controls, together with the sub-processes, ranging from price evaluation, delivery, quality of goods, and supply chain management, amongst others.

Based on the reviews, there were only minor findings, and risk rating in both areas covered remained as "medium". On an overall basis, there were no negative impact on the robustness and effectiveness of the risk controls in these areas.

Statement on Risk Management and Internal Control

(CONT'D)

INTERNAL AUDIT**Internal Audit Function**

The Internal Audit Department ("IAD") reports directly to the Audit Committee ("AC"), to assist the AC in discharging its duties and responsibilities and to provide reports on the adequacy and effectiveness of the risk management functions, systems and internal controls in the Group.

Control and Monitoring Process

The IAD's scope covers audit planning, liaison with the International Standard Organisation ("ISO") and reviewed the Group's processes in the Standard Operation Procedures ("SOP") to ensure the various procedures are followed.

Internal audit reports, incorporating audit recommendations and management responses with regard to audit findings relating to the weaknesses in the systems and controls of the respective operations, were reviewed quarterly at AC meeting before recommending to the Board. Internal Auditors and AC carry out discussion and deliberation of the strategic issues facing the businesses and resolutions to mitigate such risk. The AC also reviews and approves the internal audit plan annually.

Besides that, the Board also delegates the daily running of the business to the Managing Director/Chief Executive Officer ("MD/CEO") and his management team. The MD/CEO plays a pivotal role in communicating the Board's expectations of the system of internal control to the Management, where a clear organisational structure with defined lines of responsibility, delegation of authority, segregation of duties and information flow exist, to ensure decisions are made and actions taken by the appropriate person. This is achieved on a day-to-day basis, through active participation by the MD/CEO in the operations of the business.

During the financial year under review, the Internal Audit executed internal control reviews on business operating procedures, sales and collection, inventory, scrap payment terms and data security, backup and cyber security. The findings of the reviews were discussed with Senior Management and subsequently presented to the Board and AC.

Risk Management Framework ("RMF")

The Group's RMF is outlined in the Risk Management Policy by making reference to the 'Three Lines of Defense' model, which has been adopted by the Institute of Internal Auditors – Global. The RMF prescribes a structured and integrated approach in managing key business risks with the aim of safeguarding the shareholders' interests and the Group's assets.

The RMF clearly defines the authority and accountability in implementing the risk management process and internal control system. The management of each business unit is responsible to identify, evaluate, manage and monitor significant risks applicable to their respective areas of business and in formulating suitable internal controls to mitigate and control these risks.

The Risk Management Policy is to ensure it is relevant and adequate to manage the organisation risks, which continue to evolve along with the changing business environment and its sustainability.

Furthermore, the Group mitigates certain potential risk by having appropriate insurance policies coverage.

Assurance from Management and Conclusion

The Board has received assurance from the MD/CEO and Chief Financial Officer that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects based on risk management and internal controls framework adopted by the Group.

Statement on Risk Management and Internal Control
(CONT'D)

REVIEW OF THIS STATEMENT

Pursuant to paragraph 15.23 of the MMLR, the External Auditor ("EA") have reviewed this Statement for inclusion in the 2022 Annual Report. The EA have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of the systems of risk management and internal control of the Group.

This statement is made in accordance with a resolution of the Board dated 5 April 2023.

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The directors have pleasure in presenting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is manufacturing of steel bars and steel billets. The principal activities of the subsidiaries are as stated in Note 7 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year	19,071	18,529

In the opinion of the directors, the financial results 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.

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year and the directors do not recommend any dividend for the current financial year.

ISSUE OF SHARES AND DEBENTURES

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

WARRANT

On 27 October 2021, the Company issued 226,369,915 free detachable warrants ("Warrants 2021/2026") pursuant to the rights share with warrants on the basis of one (1) warrant for every one (1) rights share subscribed.

The warrants are constituted by a deed poll dated 7 May 2021 and first supplemental deed poll dated 2 September 2021 to supplement and vary the deed poll for the revision of the issue price of the rights share from RM0.586 to RM0.395.

The salient term of warrants are as follows:

- (i) each warrant entitles the registered holder, at any time during the exercise period, to subscribe for one (1) new ordinary share of the Company at the exercise price;
- (ii) the exercise price for the warrant was fixed at RM0.395 per warrant;
- (iii) the issue date of warrant is 22 October 2021 and are valid for exercise for a period of 5 years from its issue date and will expire on 21 October 2026. Any warrant not exercised by its expiry date will thereafter lapse and cease to be valid for any purpose; and
- (iv) the new shares to be issued arising from the exercise of the warrant will, upon allotment and issuance, rank pari passu in all respects with then existing shares, save and except that the said new shares will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid, prior to the date of allotment of the said new shares.

DIRECTORS' REPORT

(CONT'D)

WARRANT (CONT'D)

The number of unexercised warrants are as follows:

At 1 January/ 31 December	226,369,915
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As at the end of the financial year, there is no warrant been exercised into ordinary shares of the Company.

RESERVES AND PROVISIONS

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

The directors who held office during the financial year until the date of this report are:-

THE COMPANY

Dato' Ikhwan Salim Bin Dato' Haji Sujak
Dato' Sri Tai Hean Leng @ Tek Hean Leng
Ng Wah Lok
Lau Yoke Leong
Muhammad Hanizam Bin Hj. Borhan
Roy Thean Chong Yew
Ong Teng Chun
Ng Siew Peng
Puan Zueraini Binti Ahmad Basri

(appointed on 1 July 2022)

SUBSIDIARY COMPANIES

Dato' Sri Tai Hean Leng @ Tek Hean Leng
Lau Yoke Leong
Lim Eng Soon

During and at the end of the financial year, the Company was not a party to any arrangement whose subject is to enable the directors to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REPORT

(CONT'D)

DIRECTORS' INTERESTS

The directors holding office at the end of the financial year and their beneficial interests in the ordinary shares and warrants of the Company and of its related corporations during the financial year ended 31 December 2022 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 were as follows:

	Balance as at 1.1.2022	Number of ordinary shares		Balance as at 31.12.2022
		Addition	(Disposed)	
The Company				
Direct interest				
Dato’ Sri Tai Hean Leng @ Tek Hean Leng	1,425,000	–	–	1,425,000
Shareholdings in which the director is deemed to have an interest:				
Dato’ Sri Tai Hean Leng @ Tek Hean Leng*	213,038,900	–	–	213,038,900

	Number of warrants (Warrants 2021/2026)			Balance as at 31.12.2022
	Balance as at 1.1.2022	Addition	(Disposed)	
The Company				
Direct interest				
Dato’ Sri Tai Hean Leng @ Tek Hean Leng	475,000	–	–	475,000
Shareholdings in which the director is deemed to have an interest:				
Dato’ Sri Tai Hean Leng @ Tek Hean Leng*	72,346,284	–	–	72,346,284

* Deemed interest by virtue of his interest in TYY Resources Sdn. Bhd. ("TYY"), a body corporate holding shares in the Company.

Pursuant to Section 8 of the Companies Act 2016, by virtue of his interests in the shares of TYY, Dato' Sri Tai Hean Leng @ Tek Hean Leng is also deemed to be interested in the shares of the Company and its 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 of the Company and of its related corporations.

Since the end of the previous financial year, no 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 directors as shown in the notes to the financial statements or the fixed salary of a full time employee of the company or of related corporations) by reason of a contract made by the Company or a related corporation with a director or with a firm of which a director is a member or with a company in which the director has a substantial financial interest.

DIRECTORS' REPORT

(CONT'D)

DIRECTORS' REMUNERATION

The amount of remunerations of the directors or past directors of the Group and of the Company comprising remunerations received/ receivable from the Group and the Company during the financial year are as follow:

Directors	Group RM'000	Company RM'000
Executive:		
Salaries, bonus and statutory contributions	2,645	2,645
Fees	80	80
Allowances	38	38
	2,763	2,763
Non-executive:		
Fees	80	80
Allowances	371	371
	451	451
Total executive directors' remuneration	2,763	2,763
Total non-executive directors' remuneration	451	451
Grand total	3,214	3,214

INDEMNIFYING DIRECTORS, OFFICERS AND AUDITORS

Total amount of insurance premium paid for the directors and officers of the Group and of the Company is as follows:

	Group RM'000	Company RM'000
Directors and officers	24	24

No indemnity has been given to or insurance premium paid, during or since the end of the financial year, for the auditors of the Group and of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

DIRECTORS' REPORT

(CONT'D)

AUDITORS' REMUNERATION

The amounts paid to or receivable by the auditors as remuneration for their services as auditors are as follow:

	Group RM'000	Company RM'000
Auditors' remuneration		
- statutory audit	160	150
- other services	11	11
	171	161

OTHER STATUTORY INFORMATION

- (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 nor any doubtful debts to be provided for; and
 - (ii) to ensure that the current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances:
- (i) which would require any write off for bad debts or the setting up of provision for doubtful debts in the financial statements of the Group and of the Company; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
 - (iv) not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the Group's and the Company's financial statements misleading.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which have arisen since the end of the financial year and which secure the liabilities of any other person; or
 - (ii) any contingent liability in respect of the Group and of the Company which have arisen since the end of the financial year.

DIRECTORS' REPORT

(CONT'D)

OTHER STATUTORY INFORMATION (CONT'D)

(d) In the opinion of the directors:

- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to substantially affect the results of the operations of the Group and of the Company for the current financial year.

AUDITORS

The auditors, RSM Malaysia PLT, have expressed their willingness to continue in office.

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

DATO' IKHWAN SALIM BIN DATO' HAJI SUJAK

DATO' SRI TAI HEAN LENG @ TEK HEAN LENG

Kuala Lumpur

5 April 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	6	825,278	781,220	824,121	779,870
Investment in subsidiaries	7	–	–	500	500
Investment in associate	8	7,368	6,439	7,358	6,429
Deferred tax assets	9	–	2,693	–	2,693
		832,646	790,352	831,979	789,492
Current assets					
Inventories	10	714,429	652,559	714,429	652,559
Trade and other receivables	11	193,098	222,523	194,093	223,715
Tax recoverable		445	278	445	278
Fixed deposits with licensed banks	12	24,830	52,713	24,830	52,713
Cash and bank balances		38,008	4,305	37,660	3,975
		970,810	932,378	971,457	933,240
TOTAL ASSETS		1,803,456	1,722,730	1,803,436	1,722,732

STATEMENTS OF FINANCIAL POSITION

(CONT'D)

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	13	329,648	329,648	329,648	329,648
Revaluation reserves		76,649	76,649	76,649	76,649
Treasury shares	14	(587)	(99)	(587)	(99)
Warrant reserves	15	32,824	32,824	32,824	32,824
Retained earnings	16	424,421	405,350	421,429	402,900
TOTAL EQUITY		862,955	844,372	859,963	841,922
LIABILITIES					
Non-current liabilities					
Lease liabilities	17	3,337	5,498	2,910	5,226
Borrowings	18	87,142	67,000	87,142	67,000
Deferred tax liabilities	9	3,936	121	3,792	–
		94,415	72,619	93,844	72,226
Current liabilities					
Trade and other payables	19	458,247	445,695	462,096	449,270
Trade deposits	20	–	42,497	–	42,497
Tax payable		17	16	–	–
Lease liabilities	17	3,522	3,649	3,233	2,935
Borrowings	18	384,300	313,882	384,300	313,882
		846,086	805,739	849,629	808,584
TOTAL LIABILITIES		940,501	878,358	943,473	880,810
TOTAL EQUITY AND LIABILITIES		1,803,456	1,722,730	1,803,436	1,722,732

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
REVENUE	21	1,778,289	1,579,691	1,778,289	1,579,691
COST OF SALES		(1,662,574)	(1,460,530)	(1,663,906)	(1,461,638)
GROSS PROFIT		115,715	119,161	114,383	118,053
OTHER OPERATING INCOME		5,363	3,815	5,309	3,770
DISTRIBUTION COSTS		(24,624)	(19,656)	(24,624)	(19,656)
ADMINISTRATIVE EXPENSES		(50,838)	(47,121)	(49,371)	(46,235)
PROFIT FROM OPERATIONS	22	45,616	56,199	45,697	55,932
FINANCE COSTS	25	(20,624)	(17,964)	(20,582)	(17,885)
SHARE OF RESULTS OF ASSOCIATE		929	153	–	–
PROFIT BEFORE TAXATION		25,921	38,388	25,115	38,047
TAXATION	26	(6,850)	(5,885)	(6,586)	(5,581)
NET PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		19,071	32,503	18,529	32,466
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
OWNERS OF THE COMPANY		19,071	32,503	18,529	32,466
		Sen	Sen		
Earnings per share (sen):-					
- Basic	28	2.82	4.79		
- Diluted	28	2.39	3.87		

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

STATEMENTS OF
CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Share capital RM'000	Treasury shares RM'000	Revaluation reserves RM'000	Warrants reserves RM'000	-Distributable- Retained earnings RM'000	Total equity RM'000
GROUP							
At 1 January 2022		329,648	(99)	76,649	32,824	405,350	844,372
Net profit and total comprehensive income for the year		-	-	-	-	19,071	19,071
Transactions with owners:							
Share buy-back	14	-	(488)	-	-	-	(488)
At 31 December 2022		329,648	(587)	76,649	32,824	424,421	862,955
At 1 January 2021		239,942	(1,490)	76,649	-	405,671	720,772
Net profit and total comprehensive income for the year		-	-	-	-	32,503	32,503
Transactions with owners:							
Issue of shares pursuant to rights issue	13, 15	89,416	-	-	32,824	(32,824)	89,416
Share resales	13, 14	290	1,490	-	-	-	1,780
Share buy-back	14	-	(99)	-	-	-	(99)
At 31 December 2021		89,706	1,391	-	32,824	(32,824)	91,097
		329,648	(99)	76,649	32,824	405,350	844,372

STATEMENTS OF CHANGES IN EQUITY
(CONT'D)

	Note	Share capital RM'000	Treasury shares RM'000	Revaluation reserves RM'000	Warrants reserves RM'000	-Distributable- Retained earnings RM'000	Total equity RM'000
COMPANY							
At 1 January 2022		329,648	(99)	76,649	32,824	402,900	841,922
Net profit and total comprehensive income for the year		-	-	-	-	18,529	18,529
Transactions with owners:							
Share buy-back	14	-	(488)	-	-	-	(488)
At 31 December 2022		329,648	(587)	76,649	32,824	421,429	859,963
At 1 January 2021							
Net profit and total comprehensive income for the year		239,942	(1,490)	76,649	-	403,258	718,359
Transactions with owners:							
Issue of shares pursuant to rights issue	13, 15	89,416	-	-	32,824	(32,824)	89,416
Share resales	13, 14	290	1,490	-	-	-	1,780
Share buy-back	14	-	(99)	-	-	-	(99)
At 31 December 2021		89,706	1,391	-	32,824	(32,824)	91,097
At 31 December 2021		329,648	(99)	76,649	32,824	402,900	841,922

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

STATEMENTS OF
CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	25,921	38,388	25,115	38,047
Adjustments for:				
Depreciation of property, plant and equipment	32,442	32,060	31,711	31,332
Gain on disposal of property, plant and equipment	(307)	(173)	(253)	(173)
Reversal of impairment loss on investment in associate	–	–	(929)	(154)
Impairment loss on inventories	1,599	1,427	1,599	1,427
Interest expense	20,624	17,964	20,582	17,885
Interest income	(384)	(385)	(384)	(385)
Net unrealised foreign exchange (gain)/loss	(4,395)	6,084	(4,395)	6,084
Share of results of associate	(929)	(153)	–	–
Operating profit before working capital changes	74,571	95,212	73,046	94,063
Increase in inventories	(63,469)	(86,298)	(63,469)	(86,298)
Decrease/(Increase) in receivables	29,496	(10,726)	29,622	(11,344)
Increase in payables	16,947	42,596	17,221	43,069
Decrease in trade deposits	(42,497)	(20,027)	(42,497)	(20,027)
Cash generated from operations	15,048	20,757	13,923	19,463
Interest paid	(20,054)	(17,157)	(20,054)	(17,157)
Tax paid	(508)	(685)	(268)	(284)
Net cash (used in)/generated from operating activities	(5,514)	2,915	(6,399)	2,022
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	384	385	384	385
Proceeds from disposal of property, plant and equipment	283	173	253	173
Purchase of property, plant and equipment (Note 27)	(75,055)	(38,337)	(74,995)	(38,331)
Net cash used in investing activities	(74,388)	(37,779)	(74,358)	(37,773)

STATEMENTS OF CASH FLOWS

(CONT'D)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Bills payable	27,163	(18,456)	27,163	(18,456)
Drawdown of revolving credit	25,000	–	25,000	–
Repayment of lease liabilities	(3,780)	(3,446)	(2,985)	(2,746)
Drawdown of term loans	75,000	17,000	75,000	17,000
Repayment of term loans	(40,000)	(31,713)	(40,000)	(31,713)
Payment of finance lease interest	(570)	(807)	(528)	(728)
Share buy-back (Note 14)	(488)	(99)	(488)	(99)
Share resales	–	1,780	–	1,780
Net proceeds from issuance of shares pursuant to rights issue	–	89,416	–	89,416
Net cash generated from financing activities	82,325	53,675	83,162	54,454
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,423	18,811	2,405	18,703
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	56,954	38,143	56,624	37,921
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	59,377	56,954	59,029	56,624

NOTES TO THE STATEMENTS OF CASH FLOWS

(a) Cash and cash equivalents at the end of the financial year comprise of:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fixed deposits with licensed banks	24,830	52,713	24,830	52,713
Cash at banks	37,849	4,271	37,501	3,941
Cash at banks (USD)	133	8	133	8
Cash in hand	26	26	26	26
Bank overdrafts	38,008 (3,461)	4,305 (64)	37,660 (3,461)	3,975 (64)
	59,377	56,954	59,029	56,624

STATEMENTS OF CASH FLOWS

(CONT'D)

NOTES TO THE STATEMENTS OF CASH FLOWS (CONT'D)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
(b) Cash outflows for leases as a lessee				
<i>Included in net cash from operating activities:</i>				
Payment relating to short-term leases	6,452	4,873	6,452	4,873
Payment relating to leases of low-value assets	368	283	368	283
Interest paid in relation to lease liabilities	570	807	528	728
<i>Included in net cash from financing activities:</i>				
Payment of lease liabilities	3,780	3,446	2,985	2,746
Total cash outflows for leases	11,170	9,409	10,333	8,630
(c) Reconciliation of liabilities arising from financing activities:				
Balance at 1 January				
Lease liabilities	9,147	12,086	8,161	10,400
Loans and borrowings	380,882	413,987	380,882	413,987
Repayment of finance lease liabilities	(3,780)	(3,446)	(2,985)	(2,746)
Outflows of repayment	(40,000)	(50,169)	(40,000)	(50,169)
Addition of lease liabilities (Note 27)	1,492	507	967	507
Inflows from new debts	130,560	17,064	130,560	17,064
Balance at 31 December				
Lease liabilities	6,859	9,147	6,143	8,161
Loans and borrowings	471,442	380,882	471,442	380,882

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2022

1. PRINCIPAL ACTIVITIES

The principal activity of the Company is manufacturing of steel bars and steel billets. The principal activities of the subsidiaries are as stated in Note 7 to the financial statements.

2. 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") issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of accounting

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

The preparation of financial statements requires the directors to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. In addition, the directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 5. Although these estimates and assumptions are based on the directors' best knowledge of events and actions, actual results could differ from those estimates.

3.2 Basis of consolidation

(i) Subsidiaries

A subsidiary is an entity controlled by the Group, i.e. the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its current ability to direct the entity's relevant activities (power over the investee).

The existence and effect of potential voting rights that the Group has the practical ability to exercise (i.e. substantive rights) are considered when assessing whether the Group controls another entity.

The Group's financial statements incorporate the results, cash flows, assets and liabilities of Malaysia Steel Works (KL) Bhd. and all of its directly and indirectly controlled subsidiaries. Subsidiaries are consolidated from the effective date of acquisition, which is the date on which the Group effectively obtains control of the acquired business, until that control ceases.

The non-controlling interests in the net assets and net results of consolidated subsidiaries are shown separately in the consolidated statements of financial position and consolidated statements of profit or loss and consolidated statements of comprehensive income.

Total comprehensive income (i.e. profit or loss and each component of other comprehensive income) is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.2 Basis of consolidation (Cont'd)****(i) Subsidiaries (Cont'd)**

Changes in the Group's ownership interest in a subsidiary that do not result in the Group losing control are accounted for as transactions with owners in their capacity as owners (i.e. equity transactions). The carrying amounts of the Group and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent.

Upon loss of control of a subsidiary, the Group's profit or loss is calculated as the difference between (i) the fair value of the consideration received and of any investment retained in the former subsidiary and (ii) the previous carrying amount of the assets (including any goodwill) and liabilities of the subsidiary and any non-controlling interests.

Investment in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments excludes transaction costs.

(ii) Associate

Associate is an entity over which the Group has the power to participate in its financial and operating policy decisions, but which is not control or joint control. Associate is accounted for using the equity method of accounting.

Under the equity method, the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of comprehensive income of the associate. On acquisition of the investment, the associate's identifiable assets and liabilities are measured at fair value. Any excess of the cost of the investment over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill and included in the carrying amount of the investment. Goodwill is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of its associate's post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

Distributions received from an investee reduce the carrying amount of the investment.

If the Group's share of losses of an associate equals or exceeds its interest in the associate, the Group does not provide for additional losses, unless it has incurred obligations or made payments on behalf of the associate.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.2 Basis of consolidation (Cont'd)****(ii) Associate (Cont'd)**

Profits or losses on Group transactions with associates are eliminated to the extent of the Group's interest in the relevant associate.

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

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

Investments in associate is measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(iii) Transactions eliminated on consolidation

All intragroup transactions, balances, income and expenses are eliminated in full on consolidation.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.3 Property, plant and equipment

On initial recognition, items of property, plant and equipment are recognised at cost, which includes the purchase price as well as any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and the cost of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.3 Property, plant and equipment (Cont'd)**

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over its useful economic life as follows:

Leasehold land	58 - 99 years
Buildings	20 years
Plant and machinery	10 - 33 ¹ / ₃ years
Factory	13 ¹ / ₃ - 50 years
Factory and electrical equipment	10 years
Motor vehicles	5 years
Office equipment	6 ² / ₃ years
Furniture and fittings	6 ² / ₃ years
Electrical installation	13 ¹ / ₃ years

Freehold and leasehold land is stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Revaluations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from that which would be determined using fair values at the reporting date. Any revaluation surplus is credit to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss to the extent of the decrease previously recognised.

A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in profit or loss. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.3 Property, plant and equipment (Cont'd)**

Freehold land is not depreciated. Capital work-in-progress are not depreciated until the assets are ready for their intended use.

Useful lives, residual values and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.4 Leases**(i) Definition of a lease**

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group and the Company are a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.4 Leases (Cont'd)****(ii) Recognition and initial measurement****As a lessee**

The Group and the Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentive receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group and the Company are reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group and the Company are reasonably certain not to terminate early.

The Group and the Company exclude variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.4 Leases (Cont'd)****(iii) Subsequent measurement****As a lessee**

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use asset are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's and the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Group and the Company change its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

3.5 Impairment of non-financial assets**Impairment of property, plant and equipment**

The carrying amounts of such assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through profit or loss to its estimated recoverable amount. Recoverable amount is the higher of value in use and the fair value less costs to sell of the individual asset or the cash-generating unit. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs.

Value in use is the present value of the estimated future cash flows of that unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the unit which impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the unit.

Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.6 Inventories**

Inventories are carried in the statements of financial position at the lower of cost and net realisable value. Cost is determined on a first-in first-out ("FIFO") basis. The cost of work-in-progress and finished goods comprises materials, direct labour and attributable production overheads based on normal levels of activity.

Write-down is made for obsolete and slow-moving items based on their expected future use and net realisable value.

Net realisable value is the estimated sales price in the ordinary course of business after allowing for all further costs of completion and disposal.

3.7 Financial instruments**(i) Initial recognition and measurement**

The Group and the Company recognise a financial asset or a financial liability (including derivative instruments) in the statements of financial position when, and only when, an entity in the Group and the Company become a party to the contractual provisions of the instruments.

On initial recognition, all financial assets (including intra-group loans and advances) and financial liabilities (including intra-group payables) are measured at fair value plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred.

(ii) Derecognition of financial instruments

For derecognition purposes, the Group and the Company first determine whether a financial asset or a financial liability should be derecognised in its entirety as a single item or derecognised part-by-part of a single item or of a group of similar items.

A financial asset, whether as a single item or as a part, is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Group and the Company transfer the contractual rights to receive cash flows of the financial asset, including circumstances when the Group and the Company act only as a collecting agent of the transferee, and retain no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expires. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

For this purpose, the Group and the Company consider a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate is different by 10% or more when compared with the carrying amount of the original liability.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.7 Financial instruments (Cont'd)****(iii) Financial assets**

For the purpose of subsequent measurement, the Group and the Company classify financial assets at amortised cost ("AC"). The classification is based on the Group's and the Company's business model objective for managing the financial assets and the contractual cash flow characteristics of the financial instruments.

After initial recognition, the Group and the Company measure financial assets at AC. A financial asset is measured at amortised cost if: (a) it is held within the Group's and the Company's business objective to hold the asset only to collect contractual cash flows, and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest in principal outstanding.

All financial assets are subject to review for impairment in accordance with Note 3.7(vii).

(iv) Financial liabilities

After initial recognition, the Group and the Company measure all financial liabilities at amortised cost using the effective interest method, except for:

Financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with original or modified terms of a debt instrument. Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of: (a) the amount of the loss allowance; and (b) the amount initially recognised less, when appropriate, the cumulative of income recognised in accordance with the principles in MFRS 15 Revenue from Contracts with Customers.

(v) Fair value measurement

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique as described in Note 3.18.

(vi) Recognition of gains and losses

For financial assets and financial liabilities carried at amortised cost, interest income and interest expense are recognised in profit or loss using the effective interest method. A gain or loss is recognised in profit or loss only when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.7 Financial instruments (Cont'd)****(vii) Impairment of financial assets**

The Group and the Company apply the expected credit loss ("ECL") model of MFRS 9 to recognise impairment losses of financial assets measured at amortised cost. Except for trade receivables, a 12-month expected credit loss is recognised in profit or loss on the date of origination or purchase of the financial assets. At the end of each reporting period, the Group and the Company assess whether there has been a significant increase in credit risk of a financial asset since its initial recognition or at the end of the prior period. Other than for financial assets which are considered to be of low risk grade, a lifetime ECL is recognised if there has been a significant increase in credit risk since initial recognition. For trade receivables, the Group and the Company have availed the exception to the 12-month ECL requirement to recognise only lifetime ECL.

The assessment of whether credit risk has increased significantly is based on quantitative and qualitative information that include financial evaluation of the creditworthiness of the debtors or issuers of the instruments, ageing of receivables, defaults and past due amounts, past experiences with the debtors, current conditions and reasonable forecast of future economic conditions. For operational simplifications: (a) a 12-month ECL is maintained for financial assets which investment grades that are considered as low credit risk, irrespective of whether credit risk has increased significantly or not; and (b) credit risk is considered to have increase significantly if payments are more than 180 days past due if no other borrower-specific information is available without undue cost or effort.

The ECL is measured using an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, discounted for the time value of money and applying reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecast of future economic conditions. The ECL for a financial asset (when assessed individually) or a group of financial assets (when assessed collectively) is measured at the present value of the probability-weighted expected cash shortfalls over life of the financial asset or group of financial assets. When a financial asset is determined as credit-impaired (based on objective evidence of impairment), the lifetime ECL is determined individually.

For trade receivable, the lifetime ECL is determined at the end of each reporting period using a provision matrix. For each significant receivable, individual lifetime ECL is assessed separately. For significant receivables which are not impaired and for all other receivables, they are grouped into risk classes by type of customers and businesses, and the ageing of the receivables. Collective lifetime ECLs are determined using past loss rates, which are updated for effects of current conditions and reasonable forecasts for future economic conditions. In the event that the economic or industry outlook is expected to worsen, the past loss rates are increased to reflect the worsening economic conditions.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.8 Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, on demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

For the purpose of the statements of cash flows only, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

3.9 Foreign currencies transactions and balances

Foreign currency monetary assets and liabilities are translated into the functional currency of the concerned entity of the Group and of the Company using the exchange rates at the reporting date. Gains and losses arising from changes in exchange rates after the date of the transaction are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Translation differences on non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

3.10 Equity

Equity instruments are contracts that give a residual interest in the net assets of the Group and of the Company. Ordinary shares are classified as equity. Equity instruments are recognised at the amount of proceeds received net of costs directly attributable to the transaction.

(i) Dividend distribution

Dividends are recognised as liabilities when they are declared (i.e. the dividends are appropriately authorised and no longer at the discretion of the entity). Typically, dividends are recognised as liabilities in the period in which their distribution is approved at the Shareholders' Annual General Meeting. Interim dividends are recognised when paid.

(ii) Treasury shares

The cost of treasury shares purchased is shown as a deduction from equity in the statements of financial position. When treasury shares are sold or reissued, they are credited to equity. As a result, no gain or loss on treasury shares is included in profit or loss.

(iii) Distribution of assets to owners of the Company

The Group and the Company measure a liability to distribute assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group and the Company recognise the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.10 Equity (Cont'd)****(iv) Warrants**

The warrants issued by the Company is recognised as an equity instrument in the statements of financial position. Its value is determined based on the difference between the gross proceeds from the issuance of the rights share, and is classified as warrant reserve in equity.

The issuance of ordinary shares upon exercise of the warrants is treated as new subscription of ordinary shares in the Company. The proceeds are credited to share capital. The warrant reserve in relation to the unexercised warrants will be reversed upon expiry of the warrants.

3.11 Provisions

Where, at reporting date, the Group and the Company have a present obligation (legal or constructive) as a result of a past event and it is probable that the Group and the Company will settle the obligation, a provision is made in the statements of financial position. Provisions are made using best estimates of the amount required to settle the obligation and are discounted to present values using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Changes in estimates are reflected in profit or loss in the period they arise.

3.12 Employees benefits**(i) Short-term benefit**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absence such as paid annual leave are recognised when services are rendered by employees and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plan

As required by law, companies in Malaysia make contributions to the Employees' Provident Fund ("EPF"). The contributions are recognised as a liability after deducting any contribution already paid and as an expense in profit or loss in the period in which the employee render their services. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(iii) Termination benefits

Termination benefits are expensed at the earlier when the Group and the Company can no longer withdraw the offer of those benefits and when the Group and the Company recognise costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.13 Revenue recognition****(i) Revenue from contracts with customers**

The Group's and the Company's revenue comprises manufacturing of steel bars and steel billets, transportation, logistics, fabrication and trading of steel products.

Revenue from a sale of manufactured goods and trading of steel products are recognised at a point in time when control of the goods and services is passed to the customer, which is the point in time when the significant risks and rewards are transferred to the customer and the transaction has met the probability of inflows and measurement reliability requirements of MFRS 15.

Revenue from transportation, logistics and fabrication services are recognised at a point in time when services rendered and transaction has met the probability of inflows and measurement reliability requirements of MFRS 15.

The Group and the Company measure revenue from a sale of goods or a service transaction at the amount of the transaction price that is allocated to that performance obligation, which is usually the invoice price, net of a trade discounts and volume rebates given to the customer.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

3.14 Borrowing costs

Interest on borrowings to finance the purchase and development of a self-constructed qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) is included in the cost of the asset until such time as the assets are substantially ready for use or sale. Such borrowing costs are capitalised net of any investment income earned on the temporary investment of funds that are surplus pending such expenditure.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

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

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.15 Income tax**

Tax currently payable is calculated using the tax rates in force or substantively enacted at the reporting date. Taxable profit differs from accounting profit either because some income and expenses are never taxable or deductible, or because the time pattern that they are taxable or deductible differs between tax law and their accounting treatment.

Using the statements of financial position liability method, deferred tax is recognised in respect of all temporary differences between the carrying value of assets and liabilities in the statements of financial position and the corresponding tax base, with the exception of goodwill not deductible for tax purposes and temporary differences arising on initial recognition of assets and liabilities that do not affect taxable or accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that the Group and the Company consider that it is probable (i.e. more likely than not) that there will be sufficient taxable profits available for the asset to be utilised within the same tax jurisdiction.

Unutilised reinvestment allowance being tax incentive that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets against current tax liabilities, they relate to the same tax authority and the Group's and the Company's intention is to settle the amounts on a net basis.

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except if it arises from transactions or events that are recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively. Where tax arises from the initial accounting for a business combination, it is included in the accounting for the business combination.

Since the Group is able to control the timing of the reversal of the temporary difference associated with interests in subsidiaries and associate, a deferred tax liability is recognised only when it is probable that the temporary difference will reverse in the foreseeable future mainly because of a dividend distribution.

At present, no provision is made for the additional tax that would be payable if the subsidiaries in certain countries remitted their profits because such remittances are not probable, as the Group intends to retain the funds to finance organic growth locally. As far as joint arrangements and associates are concerned, the Group is not in a position to determine their dividend policies. As a result, all significant deferred tax liabilities for all such taxable temporary differences are recognised.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.16 Earnings per ordinary share**

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

3.17 Operating segments

An operating segment is a component of the Group and of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's and of the Company's other components. All operating segments' operating results are reviewed regularly by the Chief Operating Decision Maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

3.18 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Group and the Company use market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Group and the Company (working closely with external qualified valuers) using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset/ liability that market participants would take into account.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- | | |
|---------|---|
| Level 1 | fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. |
| Level 2 | fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). |
| Level 3 | fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). |

Transfers between levels of the fair value hierarchy are recognised by the Group and the Company at the end of the reporting period during which the change occurred.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS**4.1 Amendments to MFRSs adopted**

For the preparation of the financial statements, the following amendments to the MFRSs issued by the MASB are mandatory for the first time for the financial year beginning on or after 1 January 2022:

- Amendments to MFRS 3 *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 116 *Property, Plant and Equipment – Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Annual Improvements to MFRS Standards 2018–2020

The adoption of the above-mentioned amendments to MFRSs has no significant impact on the financial statements of the Group and of the Company.

4.2 Amendments to MFRSs not yet effective

The following are amendments to the MFRSs that have been issued by the MASB up to the date of the issuance of the Group's and of the Company's financial statements but have not been adopted by the Group and the Company:

Amendments to MFRSs effective for annual periods beginning on or after 1 January 2023

- Amendments to MFRS 101 *Presentation of Financial Statements – Disclosure of Accounting Policies*
- Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112 *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Amendments to MFRSs effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16 *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101 *Presentation of Financial Statements – Non-current Liabilities with Covenants*
- Amendments to MFRS 101 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*

Amendments to MFRSs effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10 *Consolidated Financial Statements* and MFRS 128 *Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The directors anticipate that the above-mentioned amendments will be adopted by the Group and the Company when they become effective. None of these is expected to have significant effect on the financial statements of the Group and of the Company.

4.3 MFRSs and Amendments to MFRSs not applicable

- MFRS 17 *Insurance Contracts*, Amendments to MFRS 17 *Insurance Contracts*, and Amendment to MFRS 17 *Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 Financial Instruments – Comparative Information* are not expected to be applicable to the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing its financial statements, the Group and the Company have made significant judgements, estimates and assumptions that impact on the carrying value of certain assets and liabilities, income and expenses as well as other information reported in the notes. The Group and the Company periodically monitor such estimates and assumptions and makes sure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

The judgements made in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements, and the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Loss allowances of financial assets

The Group and the Company recognise impairment losses for trade receivables under the expected credit loss model. Individually significant trade receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's and the Company's past experience of loss statistics, ageing of past due amounts, current economic trends, the impacts of the COVID-19 pandemic and forward-looking information that is available. The actual eventual losses may be different from the allowance made and this may affect the Group's and the Company's financial positions and results (as reflected in Note 11).

(b) Asset impairment tests

A financial asset or a group of financial assets, other than those categorised at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Impairment exists only when the Group and the Company ascertain that a "loss event" affecting the estimated future cash flows of the financial asset has occurred. It may not be possible to identify a single, discrete event that caused the impairment and moreover to determine when a loss event has occurred might involve the exercise of significant judgement.

The amount of impairment loss recognised for financial assets carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

With regard to equity investments categorised at amortised cost, the Group and the Company consider those assets to be impaired when there has been a significant or prolonged decline in the fair value below cost. The determination of what is "significant" or "prolonged" requires significant judgement.

The impairment analysis of goodwill and tangible and other intangible assets requires an estimation of the value in use of the asset or the cash-generating unit to which the assets are allocated. Estimation of the value in use is primarily based on discounted cash flow models which require the Group and the Company to make an estimate of the expected future cash flows from the asset or the cash-generating unit and also to choose an appropriate discount rate in order to calculate the present value of the cash flows.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)**(c) Net realisable value of inventories**

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is written down to their estimated realisable value when their cost may no longer be recoverable such as when inventories are damaged or become wholly or partly obsolete or their selling prices have declined. In any case, the realisable value represents the best estimate of the recoverable amount, is based on the most reliable evidence available at the reporting date and inherently involves estimates regarding the future expected realisable value. The benchmarks for determining the amount of write-downs to net realisable value include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and may materially affect the carrying amount of inventories at the reporting date (as reflected in Note 10).

(d) Deferred tax estimation

Recognition of deferred tax assets and liabilities involves making a series of assumptions. As far as deferred tax assets are concerned, their realisation ultimately depends on taxable profits being available in the future. Deferred tax assets are recognised only when it is probable that taxable profits will be available against which the deferred tax asset can be utilised and it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the Group and the Company making assumptions within its overall tax-planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability.

(e) Contingencies

Contingent liabilities of the Group and of the Company are not recognised but disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent liabilities represent possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. They are not recognised because it is not probable that an outflow of resources will be required to settle the obligation and the amount of the obligation cannot be measured with sufficient reliability.

Inevitably, the determination that the possibility that an outflow of resources embodying economic benefits is remote and that the occurrence or non-occurrence of one or more uncertain future events is not wholly within the control of the Group and of the Company require significant judgement.

(f) Depreciation of property, plant and equipment

The cost of an item of property, plant and equipment is depreciated on a straight-line method over their useful lives. Management estimates the useful lives of the property, plant and equipment as stated in Note 3.3. These are common life expectancies applied in the industries. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(g) Quantities and valuation of raw materials

The Group and the Company appoint independent quantity surveyor to determine the quantities of its raw materials at the end of the financial year. The directors at the advice of the appointed quantity surveyor exercised judgement and made assumptions in the selection and deployment of the most suitable valuation techniques in ensuing quantities determination.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

6. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery, electrical installation, factory and electrical equipment RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Capital work-in-progress RM'000	Total RM'000
Carrying amount								
At 1 January 2022	108	136,407	45,812	568,192	2,761	643	27,297	781,220
Additions	-	-	763	73,426	1,846	249	263	76,547
Disposals	-	-	-	-	(47)	-	-	(47)
Reclassification	-	-	263	27,297	-	-	(27,560)	-
Depreciation charge	-	(1,810)	(1,789)	(27,347)	(1,252)	(244)	-	(32,442)
At 31 December 2022	108	134,597	45,049	641,568	3,308	648	-	825,278
At 31 December 2022								
Cost/Revaluation	108	140,480	76,530	1,079,331	9,062	5,010	-	1,310,521
Accumulated depreciation	-	(5,883)	(31,481)	(437,763)	(5,754)	(4,362)	-	(485,243)
Carrying amount	108	134,597	45,049	641,568	3,308	648	-	825,278

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery, electrical installation, factory and electrical equipment RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Capital work-in- progress RM'000	Total RM'000
Carrying amount								
At 1 January 2022	108	136,407	45,812	567,820	1,791	635	27,297	779,870
Additions	-	-	763	73,426	1,261	249	263	75,962
Reclassification	-	-	263	27,297	-	-	(27,560)	-
Depreciation charge	-	(1,810)	(1,789)	(27,248)	(622)	(242)	-	(31,711)
At 31 December 2022	108	134,597	45,049	641,295	2,430	642	-	824,121
At 31 December 2022								
Cost/Revaluation	108	140,480	76,530	1,078,837	5,683	5,000	-	1,306,638
Accumulated depreciation	-	(5,883)	(31,481)	(437,542)	(3,253)	(4,358)	-	(482,517)
Carrying amount	108	134,597	45,049	641,295	2,430	642	-	824,121

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery, electrical installation, factory and electrical equipment RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Capital work-in-progress RM'000	Total RM'000
Carrying amount								
At 1 January 2021	108	138,217	47,566	528,651	2,782	773	56,339	774,436
Additions	-	-	32	229	1,161	138	37,284	38,844
Reclassification	-	-	-	66,326	-	-	(66,326)	-
Depreciation charge	-	(1,810)	(1,786)	(27,014)	(1,182)	(268)	-	(32,060)
At 31 December 2021	108	136,407	45,812	568,192	2,761	643	27,297	781,220
At 31 December 2021								
Cost/Revaluation	108	140,480	75,504	978,608	8,273	4,768	27,297	1,235,038
Accumulated depreciation	-	(4,073)	(29,692)	(410,416)	(5,512)	(4,125)	-	(453,818)
Carrying amount	108	136,407	45,812	568,192	2,761	643	27,297	781,220

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery, electrical installation, factory and electrical equipment RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Capital work-in-progress RM'000	Total RM'000
Carrying amount								
At 1 January 2021	108	138,217	47,566	528,186	1,184	764	56,339	772,364
Additions	-	-	32	224	1,161	137	37,284	38,838
Reclassification	-	-	-	66,326	-	-	(66,326)	-
Depreciation charge	-	(1,810)	(1,786)	(26,916)	(554)	(266)	-	(31,332)
At 31 December 2021	108	136,407	45,812	567,820	1,791	635	27,297	779,870
At 31 December 2021								
Cost/ Revaluation	108	140,480	75,504	978,114	5,135	4,758	27,297	1,231,396
Accumulated depreciation	-	(4,073)	(29,692)	(410,294)	(3,344)	(4,123)	-	(451,526)
Carrying amount	108	136,407	45,812	567,820	1,791	635	27,297	779,870

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) Included in property, plant and equipment of the Group and of the Company are right-of-use assets as follows: -

Group	Leasehold land RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1 January 2021	140,480	16,702	5,395	162,577
Additions	—	—	722	722
Transfer to property, plant and equipment	—	—	(800)	(800)
At 31 December 2021/ 1 January 2022	140,480	16,702	5,317	162,499
Additions	—	—	1,846	1,846
Disposal	—	—	(344)	(344)
Transfer to property, plant and equipment	—	—	(620)	(620)
At 31 December 2022	140,480	16,702	6,199	163,381
Accumulated depreciation				
At 1 January 2021	2,263	626	2,698	5,587
Charge for the year	1,810	501	1,090	3,401
Transfer to property, plant and equipment	—	—	(800)	(800)
At 31 December 2021/ 1 January 2022	4,073	1,127	2,988	8,188
Charge for the year	1,810	501	1,137	3,448
Disposal	—	—	(297)	(297)
Transfer to property, plant and equipment	—	—	(585)	(585)
At 31 December 2022	5,883	1,628	3,243	10,754
Net carrying amount				
As at 1 January 2021	138,217	16,076	2,697	156,990
As at 31 December 2021	136,407	15,575	2,329	154,311
As at 31 December 2022	134,597	15,074	2,956	152,627

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) Included in property, plant and equipment of the Group and of the Company are right-of-use assets as follows: - (cont'd)

Company	Leasehold land RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1 January 2021	140,480	16,702	2,257	159,439
Additions	–	–	722	722
Transfer to property, plant and equipment	–	–	(800)	(800)
At 31 December 2021/ 1 January 2022	140,480	16,702	2,179	159,361
Additions	–	–	1,261	1,261
Transfer to property, plant and equipment	–	–	(276)	(276)
At 31 December 2022	140,480	16,702	3,164	160,346
Accumulated depreciation				
At 1 January 2021	2,263	626	1,158	4,047
Charge for the year	1,810	501	462	2,773
Transfer to property, plant and equipment	–	–	(800)	(800)
At 31 December 2021/ 1 January 2022	4,073	1,127	820	6,020
Charge for the year	1,810	501	512	2,823
Transfer to property, plant and equipment	–	–	(276)	(276)
At 31 December 2022	5,883	1,628	1,056	8,567
Net carrying amount				
As at 1 January 2021	138,217	16,076	1,099	155,392
As at 31 December 2021	136,407	15,575	1,359	153,341
As at 31 December 2022	134,597	15,074	2,108	151,779

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (b) Carrying amounts of property, plant and equipment held under lease arrangements are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Plant and machinery	15,074	15,575	15,074	15,575
Motor vehicles	2,956	2,329	2,108	1,359
	18,030	17,904	17,182	16,934

- (c) The carrying amounts of property, plant and equipment charged as securities for borrowing as disclosed in Note 18 are as follows:

	Group and Company	
	2022	2021
	RM'000	RM'000
Leasehold land and buildings	178,622	182,219
Plant and machinery	613,556	500,765
	792,178	682,984

- (d) The leasehold land of the Group and of the Company have unexpired periods of lease of 45 to 89 years (2021: 46 to 90 years).
- (e) The freehold land and leasehold land of the Group and of the Company were revalued on 30 September 2019 based upon valuations carried out by independent professional valuers using the fair value method which is determined by reference to "Comparison Method" basis.

The revaluation surplus on freehold land and leasehold land amounted to RM76,649,000 was credited to other comprehensive income and shown in revaluation reserves (non-distributable).

The fair value of the land are within level 2 of the fair value hierarchy.

The fair values of freehold land and leasehold land were arrived at based on recent transactions and by assessing prices of similar land in the surrounding areas with adjustments made for differences in location, size and shape of the land, tenure, if any and other relevant characteristics.

There were no transfers between levels of fair value hierarchy during the financial year.

The fair value measurements of the land are based on the highest and best use which does not differ from their actual use.

Had the freehold land and leasehold land carried at historical cost, the carrying amount of the freehold land and leasehold land that would have been included in the financial statements of the Group and of the Company as at reporting date would be as follows:

	Group and Company	
	2022	2021
	RM'000	RM'000
Freehold land	65	65
Leasehold land	61,124	61,971
	61,189	62,036

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

7. INVESTMENT IN SUBSIDIARIES

	Company 2022 RM'000	2021 RM'000
Unquoted shares, at cost	500	500

The details of the subsidiaries, of which is incorporated and located in Malaysia, are as follows:

Name of company	Interest in equity held by the Company		Principal activities
	2022 %	2021 %	
MS Express Sdn. Bhd. #	100	100	Transportation and logistic
MS Fabiricon Sdn. Bhd. #	100	100	Dormant

Audited by RSM Malaysia PLT

8. INVESTMENT IN ASSOCIATE

	Group 2022 RM'000	2021 RM'000	Company 2022 RM'000	2021 RM'000
Unquoted shares, at cost				
At beginning of the year	6,439	6,286	6,429	6,275
Share of accumulated post-acquisition gains	929	153	–	–
Reversal of impairment loss on investment	–	–	929	154
At end of the year	7,368	6,439	7,358	6,429

Name of company	Interest in equity held by the Company		Principal activity
	2022 %	2021 %	
Bio Molecular Industries Sdn. Bhd.	48.25	48.25	Manufacturing, research and development of radioisotopes and radiopharmaceuticals products

The associate was incorporated and located in Malaysia and audited by a firm of auditors other than RSM Malaysia PLT.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

8. INVESTMENT IN ASSOCIATE (CONT'D)

Summarised financial information of associate, not adjusted for the percentage ownership held by the Group:

	Effective ownership interest %	Revenue (100%) RM'000	Profit (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
2022	48.25	12,502	1,942	26,202	10,935
2021	48.25	9,821	315	27,877	14,554

9. DEFERRED TAX ASSETS/ (LIABILITIES)

Group	Assets RM'000	Liabilities RM'000	Net RM'000
2022			
At 1 January	2,693	(121)	2,572
Recognised in profit or loss (Note 26)	(2,693)	(3,815)	(6,508)
At 31 December	–	(3,936)	(3,936)
2021			
At 1 January	5,452	(87)	5,365
Recognised in profit or loss (Note 26)	(2,759)	(34)	(2,793)
At 31 December	2,693	(121)	2,572
Company			
		2022 Liabilities RM'000	2021 Assets RM'000
At 1 January		2,693	5,452
Recognised in profit or loss (Note 26)		(6,485)	(2,759)
At 31 December		(3,792)	2,693

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

9. DEFERRED TAX ASSETS/ (LIABILITIES) (CONT'D)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Presented after appropriate offsetting as follows:				
Deferred tax assets	97,561	95,644	97,561	95,644
Deferred tax liabilities	(101,497)	(93,072)	(101,353)	(92,951)
	(3,936)	2,572	(3,792)	2,693

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

Deferred tax assets of the Group and of the Company:

	Other deductible temporary differences RM'000	Unutilised capital allowance and reinvestment allowance RM'000	Total RM'000
At 1 January 2022	8,772	86,872	95,644
Recognised in profit or loss	(4,862)	6,779	1,917
At 31 December 2022	3,910	93,651	97,561
At 1 January 2021	10,883	81,656	92,539
Recognised in profit or loss	(2,111)	5,216	3,105
At 31 December 2021	8,772	86,872	95,644

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

9. DEFERRED TAX ASSETS/ (LIABILITIES) (CONT'D)

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

Deferred tax liabilities:

	Excess of capital allowances over depreciation RM'000	Other taxable temporary differences RM'000	Total RM'000
Group			
At 1 January 2022	(93,072)	–	(93,072)
Recognised in profit or loss	(8,364)	(61)	(8,425)
At 31 December 2022	(101,436)	(61)	(101,497)
At 1 January 2021	(85,990)	(1,184)	(87,174)
Recognised in profit or loss	(7,082)	1,184	(5,898)
At 31 December 2021	(93,072)	–	(93,072)
Company			
At 1 January 2022	(92,951)	–	(92,951)
Recognised in profit or loss	(8,341)	(61)	(8,402)
At 31 December 2022	(101,292)	(61)	(101,353)
At 1 January 2021	(85,903)	(1,184)	(87,087)
Recognised in profit or loss	(7,048)	1,184	(5,864)
At 31 December 2021	(92,951)	–	(92,951)

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

10. INVENTORIES

	Group and Company	
	2022	2021
	RM'000	RM'000
At cost		
Raw materials	656,599	571,347
Goods in transit	–	659
	656,599	572,006
At net realisable value		
Finished goods	61,333	82,457
Impairment of inventories	(3,503)	(1,904)
	57,830	80,553
	714,429	652,559
Recognised in profit or loss:		
Inventories recognised as cost of sales	1,663,906	1,461,638
Impairment loss on inventories	1,599	1,427

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade receivables				
Third parties	183,121	215,249	183,121	215,249
Other receivables				
Due from subsidiary	–	–	1,177	1,278
Due from associate	725	722	725	722
Deposits	373	252	372	251
Sundry receivables and prepayments	8,879	6,300	8,698	6,215
	9,977	7,274	10,972	8,466
	193,098	222,523	194,093	223,715

The normal trade credit terms of the Group and of the Company ranged from 30 to 180 days (2021: 30 to 180 days). The amount due from subsidiary companies represent non-trade advances, are unsecured, interest free and repayable on demand. The amount due from associate company consists of unsecured non-trade advances which bear interest rate of 3.55% (2021: 3.55%) per annum and is repayable on demand.

Trade and other receivables of the Group and of the Company are denominated in Ringgit Malaysia. Hence, there is no exposure to foreign currency risk.

The ageing analysis of the trade receivables is as follows:

	Group and Company	
	2022 RM'000	2021 RM'000
Neither past due nor impaired	183,121	187,683
Past due, not impaired		
- 1 to 30 days past due, not impaired	–	16
- 31 to 60 days past due, not impaired	–	–
- 61 to 90 days past due, not impaired	–	27,550
	183,121	215,249

The balance of receivables that are past due but not impaired are unsecured in nature. The management is confident that the remaining receivables are recoverable as these accounts are still active.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

12. FIXED DEPOSITS WITH LICENSED BANKS

The interest rates of deposits that were effective as at the financial year end are as follows:

	Group and Company	
	2022	2021
	% per annum	% per annum
Deposits with licensed banks	1.85-2.60	0.95-1.55

Deposits of the Group and of the Company are unsecured and have an average maturity period between 1 day to 12 months (2021: 3 days to 1 month).

13. SHARE CAPITAL

	Group and Company	
	2022	2021
	RM'000	RM'000
Issued and fully paid with no par value		
At 1 January 679,109,746 (2021: 452,739,831) ordinary shares	329,648	239,942
Issuance of Nil (2021: 226,369,915) pursuant to rights issue	–	89,416
Gain on sale of Nil (2021: 2,360,600) treasury shares (Note 14)	–	290
At 31 December 679,109,746 (2021: 679,109,746) ordinary shares	329,648	329,648

In the previous financial year, the Company increased its issued and paid-up share capital from RM239,942,000 to RM329,648,000 by way of:

- (a) issuance of 226,369,915 rights share with 226,369,915 free detachable warrants on the basis of one (1) free warrant for every one (1) rights share subscribed, to eligible investors for a total cash consideration of RM89,415,912 for repayment of bank borrowings, increasing working capital and expenses relating to the corporate exercise; and
- (b) gain on sale of 2,360,600 treasury shares for a cash consideration of RM289,270 (Note 14).

The ordinary shares issued in the previous financial year rank pari-passu in all respects with the existing ordinary shares of the Company.

Included in share capital is capital reserves amounting to RM997,000 (2021: RM997,000).

The holders of ordinary shares are entitled to receive dividend as declared from time to time, and are entitled to one vote per share at meetings of the Company and rank equally with reference shareholders with regard to the Company's residual assets. In respect of the Company's treasury shares held by the Company (see Note 14), all rights are suspended until those shares are reissued.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

14. TREASURY SHARES

	Group and Company	
	2022	2021
	RM'000	RM'000
At cost		
At 1 January	(99)	(1,490)
Acquired during the financial year	(488)	(99)
Sold during the financial year	–	1,490
At 31 December	(587)	(99)

The directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the interest of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares as allowed under Section 127 of the Companies Act 2016. The Company has the right to cancel these treasury shares, distribute these treasury shares as share dividends to the shareholders and/ or resell these treasury shares on the Bursa Malaysia. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended.

During the financial year, the Company repurchased its shares totalling 1,495,000 (2021: 345,000) ordinary shares as follows:

Date	Shares repurchased	Purchase price (RM)
4.3.2022	615,000	0.33
14.11.2022	190,000	0.26
15.11.2022	190,000	0.26
30.12.2022	500,000	0.38

In 2021, the Company had resold 2,360,600 treasury shares in the open market for cash consideration of RM1,779,310. The average carrying value of the treasury shares was RM0.63 per share. The gain was taken up into share capital (Note 13).

At the financial year end, the number of outstanding shares in issue after setting off the treasury shares against equity was 677,269,746 (2021: 678,764,746).

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

15. WARRANT RESERVE

On 27 October 2021, the Company issued 226,369,915 free detachable warrants ("Warrants 2021/2026") pursuant to the rights share with warrants on the basis of one (1) warrant for every one (1) rights share subscribed.

The warrants are constituted by a deed poll dated 7 May 2021 and first supplemental deed poll dated 2 September 2021 to supplement and vary the deed poll for the revision of the issue price of the rights share from RM0.586 to RM0.395.

The salient term of warrants are as follows:

- (i) each warrant entitles the registered holder, at any time during the exercise period, to subscribe for one (1) new ordinary share of the Company at the exercise price;
- (ii) the exercise price for the warrant was fixed at RM0.395 per warrant;
- (iii) the issue date of warrant is 22 October 2021 and are valid for exercise for a period of 5 years from its issue date and will expire on 21 October 2026. Any warrant not exercised by its expiry date will thereafter lapse and cease to be valid for any purpose; and
- (iv) the new shares to be issued arising from the exercise of the warrant will, upon allotment and issuance, rank pari passu in all respects with then existing shares, save and except that the said new shares will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid, prior to the date of allotment of the said new shares.

The movements in warrants are as follows:

	Number of unexercised warrants 2022	Number of unexercised warrants 2021
At 1 January	226,369,915	–
Issued during the financial year	–	226,369,915
At 31 December	226,369,915	226,369,915

As at the end of the financial year, there is no warrant been exercised into ordinary shares of the Company.

16. RETAINED EARNINGS

The entire retained earnings are distributable by way of single-tier dividends. These dividends if so declared are tax exempt in the hands of the shareholders.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

17. LEASE LIABILITIES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current	3,522	3,649	3,233	2,935
Non-current	3,337	5,498	2,910	5,226
	6,859	9,147	6,143	8,161
Minimum lease payments:				
- not later than one (1) year	3,881	4,201	3,556	3,445
- later than one (1) year but not later than two (2) years	2,163	3,633	2,015	3,377
- later than two (2) years but not later than five (5) years	1,198	2,223	871	2,195
- later than five (5) years	225	–	225	–
	7,467	10,057	6,667	9,017
Less: Future finance charges	(608)	(910)	(524)	(856)
Present value of lease liabilities	6,859	9,147	6,143	8,161
Present value of lease liabilities				
- not later than one (1) year	3,522	3,649	3,233	2,935
- later than one (1) year but not later than two (2) years	2,041	3,350	1,915	3,105
- later than two (2) years but not later than five (5) years	1,081	2,148	780	2,121
- later than five (5) years	215	–	215	–
	6,859	9,147	6,143	8,161

The lease liabilities bear interest rate ranging from 2.11% to 4.48% (2021: 2.28% to 4.48%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

18. BORROWINGS

	Group and Company	
	2022	2021
	RM'000	RM'000
Current liabilities		
Bank overdrafts	3,461	64
Bill payable	300,981	273,818
Revolving credit	25,000	–
Terms loans	54,858	40,000
	384,300	313,882
Non-current liabilities		
Term loans	87,142	67,000
	471,442	380,882
Total borrowings		
Bank overdrafts	3,461	64
Bill payable	300,981	273,818
Revolving credit	25,000	–
Term loans	142,000	107,000
	471,442	380,882

The bank overdraft facilities are repayable on demand and bear interest rate 7.67% (2021: 6.39%) per annum.

The bill payable facilities are repayable within 120 - 180 days and bear interest rates ranging from 4.10% to 6.85% (2021: 2.94% to 5.05%) per annum. Certain bill payable facilities are secured by a third-party security.

The term loans bear interest rate ranging from 4.42% to 6.29% (2021: 4.42% to 5.85%) per annum and is repayable on monthly and annually (2021: monthly and annually) basis through number of instalments and commencement date as below:

	Total number of instalments	Commencement date
Term loan I	4	November 2020
Term loan II	66	May 2023
Term loan III	10	January 2024
Term loan IV	10	January 2024

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

18. BORROWINGS (CONT'D)

The bills payable and term loans are secured by the following:

- (a) Negative pledge;
- (b) Debentures over certain property, plant and equipment of the Company;
- (c) First fixed charge over all leasehold land and buildings of the Company, as disclosed in Note 6;
- (d) Memorandum of deposit and letter of set-off of fixed deposit by a corporate shareholder; and
- (e) Legal charge over the land held by a related party.

	Group and Company	
	2022	2021
	RM'000	RM'000
Repayment terms:		
- not later than one (1) year	384,300	313,882
- later than one (1) year but not later than two (2) years	39,283	50,000
- later than two (2) years but not later than five (5) years	41,851	17,000
- later than five (5) years	6,008	–
	471,442	380,882

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Trade payables				
Third parties	326,977	300,026	326,686	299,689
Due to subsidiaries	–	–	4,321	4,063
Other payables				
Sundry payables	62,705	70,464	62,705	70,464
Accruals	68,565	75,205	68,384	75,054
	458,247	445,695	462,096	449,270

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

19. TRADE AND OTHER PAYABLES (CONT'D)

The normal trade credit terms of the Group and of the Company range from 30 to 180 days (2021: 30 to 180 days).

Included in sundry payable is advance payment received of RM62,653,000 (2021: RM70,412,000). The Group and the Company apply the practical expedient in MFRS 15 Revenue from Contracts with Customers on not disclosing the aggregate amount of the revenue expected to be recognised in the future as the performance obligation is part of a contract that has an original expected duration of less than one year.

The currency exposure profile of trade and other payables are as follows:

	Group and Company	
	2022	2021
	RM'000	RM'000
United States Dollars	108,665	116,157
Chinese Yuan Renminbi	796	980
Euro	14,895	–
At 31 December	124,356	117,137

20. TRADE DEPOSITS

The Group and the Company have entered into several Advance Payment and Supply Agreements ("Agreements") with a foreign trading house, Cargill International Trading Pte. Ltd. ("Cargill") since 30 April 2013.

The terms and conditions as stated in the Agreements are as follows:

- (i) The Group and the Company have granted Cargill an option to buy steel billets from the Group and the Company for a period of time at contracted amounts stated in the Agreements. The Group and the Company are required to make an offer to Cargill of a variable quantity of steel billets ("commodity") at contracted amount not later than 30 business days before maturity date stated in the Agreements. The Group and the Company shall physically deliver the required quantity of the commodity based on the contracted amount if the offer is accepted.
- (ii) In consideration of the Group's and of the Company's agreement to deliver the commodity, Cargill agreed to make advance payments upon request by the Group and the Company. If Cargill does not accept the offer to purchase the steel billets upon the maturity date, the Group and the Company shall repay to Cargill the advance payment amount by cash in lieu of a delivery of the commodity.
- (iii) The difference between the disbursement amount received and the contracted amount is the advance payment discount/ charge.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

20. TRADE DEPOSITS (CONT'D)

Included in trade deposits of 2021 was 100% of trade deposits with Cargill.

As at 31 December 2022, there were no (2021: 3) Agreements pending execution, which were extended from earlier Agreements.

As at 31 December 2022, there has been no (2021: Nil) Agreement being executed.

Included in the Group's and the Company's trade deposits of 2021 are balances denominated in United States Dollars of USD10,163,472 (equivalent to RM42,496,529).

During the financial year, the advance/ late payment charges incurred are as follows:-

	Group and Company	
	2022	2021
	RM'000	RM'000
Late payment charges	2,242	5,404

21. REVENUE

	Group and Company	
	2022	2021
	RM'000	RM'000
Revenue from contracts with customers:		
- Sales of steel bars and steel billets	1,778,289	1,579,691
Timing of revenue		
- At a point in time	1,778,289	1,579,691

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

22. PROFIT FROM OPERATIONS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit from operations is arrived at after charging/ (crediting):				
Auditors' remuneration				
- statutory audit	160	150	150	140
- other services	11	8	11	8
Depreciation of property, plant and equipment	32,442	32,060	31,711	31,332
Reversal of impairment loss on investment in associate	—	—	(929)	(154)
Impairment loss on inventories	1,599	1,427	1,599	1,427
Expenses relating to short-term leases	6,452	4,873	6,452	4,873
Expenses relating to leases of low-value assets	368	283	368	283
Staff costs (Note 23)	53,627	47,301	52,290	45,821
Realised foreign exchange loss/(gain)	10,833	(2,976)	10,833	(2,976)
Unrealised foreign exchange (gain)/loss	(4,395)	6,084	(4,395)	6,084
Fixed deposits interest income	(384)	(385)	(384)	(385)
Gain on disposal of property, plant and equipment	(307)	(173)	(253)	(173)

23. STAFF COSTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Salaries, bonus, allowances and overtime	50,408	44,165	49,243	42,871
Employees Provident Fund	2,583	2,537	2,437	2,380
Social security costs	470	413	454	394
Other benefits	166	186	156	176
	53,627	47,301	52,290	45,821

Included in staff costs of the Group and of the Company are directors' remuneration as disclosed in Note 24.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

24. DIRECTORS' REMUNERATION

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Directors				
Executive:				
Salaries, bonus and statutory contributions	2,645	2,940	2,645	2,940
Fees	80	40	80	40
Allowances	38	78	38	38
	2,763	3,058	2,763	3,018
Non-executive:				
Fees	80	40	80	40
Allowances	371	330	371	330
	451	370	451	370
Total executive directors' remuneration	2,763	3,058	2,763	3,018
Total non-executive directors' remuneration	451	370	451	370
Grand total	3,214	3,428	3,214	3,388

The number of directors of the Company whose total remuneration during the year fall within the following bands are analysed below:

	Number of Directors	
	2022 RM'000	2021 RM'000
Executive directors:		
RM200,001 – RM300,000	1	1
RM400,001 – RM500,000	1	1
RM500,001 – RM600,000	1	–
RM600,001 – RM650,000	–	1
RM1,500,001 – RM1,550,000	1	–
RM1,650,001 – RM1,700,000	–	1
Total executive directors	4	4
Non-executive directors:		
RM20,001 – RM100,000	4	3
RM100,001 – RM150,000	–	–
RM150,001 – RM200,000	1	1
Total non-executive directors	5	4
Total executive and non-executive directors	9	8

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

25. FINANCE COSTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Recognised in profit or loss:				
Interest expenses of financial liabilities measured at amortised cost:				
- bill payable	12,633	11,109	12,633	11,109
- bank overdrafts and revolving credit	1,760	2	1,760	2
- finance lease	570	807	528	728
- term loans	5,661	6,046	5,661	6,046
	20,624	17,964	20,582	17,885

26. TAXATION

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current financial year				
Income tax expense	292	319	52	49
Deferred tax expense	6,979	3,404	6,956	3,370
	7,271	3,723	7,008	3,419
Under/ (Over) provision in prior financial year				
Income tax expense	50	2,773	49	2,773
Deferred tax expense	(471)	(611)	(471)	(611)
	(421)	2,162	(422)	2,162
	6,850	5,885	6,586	5,581

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

26. TAXATION (CONT'D)

The reconciliation between the tax expense on profit before taxation with the applicable statutory tax rate of the Group and of the Company are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	25,921	38,388	25,115	38,047
Tax at Malaysia statutory tax rate of 24% (2021: 24%)	6,221	9,213	6,028	9,131
Tax effect in respect of:				
Expenses not deductible for tax purposes	13,532	9,106	13,486	9,019
Utilisation of capital allowances	(12,506)	(14,731)	(12,506)	(14,731)
Deferred tax assets not recognised	24	135	-	-
Tax expense for the year	7,271	3,723	7,008	3,419

Subject to agreement with the Inland Revenue Board, the Company has unutilised reinvestment allowances of approximately RM352,507,000 (2021: RM353,201,000) which are available to set off against future chargeable income up to the year of assessment 2025.

As at 31 December 2022, the Group and the Company have unabsorbed capital allowance and unabsorbed tax losses, which are available to set off against future chargeable income, as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Unabsorbed capital allowance	38,242	22,258	37,704	21,735
Unabsorbed tax losses	327	327	-	-
	38,569	22,585	37,704	21,735

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

26. TAXATION (CONT'D)

The unabsorbed capital allowance is available indefinitely for offset against future taxable profits except for the unabsorbed tax losses will expire in the following financial years:

	Group	
	2022 RM'000	2021 RM'000
Year of assessments		
2030	126	126
2031	201	201

Deferred tax assets not recognised

As at 31 December 2022, the Group has the following deferred tax assets which are not recognised in the financial statements due to uncertainty in the availability of future taxable income:

	Group	
	2022 RM'000	2021 RM'000
Shortfall of tax written down value over carrying amount of property, plant and equipment	(76)	(96)
Unutilised capital allowances	129	125
Unabsorbed tax losses	79	79
	132	108

27. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group and the Company acquired property, plant and equipment satisfied as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Lease arrangements	1,492	507	967	507
Cash payments	75,055	38,337	74,995	38,331
	76,547	38,844	75,962	38,838

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

28. EARNINGS PER SHARE**(a) Basic earnings per share**

The basic earnings per ordinary share of the Group is calculated based on the profit attributable to owners of ordinary shareholders divided by the weighted average number of shares in issue.

	2022 RM'000	2021 RM'000
Earnings attributable to owners of ordinary shareholders	19,071	32,503
Weighted average number of ordinary shares in issue ('000)	677,269	678,765
Basic earnings per share (sen)	2.82	4.79

(b) Diluted earnings per share

The diluted earnings per share of the Group for the financial year ended 31 December 2022 was calculated based on the earnings attributable to owners of the ordinary shareholders divided by the adjusted weighted average number of ordinary shares in issue and issuable as follows:

	Group	
	2022 RM'000	2021 RM'000
Earnings attributable to ordinary shareholders	19,071	32,503
Weighted average number of ordinary shares in issue ('000)	677,269	678,765
Effects of dilution ('000)	121,822	161,980
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	799,091	840,745
Diluted earnings per share (sen)	2.39	3.87

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

29. FINANCIAL INSTRUMENTS

Categories of financial instruments of the Group and of the Company are as follow:

	2022 RM'000	2021 RM'000
Group		
<u>Financial assets at amortised cost</u>		
Trade and other receivables	192,988	222,435
Fixed deposits with licensed banks	24,830	52,713
Cash and bank balances	38,008	4,305
Total financial assets	255,826	279,453
<u>Financial liabilities at amortised cost</u>		
Trade and other payables	458,247	445,695
Trade deposits	–	42,497
Lease liabilities	6,859	9,147
Borrowings	471,442	380,882
Total financial liabilities	936,548	878,221
Company		
<u>Financial assets at amortised cost</u>		
Trade and other receivables	194,093	223,712
Fixed deposits with licensed banks	24,830	52,713
Cash and bank balances	37,660	3,975
Total financial assets	256,583	280,400
<u>Financial liabilities at amortised cost</u>		
Trade and other payables	462,096	449,270
Trade deposits	–	42,497
Lease liabilities	6,143	8,161
Borrowings	471,442	380,882
Total financial liabilities	939,681	880,810

Further quantitative disclosures are included throughout these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

30. FINANCIAL RISK MANAGEMENT POLICIES

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and of the Company's businesses whilst managing its risks. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's and the Company's policy that no trading in derivative financial instruments shall be undertaken.

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows:

(a) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group and the Company have no significant interest-bearing financial assets, the Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates. The Group's and the Company's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits or occasionally, in short term commercial papers.

The Group's and the Company's interest rate risk arises primarily from interest-bearing borrowings. The Group's and the Company's policy is to borrow principally on the floating rate basis but to retain a proportion of fixed rate debt.

The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rate fall.

Interest rate sensitivity analysis**(i) Fair value sensitivity analysis for fixed rate instrument**

The Group and the Company do not account for any fixed rate financial liabilities at "fair value through profit or loss" and does not designate derivatives as hedging instrument under fair value hedge accounting method. Therefore, a change in interest rate at the end of the reporting period would not affect profit or loss substantially.

(ii) Interest rate risk sensitivity analysis

The Group's and the Company's floating rate borrowings in RM are exposed to variability in future interest payments. If the Bank's Base Lending Rate were to increase/ decrease by 1%, it would impact the Group's and the Company's profit by approximately RM4,714,420 (2021: RM3,808,820).

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

30. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**(b) Credit risk**

The Group's and the Company's credit risk is primarily attributable to trade receivables. The Group and the Company trade only with recognised and creditworthy third parties. It is the Group's and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's and the Company's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group and the Company do not offer credit terms without the specific approval of the Head of Credit Control. Since the Group and the Company trade only with recognised and creditworthy third parties, there is no requirement for collateral.

When an account is more than 180 days past due, the credit risk is considered to have increased significantly since the initial recognition. The Group and the Company identify as a default account if it is more than 180 days past due and the customer is having significant financial difficulties (analysed by financial measures of reported losses, negative cash flows, and qualitative evaluation of the customer's characteristics). The Group and the Company classify an impaired receivable when a customer is in default, in liquidation or other financial reorganisation.

For each significant receivable, the Group and the Company use a probability of default method that categories based on ageing profiles. The ECL is measured based on total outstanding trade receivables as per aged bracket multiply by probability of default. Probability of default is average of incremental rate of trade receivables over total sales.

Concentration of credit risk

The Group and the Company assess concentrations of credit risk by exposure to single-large customers, industry sectors and overseas jurisdictions.

100% of the Group's and the Company's trade and other receivables were concentrated within Malaysia. There was no significant exposure to single customers or to industry groups.

The credit risk of the Group's and of the Company's other financial assets, which comprise cash and cash equivalents and other investments, arises from default of the counterpart, with a maximum exposure equal to the carrying amount of these financial assets.

Financial corporate guarantees

The maximum exposure to credit risk of the Group and of the Company in relation to the financial corporate guarantees given to the Group and the Company amounts to RM42,539,000 (2021: RM58,472,000) as at the end of the reporting period representing secured bank guarantees issued in favour of third parties.

(c) Foreign currency risk

The Group and the Company are exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollars ("USD"), Chinese Yuan Renminbi ("CNY") and Euro ("EURO"). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts.

The Group and the Company maintain a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

30. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**(c) Foreign currency risk (Cont'd)**

The following table demonstrates the sensitivity of the Group's and of the Company's profit after tax and equity to a reasonably possible change in the exchange rates against the respective functional currencies of the Group's entities, with all other variables held constant.

	Group and Company Profit after tax RM'000
2022	
USD/RM	
- strengthened by 5%	(4,124)
- weakened by 5%	4,124
CNY/RM	
- strengthened by 5%	(30)
- weakened by 5%	30
EURO/RM	
- strengthened by 5%	(566)
- weakened by 5%	566
2021	
USD/RM	
- strengthened by 5%	(6,029)
- weakened by 5%	6,029
CNY/RM	
- strengthened by 5%	(37)
- weakened by 5%	37

(d) Liquidity risk

The Group and the Company manage its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group and the Company maintain sufficient levels of cash or cash equivalents to meet its working capital requirements. In addition, the Group and the Company strive to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group and the Company raise committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

30. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**(d) Liquidity risk (Cont'd)*****Maturity analysis***

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Less than 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000	Total RM'000
2022				
<i>Non derivative financial liabilities</i>				
Trade and other payables	458,247	–	–	458,247
Borrowings	397,120	92,506	6,439	496,065
Lease liabilities	3,881	3,361	225	7,467
	859,248	95,867	6,664	961,779
Financial guarantee contracts*	42,539	–	–	42,539
2021				
<i>Non derivative financial liabilities</i>				
Trade and other payables	445,695	–	–	445,695
Borrowings	319,514	78,963	–	398,477
Lease liabilities	4,201	5,856	–	10,057
	769,410	84,819	–	854,229
Financial guarantee contracts*	58,472	–	–	58,472

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

30. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(d) Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments: (Cont'd)

Company	Less than 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000	Total RM'000
2022				
Non derivative financial liabilities				
Trade and other payables	462,096	–	–	462,096
Borrowings	397,120	92,031	6,439	495,590
Lease liabilities	3,556	2,886	225	6,667
	862,772	94,917	6,664	964,353
Financial guarantee contracts*	42,539	–	–	42,539
2021				
Non derivative financial liabilities				
Trade and other payables	449,270	–	–	449,270
Borrowings	318,758	78,679	–	397,437
Lease liabilities	3,445	5,572	–	9,017
	771,473	84,251	–	855,724
Financial guarantee contracts*	58,472	–	–	58,472

* As at end of the reporting period, there was no indication that the Company would default on repayment, hence the financial guarantees have not been recognised. The disclosure represents the maximum amount that is required to be settled in the event of the triggering event.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

30. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(e) Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short-term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000		Level 2 RM'000		Level 1 RM'000		Level 2 RM'000			
	Level 3 RM'000	Total RM'000	Level 3 RM'000	Total RM'000	Level 3 RM'000	Total RM'000	Level 3 RM'000	Total RM'000		
2022										
Group										
Financial liabilities										
Term loans	-	-	-	-	-	-	-	-	139,096	142,000
Company										
Financial liabilities										
Term loans	-	-	-	-	-	-	-	-	139,096	142,000
2021										
Group										
Financial liabilities										
Term loans	-	-	-	-	-	-	-	-	104,776	107,000
Company										
Financial liabilities										
Term loans	-	-	-	-	-	-	-	-	104,776	107,000

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

30. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**(e) Fair value information (Cont'd)****Level 1 fair value**

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For other borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2021: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Secured term loans	Discounted cash flows using a rate based on the current market rate of borrowing of the Company at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

31. SEGMENT INFORMATION**(a) Primary reporting format - by business segment**

The Group is primarily operating in one business segment which is the manufacturing of steel bars and billets.

(b) Secondary reporting format - by geography

The Group's business segments are managed in two (2) main geographical areas:

Area	Sales		Total assets		Capital expenditure	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Malaysia	1,706,459	1,443,598	1,803,456	1,722,730	76,547	38,844
Outside Malaysia	71,830	136,093	–	–	–	–
	1,778,289	1,579,691	1,803,456	1,722,730	76,547	38,844

In determining the geographical segments of the Group, sales are based on the countries in which the customers are located. Total assets and capital expenditure are determined based on where the assets are located, and all assets are located in Malaysia.

Revenue from one (2021: one) major customer amounted to RM561,244,408 (2021: RM459,488,282) arising from sales of steel billets and bars.

32. CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital.

The gearing ratios as at 31 December 2022 and 2021 were as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Total lease liabilities (Note 17)	6,859	9,147	6,143	8,161
Total borrowings (Note 18)	471,442	380,882	471,442	380,882
	478,301	390,029	477,585	389,043
Total equity	862,955	844,372	859,963	841,922
Gearing ratio	55.43%	46.19%	55.53%	46.20%

There was no change in the Group's and the Company's approach to capital management during the financial year.

Under the requirement of borrowing facilities, the Group and the Company is required to maintain several financial covenants. As at the reporting date, the Group and the Company had complied with all the financial covenants.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

33. CAPITAL COMMITMENTS

	Group and Company	
	2022	2021
	RM'000	RM'000
Acquisition of property, plant and equipment		
- contracted but not provided for	-	33,363
- authorised but not contracted for	2,396	3,270

34. RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel includes all the directors of the Group and the Company.

The Group and the Company have related party relationship with its subsidiaries, associate and key management personnel.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The balances due from subsidiaries and associate are shown in Note 11 and 19.

The significant related party transactions of the Company are as follows:

	Company	
	2022	2021
	RM'000	RM'000
Transportation charged by a subsidiary	4,765	4,342
Fabrication service charged by a subsidiary	-	70

Compensation of key management personnel

The Board of Directors defined that key management personnel of the Group and of the Company are directors of the Group and of the Company. The compensation of key management personnel during the financial year is disclosed in Note 24 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

35. MATERIAL LITIGATION

The Company was served with a Writ of Summons dated 17 July 2019 and Statement of Claim dated 12 June 2019 by a related party. The related party was seeking for, inter alia, a payment of RM10.681 million from the Company, together with interest in relation to advances made by the related party to the Company between the financial years 2002 to 2004 ("Claim").

On 10 December 2021, the Claim was dismissed by the Shah Alam High Court and the Court ordered costs together with interest of RM80,000 to be paid to the Company. The related party has filed a Notice of Appeal ("Appeal") to the Court of Appeal against the decision on 10 December 2021. The Court of Appeal scheduled the hearing of the Appeal on 7 November 2023.

The Board of Directors is of the view that there is no financial and operational impact arising from the Appeal.

36. OTHER INFORMATION

- (a) The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad.
- (b) The registered office is situated at:

Unit B-05-3A
5th Floor, Block B (West Wing)
PJ8 Office Suite
No. 23, Jalan Barat
Seksyen 8
46050 Petaling Jaya
Selangor Darul Ehsan
- (c) The principal place of business is situated at:

Wisma Masteel
Lot 29C, Off Jalan Tandang
Section 51
46050 Petaling Jaya
Selangor Darul Ehsan
- (d) The financial statements are expressed in Ringgit Malaysia ("RM"), which is also the Group's and the Company's functional currency.
- (e) The financial statements were authorised for issue by the Board of Directors in accordance with a resolution by the directors on 5 April 2023.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, the undersigned, being two of the directors of **MALAYSIA STEEL WORKS (KL) BHD. (Registration No. 197101000213 (7878-V))** do hereby state that, in the opinion of the directors, the financial statements set out on pages 53 to 116 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2022 and of the financial results and cash flows of the Group and of the Company for the financial year ended on that date.

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

DATO' IKHWAN SALIM BIN DATO' HAJI SUJAK

DATO' SRI TAI HEAN LENG @ TEK HEAN LENG

Kuala Lumpur

5 April 2023

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, **LAU YOKE LEONG**, being the director primarily responsible for the financial management of **MALAYSIA STEEL WORKS (KL) BHD. (Registration No. 197101000213 (7878-V))** do solemnly and sincerely declare that the financial statements set out on pages 53 to 116 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.

LAU YOKE LEONG
MIA number: 14053

Subscribed and solemnly declared
by the abovenamed at Kuala Lumpur
in the Federal Territory on 5 April 2023

Before me

ONG SIEW KEE
No. W 839
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MALAYSIA STEEL WORKS (KL) BHD.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Malaysia Steel Works (KL) Bhd., which comprise the statements of financial position as at 31 December 2022 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 53 to 116.

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 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

INDEPENDENT AUDITORS' REPORT
(CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition</p> <p>Revenue recognition is identified as a key audit matter as the Group's and the Company's revenue transactions are voluminous with different terms and pricing for different customers. There is a risk that revenue may be recognised before the significant risks and rewards of ownership of the goods sold have been transferred to the customers.</p> <p>Revenue of the Group and of the Company comprises income generated from manufacturing and selling of steel bars and steel billets. Revenue from sales of goods is recognised at the point in time when the significant risks and rewards of ownership have been transferred to the customer, usually in the form of an executed purchase order and when the goods are delivered to customers.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • We assessed and evaluated the appropriateness of the design and implementation of controls in the revenue cycle with no exception noted. • We performed test of operating effectiveness on the relevant controls identified within the revenue cycle with no exception noted. • We verified revenue transactions to respective sales invoices and acknowledged delivery orders that evidenced the transfer of risks and rewards of ownership of the goods to customers based on selected samples. • We verified the credit notes and sales returns post the year-end date to ascertain if revenue was recognised in the correct financial period. • We selected revenue transactions pre and post year-end date and agreed the selected sales invoices and acknowledged delivery orders that evidenced the transfer of risks and rewards of ownership of goods and confirmed that these transactions were recognised in the correct financial periods.

INDEPENDENT AUDITORS' REPORT
(CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)***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 Directors' Report and Statement on Risk Management and Internal Control included in the annual report but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditor's report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining parts of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate actions in accordance with approved standards on auditing in Malaysia and International Standards on Auditing.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability 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.

INDEPENDENT AUDITORS' REPORT

(CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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.
- 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 Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 Group's or the Company's ability 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.
- 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.
- 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 financial 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.

INDEPENDENT AUDITORS' REPORT
(CONT'D)

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.

RSM Malaysia PLT
202206000002 (LLP0030276-LCA) & AF: 0768
Chartered Accountants

Kuala Lumpur

5 April 2023

Lou Hoe Yin
03120/04/2024 J
Chartered Accountant

LIST OF PROPERTIES

AS AT 31 DECEMBER 2022

Location	Existing Use	Approximate Age of Building (Years)	Tenure	Land Area (Built-up Area)	Net Book Value (RM'000)	Date of Acquisition	Date of Revaluation
Wisma Masteel Lot 29C, Off Jalan Tandang, Section 51 46050 Petaling Jaya Selangor Darul Ehsan	Office, factory and warehouse	40 years	Leasehold for 99 years expiring on 15 April 2067	130,897 sq. ft. (63,187 sq. ft.)	Land – 19,698 Building – Nil	30-Sep-05	30-Sep-19
Lot 29B, Off Jalan Tandang, Section 51 46050 Petaling Jaya Selangor Darul Ehsan	Factory	14 years	Leasehold for 99 years expiring on 15 April 2067	110,425 sq. ft. (69,960 sq. ft.)	Land – 16,589 Building – 103	22-Dec-09	30-Sep-19
Lot 13039 Jalan Waja, Bukit Raja Industrial Estate 41050 Klang Selangor Darul Ehsan	Office, factory and warehouse	22 years	Leasehold for 99 years expiring on 3 December 2111	1,562,266 sq. ft. (187,220 sq. ft.)	Land – 98,310 Building – 43,262	30-Sep-05	30-Sep-19
Unit B-05-3 5th Floor Block B (West Wing) PJ8 Office Suite No. 23, Jalan Barat Seksyen 8 46050 Petaling Jaya Selangor Darul Ehsan	Office	13 years	Leasehold for 99 years expiring on 5 March 2106	(4,176 sq. ft.)	Land – Nil Building – 728	6-Nov-08	NIL
Unit B-05-3A 5th Floor Block B (West Wing) PJ8 Office Suite No. 23, Jalan Barat Seksyen 8 46050 Petaling Jaya Selangor Darul Ehsan	Office	13 years	Leasehold for 99 years expiring on 5 March 2106	(3,003 sq. ft.)	Land – Nil Building – 522	6-Nov-08	NIL
GRN 33304 Lot 3780 Mukim of Pasir Panjang District of Port Dickson Negeri Sembilan Darul Khusus	Bungalow	38 years	Freehold	5,403 sq. ft. (1,334 sq. ft.)	Land – 108 Building – Nil	30-Sep-05	30-Sep-19
B-33-03A Antara Genting Mukin of Bentong District of Bentong State of Pahang Darul Makmur	Condominium	Under Construction	Freehold	520 sq. ft.	Land – Nil Building – 189	31-Jan-22	NIL
B-33-05 Antara Genting Mukin of Bentong District of Bentong State of Pahang Darul Makmur	Condominium	Under Construction	Freehold	1066 sq. ft.	Land – Nil Building – 245	31-Jan-22	NIL

ANALYSIS OF SHAREHOLDINGS

AS AT 24 MARCH 2023

Total number of issued shares	:	679,109,746 ordinary shares (including 1,840,000 treasury shares)
Voting Rights	:	One (1) vote per ordinary share

ANALYSIS BY SHAREHOLDINGS

Size of holdings	No. of Holders	% of Holders	No. of Shares	% of Issued Capital ^[1]
1 – 99	1,203	10.79	45,698	0.01
100 – 1,000	959	8.60	456,692	0.06
1,001 – 10,000	4,404	39.50	25,066,803	3.70
10,001 – 100,000	3,972	35.62	130,642,661	19.29
100,001 – 33,863,486 ^[2]	611	5.48	308,018,992	45.48
33,863,487 and above ^[3]	1	0.01	213,038,900	31.46
TOTAL	11,150	100.00	677,269,746	100.00

Notes:-

- ^[1] Excluding a total of 1,840,000 ordinary shares bought-back by the Company and retained as treasury shares as at 24 March 2023.
- ^[2] Less than 5% of issued shares (excluding treasury shares)
- ^[3] 5% and above of issued shares (excluding treasury shares)

DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS

Name of Director	Direct Interest		Indirect Interest	
	No. of Shares	% of Issued Capital ^[1]	No. of Shares	% of Issued Capital ^[1]
Dato' Sri Tai Hean Leng @ Tek Hean Leng	1,425,000	0.21	213,038,900 ^[2]	31.46

Notes:-

- ^[1] Excluding a total of 1,840,000 ordinary shares bought-back by the Company and retained as treasury shares as at 24 March 2023.
- ^[2] Deemed interested pursuant to Section 8(4) of the Companies Act 2016 by virtue of his interest in TYY Resources Sdn Bhd.

Pursuant to Section 8(4) of the Companies Act 2016, by virtue of his interests in the shares of the Company, Dato' Sri Tai Hean Leng @ Tek Hean Leng is also deemed to have an interest in the shares of the subsidiary of the Company to the extent the Company has an interest.

ANALYSIS OF SHAREHOLDINGS

(CONT'D)

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholder	Direct Interest		Indirect Interest	
	No. of Shares	% of Issued Capital ^[1]	No. of Shares	% of Issued Capital ^[1]
TTY Resources Sdn Bhd	213,038,900	31.46	–	–
Dato' Sri Tai Hean Leng @ Tek Hean Leng	1,425,000	0.21	213,038,900 ^[2]	31.46
Datin Ng Pik Lian	–	–	223,534,365 ^[3]	33.01
Estate of Tai Chet Siang, Deceased	–	–	213,038,900 ^[2]	31.46

Notes:-

- ^[1] Excluding a total of 1,840,000 ordinary shares bought-back by the Company and retained as treasury shares as at 24 March 2023.
- ^[2] Deemed interested pursuant to Section 8(4) of the Companies Act 2016 by virtue of their interests in TYY Resources Sdn Bhd.
- ^[3] Deemed interested pursuant to Section 8(4) of the Companies Act 2016 by virtue of her interest in TYY Resources Sdn Bhd and Kemajuan Rekacekap Sdn Bhd.

THE 30 LARGEST SECURITIES HOLDERS

No.	Names	No. of Shares	%
1.	TTY RESOURCES SDN BHD	213,038,900	31.46
2.	YICK HOE FERROUS STEEL SDN BHD	13,900,000	2.05
3.	RAYA REKAJAYA SDN BHD	12,193,356	1.80
4.	KEMAJUAN REKACEKAP SDN BHD	10,495,465	1.55
5.	YAYASAN GURU TUN HUSSEIN ONN	8,758,500	1.29
6.	NEOH CHOO EE & COMPANY SDN BHD	7,200,000	1.06
7.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SU MING KEAT	6,349,680	0.94
8.	YEO KHEONG SOON	5,500,000	0.81
9.	LIM JIT HAI	5,009,300	0.74
10.	SU MING YAW	4,992,450	0.74
11.	MAH SIEW SEONG	4,888,000	0.72
12.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIM ANN HUAT	4,700,039	0.69
13.	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ER SOON PUAY	4,308,300	0.64
14.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JASON KOH JIAN HUI	4,100,000	0.61
15.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG YIEW ON (6000006)	3,484,400	0.51

ANALYSIS OF SHAREHOLDINGS

(CONT'D)

THE 30 LARGEST SECURITIES HOLDERS (CONT'D)

No.	Names	No. of Shares	%
16.	YAYASAN GURU TUN HUSSEIN ONN	3,450,000	0.51
17.	QUEK SEE KUI	3,315,100	0.49
18.	MERCSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RAYA REKAJAYA SDN BHD	3,008,180	0.44
19.	LEE YOKE HEAN	3,000,000	0.44
20.	YEO KOON LIAN	2,779,800	0.41
21.	NG TENG SONG	2,629,500	0.39
22.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD TA DANA FOKUS	2,200,000	0.32
23.	LIM AH HOCK	2,132,000	0.31
24.	LAU HAU KUAK	2,100,000	0.31
25.	ONG CHOOI EWE	2,023,100	0.30
26.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KONG HAN	2,000,000	0.30
27.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAW GOO @ LAW YEOW CHING	1,950,000	0.29
28.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD NG KOK SHIANG (7000595)	1,900,000	0.28
29.	NG ENG KEONG	1,896,950	0.28
30.	GEE HIN ENGINEERING SDN BHD	1,850,000	0.27

ANALYSIS OF
WARRANT HOLDINGS

AS AT 24 MARCH 2023

Total number of issued warrants B	:	226,369,915
Exercise price of the warrants B	:	RM0.3950
Issue date of the warrants B	:	22 October 2021
Expiry date of the warrants B	:	21 October 2026

ANALYSIS BY SIZE OF WARRANT HOLDINGS

Size of holdings	No. of Holders	% of Holders	No. of Warrants	% of Issued Warrants
1 – 99	81	3.24	3,530	0.00
100 – 1,000	218	8.72	132,346	0.06
1,001 – 10,000	1,072	42.88	5,540,159	2.45
10,001 – 100,000	884	35.36	33,310,952	14.71
100,001 – 11,318,494 ^[1]	244	9.76	115,036,644	50.82
11,318,495 and above ^[2]	1	0.04	72,346,284	31.96
TOTAL	2,500	100.00	226,369,915	100.00

Notes:-

- ^[1] Less than 5% of issued warrants
^[2] 5% and above of issued warrants

DIRECTORS' WARRANT HOLDINGS AS PER REGISTER OF DIRECTORS' WARRANT HOLDINGS

Name of Director	Direct Interest		Indirect Interest	
	No. of Warrants	% of Issued Warrants	No. of Warrants	% of Issued Warrants
Dato' Sri Tai Hean Leng @ Tek Hean Leng	475,000	0.21	72,346,284 ^[1]	31.96

Notes:-

- ^[1] Deemed interested pursuant to Section 8(4) of the Companies Act 2016 by virtue of his interest in TYY Resources Sdn Bhd.

ANALYSIS OF WARRANT HOLDINGS

(CONT'D)

THE 30 LARGEST WARRANT HOLDERS

No.	Names	No. of Warrants	%
1.	TYT RESOURCES SDN BHD	72,346,284	31.96
2.	ER SOON PUAY	4,171,900	1.84
3.	NEOH CHOO EE & COMPANY SDN BHD	3,600,000	1.59
4.	YAYASAN GURU TUN HUSSEIN ONN	2,919,500	1.29
5.	KENANGA NOMINEES (TEMPATAN) SDN BHD	2,900,000	1.28
	LIM SOH WOON		
6.	QUEK SEE KUI	2,715,100	1.20
7.	PUBLIC NOMINEES (TEMPATAN) SDN BHD	2,710,000	1.20
	PLEDGED SECURITIES ACCOUNT FOR LENG KOK LIANG (E-PRA/BTW)		
8.	MAYBANK NOMINEES (TEMPATAN) SDN BHD	2,116,560	0.94
	PLEDGED SECURITIES ACCOUNT FOR SU MING KEAT		
9.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD	2,000,000	0.88
	PLEDGED SECURITIES ACCOUNT FOR TAN BOON POCK (TAN6190M)		
10.	KENANGA NOMINEES (TEMPATAN) SDN BHD	2,000,000	0.88
	RAKUTEN TRADE SDN BHD FOR THONG KAR JUN		
11.	AMSEC NOMINEES (TEMPATAN) SDN BHD	1,902,200	0.84
	PLEDGED SECURITIES ACCOUNT FOR QUEK SEE KUI		
12.	KENANGA NOMINEES (TEMPATAN) SDN BHD	1,800,000	0.80
	PLEDGED SECURITIES ACCOUNT FOR YAP CHEE SENG		
13.	MAH SIEW SEONG	1,780,000	0.79
14.	NG ENG KEONG	1,687,950	0.75
15.	SU MING YAW	1,664,150	0.74
16.	OOI CHIN HOCK	1,628,000	0.72
17.	YICK HOE FERROUS STEEL SDN BHD	1,624,200	0.72
18.	KENANGA NOMINEES (TEMPATAN) SDN BHD	1,565,000	0.69
	RAKUTEN TRADE SDN BHD FOR ER ZHI ZHENG		
19.	KENANGA NOMINEES (TEMPATAN) SDN BHD	1,500,000	0.66
	PLEDGED SECURITIES ACCOUNT FOR TAN BOON POCK		
20.	HLIB NOMINEES (TEMPATAN) SDN BHD	1,436,100	0.63
	PLEDGED SECURITIES ACCOUNT FOR ER SOON PUAY		
21.	KHOO EEL WEN	1,400,000	0.62
22.	YAP BEE HOONG	1,300,000	0.57
23.	TAN HOCK KIEN	1,292,600	0.57
24.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD	1,214,400	0.54
	PLEDGED SECURITIES ACCOUNT FOR KHOR KIM HOCK (B B KLANG-CL)		
25.	LEE WAI SUM	1,212,000	0.54
26.	NG ZHANG CONG	1,209,000	0.53
27.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD	1,200,000	0.53
	PLEDGED SECURITIES ACCOUNT FOR CH'NG BEE JUAN (CHN0181C)		
28.	YAYASAN GURU TUN HUSSEIN ONN	1,150,000	0.51
29.	HLB NOMINEES (TEMPATAN) SDN BHD	1,050,000	0.46
	PLEDGED SECURITIES ACCOUNT FOR TAN KONG HAN		
30.	JASON LEE WING YOON	1,000,000	0.44

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MALAYSIA STEEL WORKS (KL) BHD

[Registration No. 197101000213 (7878-V)]

CDS Account No.

No. of Shares held

FORM OF PROXY

I/We Tel:
[Full name in block, and as per NRIC/Passport/Registration No.]

of

being member(s) of Malaysia Steel Works (KL) Bhd, hereby appoint:-

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address	Email:		
	Contact:		

and/or

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address	Email:		
	Contact:		

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Fifty-First Annual General Meeting ("51st AGM") of the Company which will be conducted as a virtual meeting through live streaming from the broadcast venue via Remote Participation and Voting ("RPV") facilities at Masteel Meeting Room, Unit B-05-3A, 5th Floor, Block B (West Wing), PJ8 Office Suite, No. 23, Jalan Barat, Seksyen 8, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia ("Broadcast Venue") on Wednesday, 31 May 2023 at 2.00 p.m. or at any adjournment thereof. I/We indicate with an "x" in the spaces below how I/we wish my/our vote to be cast.

* Please delete the words "Chairman of the Meeting" if you wish to appoint other person(s) to be your proxy/proxies.

NO.	RESOLUTIONS		FOR	AGAINST
1.	Approval of Directors' fees for the financial year ending 31 December 2023 and the benefits payable from 31 May 2023 until the next AGM	Ordinary Resolution 1		
2.	Re-election of Dato' Sri Tai Hean Leng @ Tek Hean Leng as Director	Ordinary Resolution 2		
3.	Re-election of Mr. Lau Yoke Leong as Director	Ordinary Resolution 3		
4.	Re-election of Puan Zueraini Binti Ahmad Basri as Director	Ordinary Resolution 4		
5.	Re-appointment of RSM Malaysia PLT as Auditors	Ordinary Resolution 5		
6.	Proposed continuation in office of Dato' Ikhwan Salim Bin Dato' Haji Sujak as Independent Non-Executive Director	Ordinary Resolution 6		
7.	Proposed Renewal of Share Buy-Back Mandate	Ordinary Resolution 7		
8.	Proposed Renewal of Authority under Sections 75 and 76 of the Companies Act 2016 and the Constitution of the Company for the Directors to allot and issue shares	Ordinary Resolution 8		

(Please indicate with an "X" in the space provided how you wish your vote to be cast. If you do not do so, your proxy will vote or abstain at his(her) discretion).

Dated this day of, 2023

.....
Signature of Shareholder/Common Seal



Notes:-

1. The Company will conduct the AGM entirely through live streaming and online remote voting using the RPV facilities. For further details and guidelines on RPV facilities, please refer to the Administrative Guide.
2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. No shareholders/proxies/corporate representatives from the public shall be physically present at the Broadcast Venue on the day of AGM.
3. In respect of deposited securities, only members whose names appear on the Record of Depositors on 25 May 2023 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the meeting or appoint proxy(ies) to attend, speak and/or vote on his (her) behalf.
4. A member [other than an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991] entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote on his (her) behalf. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend, participate, speak and vote at the meeting of the Company shall have the same rights as the members to speak at the meeting.
5. Where a member appoints two (2) proxies, the appointment shall be invalid unless he (she) specifies the proportions of his (her) shareholdings to be represented by each proxy.
6. Where a member of the Company is an Exempt Authorised Nominee who holds shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
7. Where a member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, it is entitled to appoint not more than two (2) proxies in respect of each security account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where an Authorised Nominee appoints two (2) proxies to attend and vote at the AGM, the proportion of shareholdings to be represented by each proxy must be specified in the proxy form, failing which, the appointment shall be invalid.

The members, proxies or corporate representatives may submit questions before the AGM to the Chairman or Board of Directors electronically by email to eservices@sshsb.com.my no later than Monday, 29 May 2023 at 2.00 p.m. or via real-time submission of typed texts via RPV facilities during live streaming of the AGM as the primary mode of communication.

8. The proxy form shall be in writing, executed by or on behalf of the appointer or his (her) attorney duly authorised in writing or, if the appointer is a corporation, either be executed under its common seal or by its duly authorised attorney or officer.
9. The appointment of proxy may be made in the form of hardcopy or by electronic means as specified below and must be received by the Share Registrar, Securities Services (Holdings) Sdn Bhd no later than Monday, 29 May 2023 at 2.00 p.m. or any adjournment thereof:

In hardcopy form

Deposited at the office of the Share Registrar at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia.

By electronic means

Alternatively, the instrument appointing of proxy may also be lodged electronically via SS e-Portal at <https://sshsb.net.my/> or by fax to +603-2094 9940 or by email to eservices@sshsb.com.my.

If you have submitted your proxy form(s) prior to the AGM and subsequently decide to appoint another person or wish to personally participate in the AGM via RPV facilities, please write in to eservices@sshsb.com.my to revoke the earlier appointed proxy(ies) no later than Monday, 29 May 2023 at 2.00 p.m. or any adjournment thereof.

10. Pursuant to paragraph 8.29A(1) of the MMLR of Bursa Securities, all the resolutions set out in the Notice of the AGM will be put to vote by poll. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 28 April 2023.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Share Registrar
SECURITIES SERVICES (HOLDINGS) SDN BHD
[197701005827 (36869-T)]
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

1st fold here





HEAD OFFICE ADDRESS

Wisma Masteel, Lot 29C, Off Jalan Tandang, Section 51,
46050 Petaling Jaya,
Selangor Darul Ehsan, Malaysia
Tel: 603-7781 1611 | Fax: 603-7781 5435

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