Masteel

MALAYSIA STEEL WORKS (KL) BHD

Registration No. 197101000213 (7878-V)

ANNUAL REPORT 2023

FTSE4Good

DELIVERING THE MOST SUSTAINABLE STEEL FOR MALAYSIA AND BEYOND

Table of

CONTENTS

page. **2** Notice of Annual General Meeting

page. **8** Corporate Information

page. **9** Corporate Structure

page. **10** Financial Highlights

page. **11** Directors' Profile

page. **15** Particulars of Key Senior Management

page. **16** Management Discussion and Analysis

page. **23** Corporate Governance Overview Statement

page. **37** Additional Compliance Information

page. **38** Directors' Responsibility Statement

page. **39** Audit Committee Report

page. **43** Statement on Risk Management and Internal Control

page. **47** Financial Statements

page. **124** List of Properties

page. **125** Analysis of Shareholdings

page. **128** Analysis of Warrant Holdings

Form of Proxy

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifty-Second Annual General Meeting ("**52nd 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, 19 June 2024 at 3.00 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 2023 together with the Reports of the Directors and Auditors thereon.	*[Please refer to Note (i) of the Explanatory Notes]*
2.	To approve the Directors' fees up to an aggregate amount of RM160,000.00 for the financial year ending 31 December 2024 and benefits payable to the Directors up to an aggregate amount of RM450,000.00 from 19 June 2024 until the next AGM of the Company and the payment thereof.	**(Ordinary Resolution 1)** *[Please refer to Note (ii) of the Explanatory Notes]*
3.	To re-elect the following Directors who are retiring pursuant to Clause 96 of the Constitution of the Company:- (i) Mr. Roy Thean Chong Yew (ii) Ms. Ng Siew Peng	 **(Ordinary Resolution 2)** **(Ordinary Resolution 3)** *[Please refer to Note (iii) of the Explanatory Notes]*
4.	To re-elect the following Directors who are retiring pursuant to Clause 103 of the Constitution of the Company:- (i) Datuk Syed Mohamed Bin Syed Ibrahim (ii) Puan Rosdelima Binti Mohd Ali Jaafar	 **(Ordinary Resolution 4)** **(Ordinary Resolution 5)** *[Please refer to Note (iii) of the Explanatory Notes]*
5.	To re-appoint RSM Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	**[Ordinary Resolution 6]**

As Special Business

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

6. **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 (iv) 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-Third 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-Third 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)

7. **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 (v) 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."

8. 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)
TAN KOK AUN (MACS 01564) (SSM Practicing Certificate No. 201908003805)
Company Secretaries

Selangor Darul Ehsan
26 April 2024

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 12 June 2024 (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, 17 June 2024 at 3.00 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, 17 June 2024 at 3.00 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, 17 June 2024 at 3.00 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 2023

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 Fifty-First ("51st") AGM held on 31 May 2023 approved the Directors' fees up to an aggregate amount of RM180,000.00 for the financial year ended 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.

During a review in 2024, the Remuneration Committee recommended and the Board has approved, subject to shareholders' approval at this AGM, that the Directors' fees for the financial year ending 31 December 2024 at an aggregate amount of RM160,000.00, and the benefits payable to the Directors from 19 June 2024 until the next AGM of the Company to be held in year 2025 at an aggregate amount of RM450,000.00.

(iii) Ordinary Resolutions 2 to 5 - 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 2023.

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 of based on the following justifications:-

(a) Ordinary Resolution 2 - Re-election of Mr. Roy Thean Chong Yew as Independent Non-Executive Director

Mr. Roy Thean Chong Yew fulfils the requirements of independence set out in the MMLR of Bursa Securities as well as the Malaysian Code on Corporate Governance. He has demonstrated his independence through his engagement in the meetings by proactively giving valuable insights to the Management in developing the Group's business strategies. He also exercised his due care and carried out his professional duties proficiently during his tenure as an Independent Non-Executive Director of the Company.

(b) Ordinary Resolution 3 - Re-election of Ms. Ng Siew Peng as Executive Director

Ms. Ng Siew Peng has not only created value for the Group, but she has also contributed to the Group by providing valuable inputs and steering the Group forward with remarkable momentum. As an Executive Director, she has demonstrated an unwavering commitment to advancing the Group's Environmental, Social and Governance initiatives, resulting in a series of notable achievements. She also exercised her due care and carried out her professional duties proficiently during her tenure as an Executive Director of the Company.

(c) Ordinary Resolution 4 - Re-election of Datuk Syed Mohamed Bin Syed Ibrahim as Independent Non-Executive Chairman

In accordance with Clause 103 of the Constitution of the Company, a Director appointed by the Board shall hold office until the conclusion of the next AGM of the Company and shall then be eligible for re-election. Datuk Syed Mohamed Bin Syed Ibrahim, who was appointed as Independent Non-Executive Chairman of the Company on 1 March 2024, retires pursuant to Clause 103 of the Constitution of the Company and being eligible, has offered himself for re-election at the forthcoming 52nd AGM.

EXPLANATORY NOTES (CONT'D)

(iii) Ordinary Resolutions 2 to 5 - Re-election of Directors (Cont'd)

(d) Ordinary Resolution 5 - Re-election of Puan Rosdelima Binti Mohd Ali Jaafar as Independent Non-Executive Director

In accordance with Clause 103 of the Constitution of the Company, a Director appointed by the Board shall hold office until the conclusion of the next AGM of the Company and shall then be eligible for re-election. Puan Rosdelima Binti Mohd Ali Jaafar, who was appointed as Independent Non-Executive Director of the Company on 1 March 2024, retires pursuant to Clause 103 of the Constitution of the Company and being eligible, has offered herself for re-election at the forthcoming 52nd AGM.

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

Ordinary Resolution 7 proposed under item 6 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 52nd AGM is required by law to be held.

Please refer to the Statement to Shareholders dated 26 April 2024 for further information.

(v) 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 51st AGM held on 31 May 2023, 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 7 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

(Chairman - Independent Non-Executive)
DATUK SYED MOHAMED BIN SYED IBRAHIM

(Deputy Chairman cum Managing Director/ Chief Executive Officer)
DATO' SRI TAI HEAN LENG @ TEK HEAN LENG

(Executive Director/ Chief Financial Officer)
LAU YOKE LEONG

(Executive Director)
ONG TENG CHUN

(Executive Director)
NG SIEW PENG

(Independent Non-Executive Director)
ROY THEAN CHONG YEW

(Independent Non-Executive Director)
ZUERAINI BINTI AHMAD BASRI

(Independent Non-Executive Director)
ROSDELIMA BINTI MOHD ALI JAAFAR

Audit Committee

Roy Thean Chong Yew (Chairman)

Zueraini Binti Ahmad Basri

Rosdelima Binti Mohd Ali Jaafar

Nomination Committee

Zueraini Binti Ahmad Basri (Chairperson)

Roy Thean Chong Yew

Rosdelima Binti Mohd Ali Jaafar

Remuneration Committee

Rosdelima Binti Mohd Ali Jaafar (Chairperson)

Roy Thean Chong Yew

Zueraini Binti Ahmad Basri

Risk Management Committee

Zueraini Binti Ahmad Basri (Chairperson)

Ong Teng Chun

Rosdelima Binti Mohd Ali Jaafar

Company Secretaries

Tai Yit Chan (MAICSA 7009143)
(SSM Practicing Certificate No. 202008001023)

Tan Ai Ning (MAICSA 7015852)
(SSM Practicing Certificate No. 202008000067)

Tan Kok Aun (MACS 01564)
(SSM Practicing Certificate No. 201908003805)

Registered Office

No. 3A, Mezzanine Floor
Jalan Ipoh Kecil
50350 Kuala Lumpur

Tel : 03-4043 5750 Fax : 03-4043 5755
Email : pcaadvkl@gmail.com

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
Email : info@sshsb.com.my

Principal Bankers

Hong Leong Bank Berhad

Standard Chartered Bank Malaysia Berhad

HSBC Bank Malaysia Berhad

MBSB Bank Berhad

Ambank Berhad

Alliance Bank Berhad

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad

Shares
Stock 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.

48.25%

BIO MOLECULAR INDUSTRIES SDN BHD
200501014182
(691229-K)

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

100%

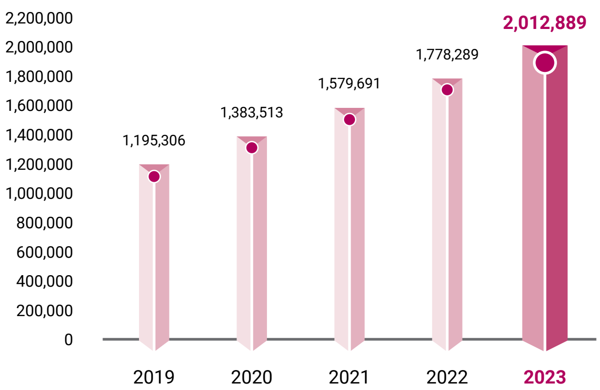
MS FABRICON SDN BHD
202001014310
(1370630-V)

Dormant.

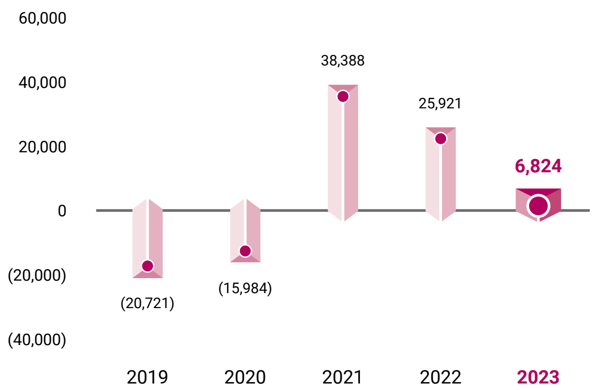
FINANCIAL **HIGHLIGHTS**

	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	**2023 RM'000**
Revenue	1,195,306	1,383,513	1,579,691	1,778,289	**2,012,889**
Profit/(Loss) before taxation	(20,721)	(15,984)	38,388	25,921	**6,824**
Net Profit/(Loss) for the financial year	(8,326)	(14,726)	32,503	19,071	**2,404**
Total Assets Employed	1,518,292	1,606,618	1,722,730	1,803,456	**1,963,333**
Total Shareholders' funds	729,982	720,772	844,372	862,955	**865,359**
Paid-up Share Capital	233,310	239,942	329,648	329,648	**329,648**
No. of Ordinary Shares in Issue ('000)	436,040	452,740	679,110	679,110	**679,110**
Gearing Ratio	65.56%	59.11%	46.19%	55.43%	**57,86%**
Net Assets per Share (RM)	1.67	1.59	1.24	1.27	**1.27**
Earnings/(Loss) per Share (sen)	(1.95)	(3.27)	4.79	2.82	**0.35**
Diluted Earnings per Share (sen)	–	–	3.87	2.39	**0.35**

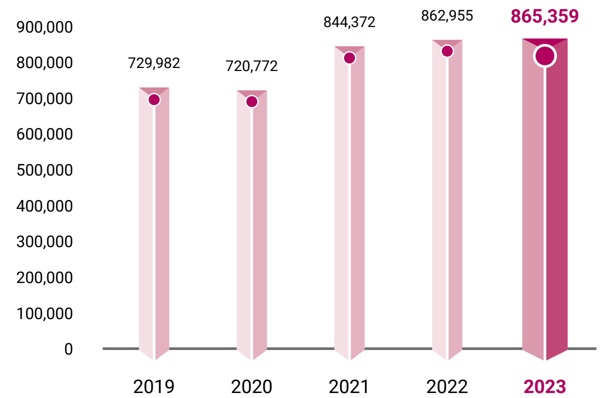
REVENUE
RM'000



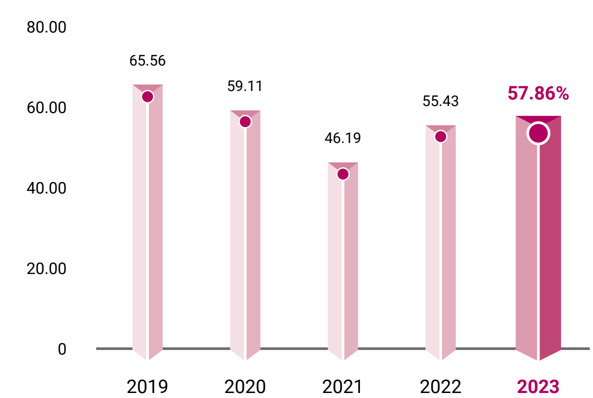
PROFIT/ (LOSS) BEFORE TAXATION
RM'000



TOTAL SHAREHOLDERS' FUNDS
RM'000



GEARING RATIO
%



DIRECTORS' PROFILE

DATUK SYED MOHAMED BIN SYED IBRAHIM

(Chairman - Independent Non-Executive)

Aged: 65

Gender: Male

Nationality: Malaysian

Datuk Syed Mohamed Bin Syed Ibrahim was appointed as an Independent Non-Executive Chairman of Malaysia Steel Works (KL) Bhd ("Masteel") on 1 March 2024. He obtained a Bachelor of Economics (Honours) degree in Analytical Economics from the University of Malaya. He has extensive experience and expertise in banking, corporate leadership and management, real estate development, technology and business strategy. He began his career at Bank Bumiputera (M) Bhd and Bank Rakyat before joining the Johor State Economic Development Corporation - the predecessor of Johor Corporation. He then joined Sime Darby Land and Encorp Bhd before moving on to become the CEO of TH Properties Sdn Bhd where he successfully led the transformation of its flagship project; Bandar Enstek. Prior to joining DRB-Hicom Bhd as a Group Director of Property and Infrastructure, he also served in Saudi Arabia as the Chief Operating Officer at Knowledge Economic City in Madina. Subsequently, he was appointed as the President and Chief Executive of Iskandar Investment Bhd. He was also the Chairman of Felda Investment Corporation Bhd and Encorp Bhd. He is also on the Board of Yayasan Sultan Ibrahim and Yayasan Kanser Tunku Laksamana. Datuk Syed Mohamed is the President and Chief Executive Officer of Johor Corporation and KPJ Healthcare University. He has also been appointed as an Adjunct Professor by the Faculty of Built Environment and Surveying Universiti Teknologi Malaysia and as an Eminent Industry Fellow by Universiti Sains Malaysia. Datuk Syed Mohamed is currently holding directorship as Non-Independent Non-Executive Chairman of Waqaf An-Nur Corporation Berhad and also sits on the Board of Jland Group Sdn Bhd.

Datuk Syed Mohamed did not attend any Board Meeting of the Company held during the financial year ended 31 December 2023 as he was only appointed to the Board on 1 March 2024.

DATO' SRI TAI HEAN LENG @ TEK HEAN LENG

(Deputy Chairman cum Managing Director/ Chief Executive Officer)

Aged: 60

Gender: Male

Nationality: Malaysian

Dato' Sri Tai Hean Leng was appointed as an Executive Director of Masteel on 25 April 1994. He is also the Deputy Chairman cum 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 36 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 and Honorary Treasurer of the Malaysia Steel Association ("MSA"). Dato' Sri Tai is also the Vice Chairman of the Sustainable Development & Climate Change Committee ("SDCC") of the Federation of Malaysian Manufacturers ("FMM"). 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 2023.

DIRECTORS' **PROFILE** (CONT'D)

LAU YOKE LEONG

(Executive Director/
Chief Financial Officer)

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 22 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 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 2023.

Aged
55

Gender

Nationality

ONG TENG CHUN

(Executive Director)

(Member of the
Risk Management Committee)

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 a private company 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 2023.

Aged
56

Gender

Nationality

DIRECTORS' PROFILE (CONT'D)

NG SIEW PENG

(Executive Director)

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 has more than 20 years of working experience in Corporate Finance and Corporate Governance. Ms Ng's journey at Masteel began in October 2012, starting as an Assistant Finance Manager and advancing to the role of Corporate Manager in April 2016. In her current capacity, she assumes the responsibilities of ensuring the integrity of the governance framework and overseeing compliance with statutory and regulatory requirements. Additionally, Ms Ng has been tasked with spearheading Masteel's sustainability team to drive the company's Environmental, Social and Governance ("ESG") strategies and initiatives. Before joining Masteel, she played instrumental roles at Frontken Corporation Berhad, working closely with Senior Vice President to achieve corporate objectives and engaged in finance-related assignments. From 2004 to 2010, Ms Ng was with Soon Seng Palm Oil Mill Sdn Bhd, aiding 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 2023.

Aged
45

Gender

Nationality

ROY THEAN CHONG YEW

(Independent Non-Executive Director)

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

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 27 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, which is listed on the ACE Market and Teladan Group Berhad (formerly known as Teladan Setia Group Berhad) which is listed on the Main Market.

Mr Roy Thean attended all 5 Board Meetings of the Company held during the financial year ended 31 December 2023.

Aged
52

Gender

Nationality

DIRECTORS' **PROFILE** (CONT'D)

ZUERAINI BINTI AHMAD BASRI

(Independent Non-Executive Director)

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

Aged: 50

Gender

Nationality

Zueraini Binti Ahmad Basri was appointed as an Independent Non-Executive Director on 1 July 2022. With a Bachelor of Business Administration in Finance & Organisational Behavior from the University of Missouri-St.Louis and a Master's in Finance from the Royal Melbourne Institute of Technology University, Pn Zueraini is currently pursuing a Climate and Sustainability certification to further contribute to sustainability efforts. With over 26 years of experience in risk management across financial institutions, encompassing both local and foreign banks, she is recognised for her leadership. Notably, she played a pivotal role in establishing integrated risk management as the first Chief Risk Officer for BMW Financial Services Malaysia. In this capacity, she oversaw a range of risk domains such as retail and commercial credit, operational risk, enterprise risk, market risk and business continuity management. During her tenure in banking, she focused on evaluating credit across commercial, corporate and investment sectors, encompassing both conventional and Islamic banking practices. Her proficiency lies in assessing credit and financial viability, structuring loans and ensuring robustness in corporate governance and risk management frameworks. Utilising her extensive knowledge, she advocates for proactive risk management strategies to support business objectives and encourages an enterprise-wide risk management approach. She does not hold directorship in any other public company.

Pn. Zueraini attended all 5 Board Meetings of the Company held during the financial year ended 31 December 2023.

ROSDELIMA BINTI MOHD ALI JAAFAR

(Independent Non-Executive Director)

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

Aged: 60

Gender

Nationality

Rosdelima Binti Mohd Ali Jaafar was appointed as an Independent Non-Executive Director on 1 March 2024. Pn. Rosdelima obtained her Bachelor of Accountancy from MARA Technological University (UiTM) and Master in Business Administration (Strategic Management) from International Islamic University Malaysia. She is a member of Malaysian Institute of Accountants ("MIA") and a member of Malaysian Association of Tax Accountants ("MATA"). She has over 20 years of experience being a partner in an audit firm Rosdelima & Co. She was involved mainly in statutory audits of small and medium-sized enterprises. She is also a partner of Ramli & Co., an audit firm that is vastly involved in many public sector audits as a private audit firm appointed by the National Audit Department to perform the audit for Federal Statutory Bodies, State Statutory Bodies, Local Councils on behalf of the Auditor General of Malaysia. Prior to establishing Rosdelima & Co, she was a Senior Account Executive with Kaf-Seagroatt & Campbell Sdn Bhd, a stockbroking firm. She does not hold any directorship in any other public company.

Pn. Rosdelima did not attend any Board Meeting of the Company held during the financial year ended 31 December 2023 as she was only appointed to the Board on 1 March 2024.

Other than the aforesaid, none of the Directors has a family relationship with any other directors/ major shareholders, except for the Deputy Chairman cum Managing Director/Chief Executive Officer, who is related to a major shareholder. None of the Directors have any conflict of interest / potential 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 2023, other than traffic offences (if any).

PARTICULARS OF KEY SENIOR MANAGEMENT

TAN KA YEONG

Senior Vice President

Aged: 55

Gender

Nationality

Tan Ka Yeong, a Malaysian, male, aged 55, 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 29 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 / potential 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 2023, other than traffic offences (if any).

MANAGEMENT DISCUSSION **AND ANALYSIS**

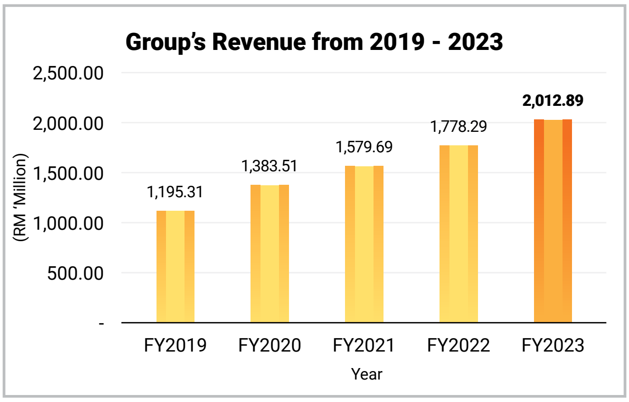
GROUP'S BUSINESS AND OPERATIONS

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 mainly involved in the transportation and logistics of steel bars and billets between Masteel's Bukit Raja and Petaling Jaya facilities.

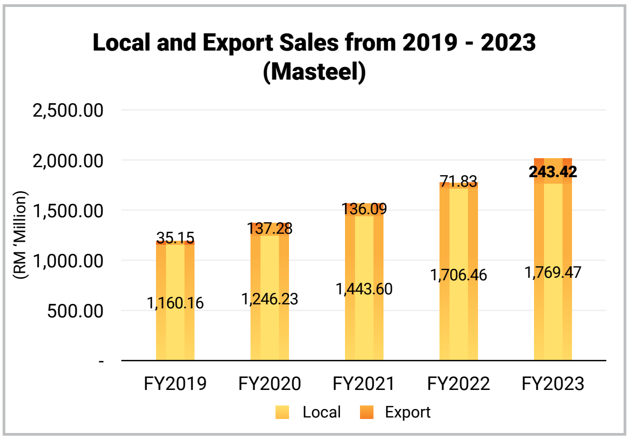
Masteel also has a 48.25% owned associate company, Bio Molecular Industries Sdn Bhd ("Bio-M"), which is a strategic partnership between Masteel and Curium International S.A., which is a worldwide leader in radiopharmaceuticals. Bio-M has own cyclotron and a dedicated radiochemistry lab for R&D in its 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 Biotechonology Corporation Sdn. Bhd and the facility is also licensed by the Atomic Energy Licensing Board.

The manufacturing facilities of Masteel are located in Petaling Jaya and Bukit Raja, Klang, Selangor. The geographical presence of the sales of its steel bars is 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.

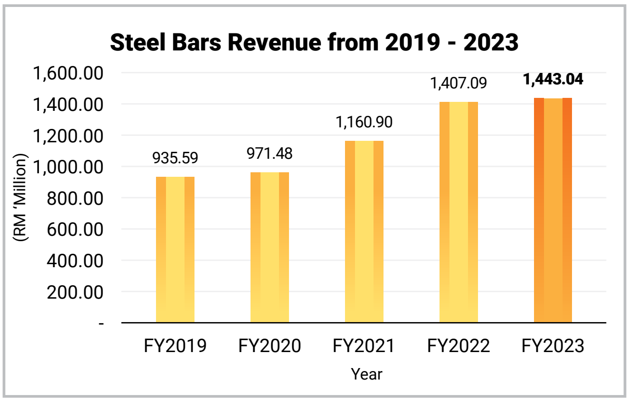
The main driver of revenue for the Group is from the sales of steel bars and billets.



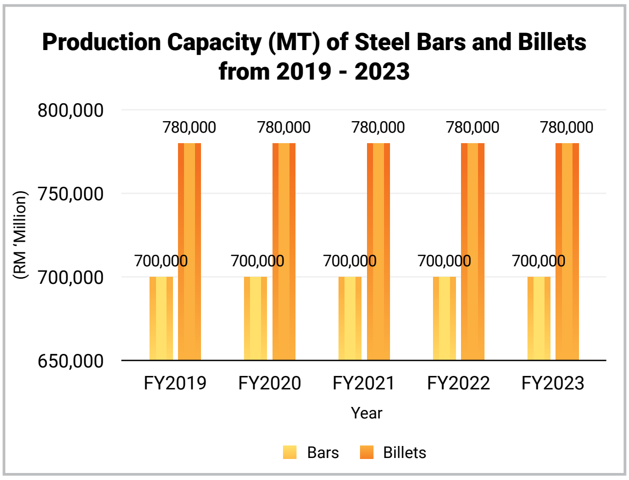
The distribution between local and export sales for the past 5 years are as follows:-



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



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



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 on 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 reduces reliance on various consumables which constitute 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") emissions 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 constantly remain vigilant and informed about future economic and industry trends.

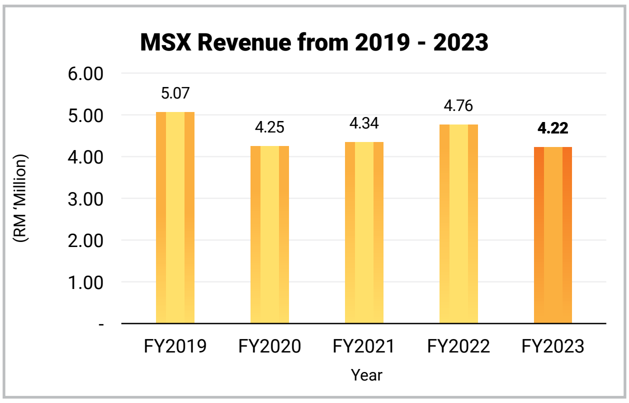
FINANCIAL RESULTS AND FINANCIAL CONDITION

The Group's key financial performance for FYE2023 is as follows:-

(a) For the year under review, the Group's revenue increased by 13.19% to RM2.01 billion as compared to RM1.78 billion in the previous financial year. The increase in revenue was mainly attributed to higher sales volume of steel products recorded from the export and domestic markets. A higher sales volume was recorded mainly due to improvement of demand as a consequence of sustainable local and global economic recovery post Covid-19 pandemic. However, the steel sector was facing a stiff price competition due to the dynamics of steel supply.

(b) The Group recorded a decline in its profit before tax from RM25.92 million in FYE2022 to RM6.82 million in FYE2023. The decline was mainly due to higher utility expenses, in particular electricity charges due to higher Imbalance Cost Pass-Through ("ICPT") surcharge from January 2023. In line with the 125 basis points increase in the Overnight Policy Rate ("OPR") since May 2022, the Group's financial cost had also increased by 33.75% from RM20.62 million in FYE 2022 to RM27.58 million in FYE 2023.

In FYE2023, 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 decline of local demand for steel bars and the ongoing Russia-Ukraine war, Israel-Palestine conflict, high inflationary and interest rate regime and patchy economic recovery of China. Nevertheless, in comparison to other locally-owned steel mills, our Group had achieved a commendable performance mainly due to the cost-efficient and the latest state-of-the-art production technologies that had been deployed by the Company notwithstanding the effects of high price volatility and tightening monetary policies faced by the steel industry worldwide.



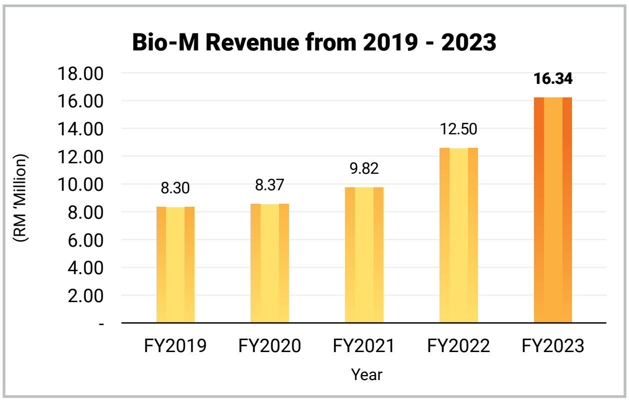
MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

FINANCIAL RESULTS AND FINANCIAL CONDITION (CONT'D)

During the year under review, in line with the improvement of Masteel's distribution channel in 2023, more steel bars were being directly sent out from its Bukit Raja plant to the Company's end-users' sites without having them being sorted in Petaling Jaya plant. Therefore, MSX's revenue decreased marginally by 11.34% from RM4.76 million in FYE2022 to RM4.22 million in FYE2023. In line with the decrease in revenue, MSX's profit before taxation ("PBT") decreased by 3.30% from RM0.91 million in FYE2022 to RM0.88 million in FYE2023. The main reason for the decline in profit before taxation was due to higher operating expenses.

During the year under review, MSF has remained dormant. Its loss before tax had increased from RM0.11 million in FYE2022 to RM0.28 million in FYE2023 due to a one-time write-off on MSF's plant and machinery.

Bio-M, the associate company which the leading manufacture in Malaysia of radioisotopes for PET-CT imaging of cancer had recorded a turnover of RM16.34 million in FYE2023, an increase of 30.72% from RM12.50 million in FYE 2022. In line with the increase of its customer base in FYE2023, Bio-M's gross profit increased by 112.52% from RM5.43 million in FYE 2022 to RM11.54 million in FYE 2023. Consequently, the Company achieved an improved profit before taxation of RM7.46 million in FYE2023 as compared to profit before taxation of RM1.94 million recorded in FYE2022.



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 persists 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 or other contagious diseases 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 country should be able to cope with any possible increased demand for healthcare facilities should the Covid-19 cases or other contagious diseases spike. Hence, the risk of reimplementation 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 is providing a strong foundation for political stability and economic growth.

3) The pace of rollout of new megaprojects under the 2024 Budget coupled with the current softness in the property sector, in particular commercial building and residential property, are the major risk factors which could affect the local demand for steel bars. Nevertheless, with the improved political climate of the country, acceleration of the implementation of infrastructure projects with high multiplier effects and easing of interest rate will be expected. Anticipation of interest reduction in coming months will lead to better demand in property sectors. Improved confidence and sentiment in property investment will also provide better outlook for 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. Furthermore, the present international freight charges remain high which are not conducive for the importation of steel bars.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

FINANCIAL RESULTS AND FINANCIAL CONDITION (CONT'D)

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 ("OPR") will impact the borrowing cost of the Company. In line, with the expectation of US Fed Rate reductions, our OPR is expected to ease slightly. Nevertheless, 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. Presently, the Company is actively pursuing with Tenaga National Berhad ("TNB") to expedite in providing another high voltage cable (132kv Incomer) in order to mitigate any potential power supply disruption to its Bukit Raja plant. 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.

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.

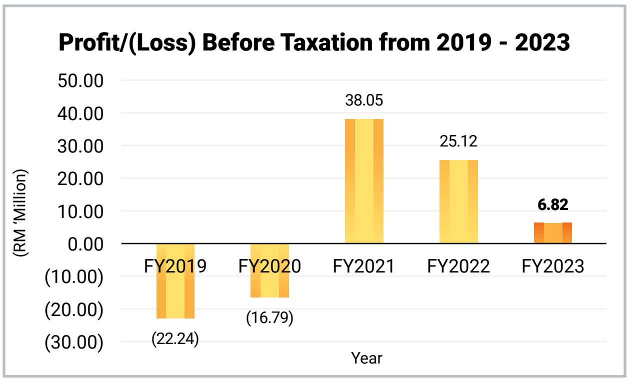
9) Our steel manufacturing business operates in a market characterised by strong competition resulting from a number of established local and foreign steel players as well as some volume of imported steel products. Such competition, arising from local steel producers or imported steel products, may result 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 disasters 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. While on the Israel-Palestine conflict, it has led to consequences such as blockades on routes connecting the Mediterranean Sea and the Red Sea and sporadic attacks in the Red Sea targeting commercial ships associated with Israel. Thus, rerouting increases the delivery time and shipping charges which may eventually escalate to another substantial rise in global inflation.

MANAGEMENT DISCUSSION **AND ANALYSIS** (CONT'D)

FINANCIAL SECTION OF THE COMPANY

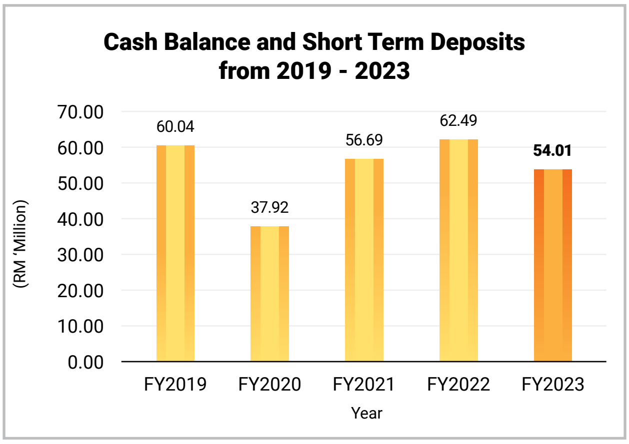
1) The Company's revenue increased by 12.92% from RM1.78 billion in FYE2022 to RM2.01 billion in FYE2023 mainly due to the surge in the export of billets which increased by 51.92% from RM180.22 million achieved in FYE 2022. In addition, the sales of steel bars had also increased marginally by 2.13% from RM1.41 billion in FYE 2022 to RM1.44 billion in FYE 2023 in line with the normalization of Malaysian economic growth which registered a Gross Domestic Product ("GDP") increase of 3.7%.



2) Due to the surge in electricity costs as a consequence of a higher ICPT surcharge, the Company's Gross Profit ("GP") declined by 23.28% from RM114.38 million in FYE 2022 to RM87.75 million in FYE 2023.

3) In FYE2023, the Company recorded a Profit before Tax ("PBT") of RM4.97 million as compared to Profit Before Tax of RM25.11 million in FYE 2022. The main factors which contributed to the Company's continuous profitability were increased sales volume, improved production cost efficiency and productivity.

4) As at 31 December 2023, the Company's inventories value increased by 10.73% from RM714.43 million as at 31 December 2022 to RM791.07 million as a result of higher quantity of finished goods.

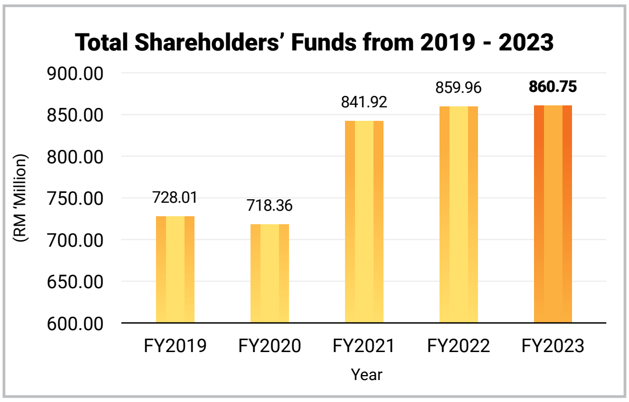


5) The Company's cash balance and short-term deposits decreased by 13.57% from RM62.49 million in FYE2022 to RM54.01 million in FYE2023.

6) As a result of higher inventories as at 31 December 2023, the Company's short-term borrowings increased by 11.65% from RM384.30 million in FYE2022 to RM429.09 million in FYE2023. The Company's net long-term borrowings decreased by 22.13% from RM87.14 million in FYE2022 to RM67.86 million in FYE2023 due to the full settlement of RM130m Sukuk.

7) Despite the marginal increase of the Company's bank borrowings from RM471.44 million in FYE2022 to RM496.95 million in FYE2023, its gearing ratio remained at a sustainable level of 0.58x.

8) In tandem with the increase of the Company's turnover, its trade receivable increased from RM194.09 million as at 31 December 2022 to RM289.10 million as at 31 December 2023. In view of the Company's higher production volume of its steel products, the Company's average trade payable days also increased marginally from 102 days in FYE2022 to 112 days in FYE2023.



9) The Company's shareholders' funds had increased by 0.1% to RM860.75 million as at 31 December 2023 as compared to RM859.96 million in the previous year. The increase was mainly due to the increase of retained earnings.

FORWARD LOOKING STATEMENTS

Global steel industry outlook for 2024 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 and interest rates regime, intensified US-China trade sanctions, particularly on technology related sector and rising geopolitical tensions.

The latest China Purchasing Mangers' Index ("PMI") reading for March 2024 which was increased from 49.1 in February 2024 to 50.8, offered a fresh note of bullishness to the economic sectors of China. In tandem, with the improved business activities and recovery on consumers' consumption and confidence coupled with the recent announcement on various economic stimulus and easing monetary measures, the current weak property sector in China should be stabilising in the near future.

According to Mr. Wang Jianhua, Mysteel's chief analyst, China's apparent crude steel consumption is expected to recover by 2% or approximately 19 million tonnes to reach 962 million tonnes in 2024 as reported by South East Asia Iron and Steel Institute ("SEAISI") in its article on 19 December 2023.

In anticipation on the stabilisation of China's property market and the recovery of its apparent steel crude consumption in 2024, our domestic steel sector will be cushioned against any unexpected import surge of steel products.

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 impact. Under the largest-ever budget of RM393.80 billion for 2024, Prime Minister Datuk Sri Anwar Ibrahim allocated RM90 billion for development expenditure for 2024, which is RM6 billion increase compared to RM84 billion in 2023, will augur well for the entire infrastructure and construction sectors.

According to the Work Minister, the construction sector is expected to have a growth by between 5% and 6% in 2024, with an estimated project development value of RM180 billion. The growth will be spurred by 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, Penang Light Rail Transit, Baleh Hydroelectric Power Plant, Sarawak Water Supply Grid Programme, Large-Scale Solar 3 plants, upgrade of the Klang Valley Double Track (KDVT) Phase 2, East Coast Rail Link, Sabah-Sarawak Link Road, massive flood mitigation projects, LRT3 reinstatement and the 5G network rollout.

Furthermore, in line with the revival and launching of new rail and road network infrastructure coupled with the planned massive construction costs of all Data Centre projects along with semiconductor factories and industrial warehouse, Malaysia property and building markets will continue to improve in 2024. In particular, the total potential construction costs of all these commercial projects, just in Johor alone, will be exceeding RM26 billion over the next few years. The relaxation on the application conditions for the Malaysia My Second Home Scheme will also help to bolster the demand for high-end condominium properties. This improved outlook on Malaysia property and building sectors will bode well for the construction and building materials sectors.

Despite of the margin compression on the sales of steel product, Masteel was still able to achieve a commendable profitable performance in FYE2023 contributed by the upgraded and revamped Klang rolling mill and continuous casting machine facilities. In second half of 2023, the Company had decided to implement the latest state-of-the-art rolling mill in Bukit Raja plant which will enhance its rolling speed by 2.3 times. Upon commissioning of the Hi-Speed Bar project, the Bukit Raja rolling mill productivity and cost efficiency will be further improved. Besides improving the Company's financial performance, the above-mentioned technological packages 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.

On a positive note, we believe that construction sector outlook in FYE2024 is promising by virtue of multiple catalysts such as the rollout of various announced and ongoing mega projects, the Government's continuous efforts in promoting infrastructure development and the return of foreign direct investments leading to the construction of numerous data centre projects, semiconductor factories and industrial warehouses. Moving forward, the steel industry is expected to recover alongside with the improving performance of the construction and building sectors.

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 cutting edge steel melting and rolling mill facilities, the successful technological upgrades and revamping of its Klang rolling mill along with the continuous casting machine facilities.

MANAGEMENT DISCUSSION **AND ANALYSIS** (CONT'D)

FORWARD LOOKING STATEMENTS (CONT'D)

While on the local steel supply front, the Ministry of Investment, Trade and Industry ("MITI") acknowledged that the local iron and steel industry is facing various challenges. To address these challenges, the Government implemented two important strategies, one of which is a two-year moratorium (temporary suspension on all inquiries, assessments of current applications, new applications, licence transfers, expansions, regularisations and diversifications for manufacturing licence) to allow for reassessments to address the challenges faced by the local iron and steel industry. This moratorium gives respite for local industry players to coordinate and rebuild the industry in order to face future challenges, including global overcapacity and carbon emissions. The second strategy is to form a special committee which will be tasked to report to the ministry in six months on the implementation of all proposed counteractive and positive measures upon consultation with the local steel players. This strategy will eventually lead to the revival and revitalization of the local steel industry.

Masteel's subsidiary, MSX, is expected to continue its contribution to the Group's cost-saving initiatives by delivering its steel bars directly to Masteel's end customers' sites which will reduce its dependence on third party transporters.

In the radiopharmaceutical division, the quantity of radioisotopes to be sold in 2024 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 4,400 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. During the year under review, the Company continued to reach new heights by winning the Gold Award by The Edge in November 2023 and was awarded the highest award of 4 stars by Bursa Malaysia based on FTSE RUSSELL ESG standards in December 2023. The above reaffirmation of the Company as Malaysia's most sustainable ultra-low GHG emissions integrated steel mill 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 the Hi-Speed bar rolling technology package at its Bukit Raja steel plant in 2024 via the elimination on the consumption of liquefied natural gas ("LNG") as a consequence on the reduction of steel bar production at Petaling Jaya rolling mill plant significantly with the ultimate aim of shutting it down entirely.

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 & International Sustainability Standards Board 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 5.4 (Step Up) - Policy which limits the tenure of independent directors to nine (9) years;
- 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 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 on 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 Risk Management Committee 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.

During the year, the Board undertook a review on the Board Charter, Terms of Reference of Board Committees and policies 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.

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

I Board Responsibilities (Cont'd)

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 2023. The attendance of each Director at the Board meetings held during the FYE 31 December 2023 is as follows:-

Name of Directors	Number of Attendance Achieved	Percentage (%)
Dato' Ikhwan Salim Bin Dato' Haji Sujak *- Independent Non-Executive Chairman* *(Resigned on 28 February 2024)*	5/5	100
Datuk Syed Mohamed Bin Syed Ibrahim *- Independent Non-Executive Chairman* *(Appointed on 1 March 2024)*	–	–
Dato' Sri Tai Hean Leng @ Tek Hean Leng *- Deputy Chairman cum Managing Director/Chief Executive Officer*	5/5	100
Mr. Lau Yoke Leong *- Executive Director/Chief Financial Offer ("CFO")*	5/5	100
Mr. Ong Teng Chun *- Executive Director*	5/5	100
Ms. Ng Siew Peng *- Executive Director*	5/5	100
Mr. Roy Thean Chong Yew *- Independent Non-Executive Director*	5/5	100
Puan Zueraini Binti Ahmad Basri *- Independent Non-Executive Director*	5/5	100
Puan Rosdelima Binti Mohd Ali Jaafar *- Independent Non-Executive Director* *(Appointed on 1 March 2024)*	–	–
Encik Wan Mohd Firdaus Bin Wan Mohd Fuaad *- Independent Non-Executive Director* *(Appointed on 1 June 2023 and resigned on 28 February 2024)*	2/2	100
Mr. Ng Wah Lok *- Senior Independent Non-Executive Director* *(Resigned on 31 May 2023)*	3/3	100
Encik Muhammad Hanizam Bin Hj. Borhan *- Independent Non-Executive Director* *(Retired on 31 May 2023)*	3/3	100

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

I Board Responsibilities (Cont'd)

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.

Following the resignation of Dato' Ikhwan Salim Bin Dato' Haji Sujak as Independent Non-Executive Chairman of the Company on 28 February 2024, Datuk Syed Mohamed Bin Syed Ibrahim, the newly appointed director has assumed the role of Independent Non-Executive Chairman effective 1 March 2024.

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, Datuk Syed Mohamed Bin Syed Ibrahim 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.

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 is also sit 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 is mindful and aware of the importance of business sustainability, and takes into consideration the impact on the environmental, social and governance ("ESG") aspects in conducting the Group's businesses. The Group also embraces sustainability in its operations. The Group continuously and constantly monitors the targets and performances of the ESG and if necessary, communicates to all the stakeholders of the Group. The Board has adopted a Sustainability Policy which sets out guidelines for the Group's sustainability initiatives, implementation and integration into our overall business operations. The Sustainability Policy is available on the Company's website at www.masteel.com.my.

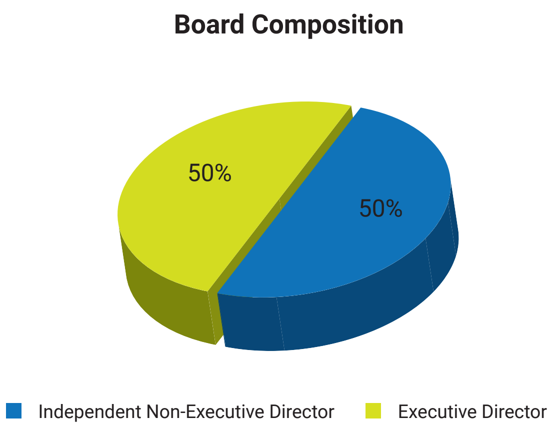
The detailed disclosures on the sustainability practices and performance of the Group are set out in the stand-alone Sustainability and Task Force on Climate-Related Financial Disclosure & International Sustainability Standards Board Report.

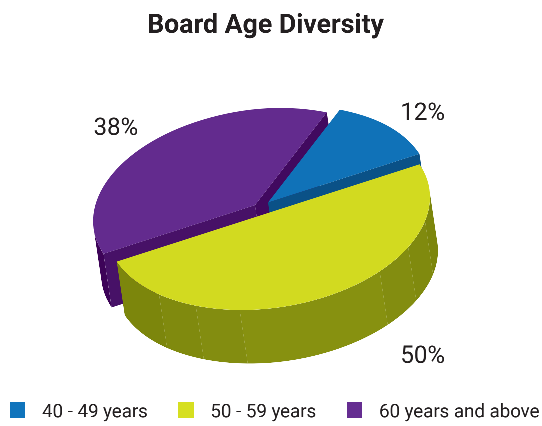
The Board has access to the advice and services of the Company Secretaries. The Company Secretaries of the Company are qualified to act as Company Secretaries under the Companies Act 2016 and are Fellow members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). The Company 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.

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

II Board Composition





The Board currently has eight (8) members, comprising four (4) Executive Directors and four (4) 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, with the recommendation of the NC and having reviewed the profile of Puan Rosdelima Binti Mohd Ali Jaafar, appointed Puan Rosdelima Binti Mohd Ali Jaafar as Independent Non-Executive Director on 1 March 2024. Hence, there are currently three (3) female directors on Board who accounts for 37.5% of the total Board members.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT
(CONT'D)

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

III NC

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

Name	Designation
Puan Zueraini Binti Ahmad Basri [1]	Chairperson
Mr. Roy Thean Chong Yew	Member
Puan Rosdelima Binti Mohd Ali Jaafar [2]	Member
Encik Muhammad Hanizam Bin Hj. Borhan [3]	Chairman
Mr. Ng Wah Lok [4]	Member
Encik Wan Mohd Firdaus Bin Wan Mohd Fuaad [5]	Member

[1] Appointed on 1 June 2023
[2] Appointed on 1 March 2024
[3] Retired on 31 May 2023
[4] Resigned on 31 May 2023
[5] Appointed on 1 June 2023 and resigned on 28 February 2024

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.

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

III NC (Cont'd)

The Chairperson of the NC, Puan Zueraini Binti Ahmad Basri is an Independent Non-Executive Director. During the FYE 31 December 2023, 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 2023:-

- 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, assessed and recommended the appointment of Encik Wan Mohd Firdaus Bin Wan Mohd Fuaad as the Independent Non-Executive Director of the Company.

- Reviewed and discussed the proposed changes to the Board Committees namely NC, RC, RMC and AC.

- 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 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.

- Reviewed and proposed the revised Terms of Reference of NC and Directors' Fit and Proper Policy for approval.

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 2023, amongst others, the following:-

Name of Directors	Programmes Attended
Dato' Ikhwan Salim Bin Dato' Haji Sujak *(Resigned on 28 February 2024)*	• Cybersecurity - A Boardroom Agenda
Dato' Sri Tai Hean Leng @ Tek Hean Leng	• Board's At-A-Glance – Bursa Malaysia's Enhanced Sustainability Reporting Framework
Mr. Lau Yoke Leong	• ESG the Ways Forward • Charting the Path: Navigating the Masteel ESG Journey • Contract & Procurement Fraud - Internal Controls, Third Party Due Diligence and Reporting Mechanism • MAP Part II : Leading for Impact
Mr. Ong Teng Chun	• ESG the Ways Forward • Charting the Path: Navigating the Masteel ESG Journey
Ms. Ng Siew Peng	• Fostering Confidence in the Voluntary Carbon Market in 2023 • TM webinar on Why ESG: A Governance Perspective • Resolving Boardroom and Shareholders Dispute • Webinar Series: ESG and Sustainability Reporting • Digital4ESG Forum: Exploring the Intersection of Digitalisation and ESG • MAP Part II: Leading for Impact • ESG the Ways Forward
Mr. Roy Thean Chong Yew	• Bursa Malaysia Immersive Session - The Board "Agender" • Rise of the Chatbots : Artificial Intelligence and the Future of Accounting • MIA International Accountants Conference 2023 • MAP Part II: Leading for Impact • ESG Brief - Sustainability Reporting Awareness & Development 2023 • Russell Bedford Malaysia's 2024 Budget Seminar
Encik Wan Mohd Firdaus Bin Wan Mohd Fuaad *(Appointed on 1 June 2023 and resigned on 28 February 2024)*	• Market Outlook - Propelling Malaysia Forward Sarawak Series 2023 • AHIBB State of the Nation - Spotlight on Johor Market Outlook
Puan Zueraini Binti Ahmad Basri	• MAP Part II: Leading for Impact
Datuk Syed Mohamed Bin Syed Ibrahim *(Appointed on 1 March 2024)*	• N/A
Puan Rosdelima Binti Mohd Ali Jaafar *(Appointed on 1 March 2024)*	• N/A

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

The Board has adopted a Directors' Fit and Proper Policy on 26 May 2022 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, Datuk Syed Mohamed Bin Syed Ibrahim and Puan Rosdelima Binti Mohd Ali Jaafar were appointed as Independent Non-Executive Chairman and Independent Non-Executive Director of the Company respectively effective 1 March 2024. In proposing their appointment, the NC has considered and evaluated their skills, knowledge, expertise, time commitment and diversity before recommending to the Board for approval.

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 satisfied with the performance of the following Directors who are subject to retirement pursuant to the Company's Constitution at the forthcoming AGM:-

(i) Mr. Roy Thean Chong Yew - Clause 96;
(ii) Ms. Ng Siew Peng - Clause 96;
(iii) Datuk Syed Mohamed Bin Syed Ibrahim - Clause 103; and
(iv) Puan Rosdelima Binti Mohd Ali Jaafar - Clause 103.

All the aforesaid Directors have expressed their intention to seek for re-election at 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.

Currently, none of the Independent Directors of the Company have served beyond a cumulative term of nine (9) years.

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.

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

Name	Designation
Puan Rosdelima Binti Mohd Ali Jaafar [1]	Chairperson
Mr. Roy Thean Chong Yew	Member
Puan Zueraini Binti Ahmad Basri [2]	Member
Encik Muhammad Hanizam Bin Hj. Borhan [3]	Chairman
Encik Wan Mohd Firdaus Bin Wan Mohd Fuaad [4]	Chairman
Mr. Ng Wah Lok [5]	Member

1 Appointed on 1 March 2024
2 Appointed on 1 June 2023
3 Retired on 31 May 2023
4 Appointed on 1 June 2023 and resigned on 28 February 2024
5 Resigned on 31 May 2023

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

IV Remuneration (Cont'd)

During the financial year 2023, 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 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.

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 2023.

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
Puan Zueraini Binti Ahmad Basri [1]	Member
Puan Rosdelima Binti Mohd Ali Jaafar [2]	Member
Mr. Ng Wah Lok [3]	Member
Encik Muhammad Hanizam Bin Hj. Borhan [4]	Member
Encik Wan Mohd Firdaus Bin Wan Mohd Fuaad [5]	Member

[1] Appointed on 1 June 2023
[2] Appointed on 1 March 2024
[3] Resigned on 31 May 2023
[4] Retired on 31 May 2023
[5] Appointed on 1 June 2023 and resigned on 28 February 2024

CORPORATE GOVERNANCE **OVERVIEW STATEMENT** (CONT'D)

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

I Audit Committee (Cont'd)

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 2023 are set out on pages 39 to 42 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 2023 without the presence of the Management (i.e. 5 April 2023 and 27 November 2023 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.

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
Puan Zueraini Binti Ahmad Basri [1]	Chairperson
Mr. Ong Teng Chun	Member
Puan Rosdelima Binti Mohd Ali Jaafar [2]	Member
Mr. Ng Wah Lok [3]	Chairman
Encik Muhammad Hanizam Bin Hj. Borhan [4]	Member
Encik Wan Mohd Firdaus Bin Wan Mohd Fuaad [5]	Member

[1] Appointed on 1 June 2023
[2] Appointed on 1 March 2024
[3] Resigned on 31 May 2023
[4] Retired on 31 May 2023
[5] Appointed on 1 June 2023 and resigned on 28 February 2024

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

II Risk Management and Internal Control Framework (Cont'd)

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 has been adopted.

The details of the Company's risk management and internal control framework are set out on pages 43 to 46 of the Statement on Risk Management and Internal Control of this Annual Report.

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.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

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.

Masteel has conducted its Fifty-First ("51st") AGM on a fully virtual basis through live streaming and online remote voting using the Remote Participation and Voting ("RPV") facilities on 31 May 2023. This is so provided by the Constitution of the Company which allows for General Meetings to be held using any technology or electronic means. 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.

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 51st 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.

Further, in line with the recommendation of MCCG, 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 51st 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 ("ESG") 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 2023.

This Statement is made in accordance with a resolution of the Board dated 5 April 2024.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

There was no corporate proposal during the financial year ended 31 December 2023.

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 2023.

DIRECTORS' RESPONSIBILITY **STATEMENT**

The Directors are responsible for ensuring the financial statements for each financial year are drawn up in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting and the requirements of the Companies Act 2016 in Malaysia and to give a true and fair view of the state of affairs, the financial results and cash flows of the Group and the Company.

In preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2023, the Directors have:-

- adopted the appropriate accounting policies and applied them consistently;
- made reasonable and prudent judgment and estimates;
- considered the relevant and applicable approved accounting standards in Malaysia; and
- prepare the financial statements on a going concern basis.

The Directors have 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
Puan Zueraini binti Ahmad Basri *(appointed on 1 June 2023)*	Member	Independent Non-Executive Director
Puan Rosdelima binti Mohd Ali Jaafar* *(appointed on 1 March 2024)*	Member	Independent Non-Executive Director
Mr Ng Wah Lok *(resigned on 31 May 2023)*	Member	Senior Independent Non-Executive Director
Encik Muhammad Hanizam bin Hj. Borhan* *(retired on 31 May 2023)*	Member	Independent Non-Executive Director
Encik Wan Mohd Firdaus bin Wan Mohd Fuaad *(appointed on 1 June 2023 and resigned on 28 February 2024)*	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/Investor Relations/Audit Committee.

AUDIT COMMITTEE **REPORT** (CONT'D)

MEMBERS (CONT'D)

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
Puan Zueraini binti Ahmad Basri *(appointed on 1 June 2023)*	2/2
Puan Rosdelima binti Mohd Ali Jaafar *(appointed on 1 March 2024)*	–
Mr Ng Wah Lok *(resigned on 31 May 2023)*	3/3
Encik Muhammad Hanizam bin Hj. Borhan *(retired on 31 May 2023)*	3/3
Encik Wan Mohd Firdaus bin Wan Mohd Fuaad *(appointed on 1 June 2023 and resigned on 28 February 2024)*	2/2

SUMMARY OF AC WORKS

The AC carried out main works during the FYE 31 December 2023 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 25 May 2023, 28 August 2023, 27 November 2023 and 28 February 2024 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 2022 at the AC meeting held on 5 April 2023 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.

SUMMARY OF AC WORKS (CONT'D)

The AC carried out main works during the FYE 31 December 2023 in discharging its duties and responsibilities in accordance with its terms of reference which are as follows:- (Cont'd)

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 2022.

- Reviewed and discussed with the EA of the Group on their Audit Status Memorandum for the Group for the FYE 31 December 2022 and Audit Planning Memorandum for the FYE 31 December 2023.

- Held two (2) private meetings with the EA without the presence of the Executive Directors and Management on 5 April 2023 and 27 November 2023 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 2023 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, independence, audit fees and to approve non-audit services.

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.

Conflict of Interest / Potential Conflict of Interest

- In conjunction with the amendments to Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the AC reviewed the Conflict of Interest Policy and recommended it to the Board for approval. The Conflict of Interest Policy was adopted by the Board on 27 November 2023.

- Reviewed any conflict of interest / potential conflict of interest that may arise within the Group on quarterly basis, including any transaction, procedure or course of conduct that raises question of management integrity.

AUDIT COMMITTEE **REPORT** (CONT'D)

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:-

a) Executed internal control reviews in accordance with the approved risk based internal audit plan. The business processes reviewed are as follows:-

- Review on credit control procedures to customers
- Review on ESG information/data is consistent with the published Sustainability Report
- Review on loan repayment and interest charged
- Review on sales of steel bar pricing and tonnage
- Review of raw material purchases pricing
- Review on the implementation of Adequate Procedures that complied to S17A MACC Act
- Review on the transportation charges by the suppliers
- Review on the outsources service charged by the suppliers
- Review on the foreign worker accommodation compliance to the Employees' Minimum Standards of Housing Accommodations and Amenities Act 1990

b) 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 2023 amounted to RM362,418.

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 43 to 46 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 2023, 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 ESG: Environment, ESG: Social, ESG: Governance Risk Management, ESG: Tax & Corporate Governance and ESG: Anti-Bribery & Anti-Corruption, 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, environmental, social and governance 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;
- to maintain the Register of Gifts, Entertainment, Hospitality, Travel, Donation and Sponsorship ("GEHTDS"); 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 Risk Management Committee takes a proactive stance on evolving risks, with such risks to be identified, assessed and mitigative actions to taken/implemented.

Recognising the 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, the main components of sustainability since year 2022 as follows:-

- ESG: Environment – The Company has clear policy and commitment statement to address climate change impact including CO2/GHG emissions.

- 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 recent 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 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 of reviewed were Finance, Information Technology ('IT'), Human Resource Management and Sales and Marketing.

The review of the Finance were focus in the areas of reporting, fixed assets management and billing.

As for the IT reviewed, in view of the inherent IT risks, the Company had engaged an external IT Consultant and implemented IT Cybersecurity Monitoring System to protect the Company's system against malwares/threats and to ensure that the likelihood occurrence is rare.

Reviews were also undertaken on the Human Resource Management on work permit renewals and noted that all are in order and up to-date.

In Sales and Marketing reviewed, a more comprehensive potential risk identification and understanding of risk will be undertaken such as fraudulent customers, wider customer base, amongst others.

Based on the above reviews, the risk rating remained as "medium". On an overall basis, there were no negative impact on the robustness and effectiveness of the risk controls in these areas reviewed during the year.

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 has conducted a total of nine (9) internal control reviews on business operating procedures in credit control, logistic cost, outsource services cost, scrap procurement, borrowing cost and repayment, sales revenue, governance on ESG and compliance to the regulatory Act. 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 BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Main Market Listing Requirement of the Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement. The External Auditors have performed limited assurance procedures on this Statement in accordance with Malaysian Approved Standard on Assurance Engagements ISAE 3000 (Revised), Assurance Engagement Other Than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3 ("AAPG 3") - Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control Included in the Annual Report as issued by the Malaysia Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

The External Auditors reported to the Board that nothing has come to their attention that caused them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

This statement is made in accordance with a resolution of the Board dated 5 April 2024.

FINANCIAL
Statements

page. 48 Directors' Report

page. 54 Statements of Financial Position

page. 56 Statements of Profit or Loss and Other Comprehensive Income

page. 57 Statements of Changes in Equity

page. 59 Statements of Cash Flows

page. 62 Notes to the Financial Statements

page. 117 Statement by Directors

page. 118 Statutory Declaration

page. 119 Independent Auditors' Report

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 2023.

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 8 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year	2,404	791

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 27 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.

WARRANT (CONT'D)

The number of unexercised warrants are as follows:

At 1 January/ 31 December	226,369,915

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' Sri Tai Hean Leng @ Tek Hean Leng	
Lau Yoke Leong	
Roy Thean Chong Yew	
Ong Teng Chun	
Ng Siew Peng	
Zueraini Binti Ahmad Basri	
Datuk Syed Mohamed Bin Syed Ibrahim	(Appointed on 1 March 2024)
Rosdelima Binti Mohd Ali Jaafar	(Appointed on 1 March 2024)
Wan Mohd Firdaus Bin Wan Mohd Fuaad	(Appointed on 1 June 2023 and resigned on 28 February 2024)
Muhammad Hanizam Bin Hj. Borhan	(Retired on 31 May 2023)
Ng Wah Lok	(Resigned on 31 May 2023)
Dato' Ikhwan Salim Bin Dato' Haji Sujak	(Resigned on 28 February 2024)

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 2023 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 were as follows:

	Number of ordinary shares			
	Balance as at 1.1.2023	**Addition**	**(Disposed)**	**Balance as at 31.12.2023**
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 1.1.2023	**Addition**	**(Disposed)**	**Balance as at 31.12.2023**
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	3,012	3,012
Fees	80	80
Allowances	38	38
	3,130	3,130
Non-executive:		
Fees	97	97
Allowances	369	369
	466	466
Total executive directors' remuneration	3,130	3,130
Total non-executive directors' remuneration	466	466
Grand total	3,596	3,596

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 8 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.

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:

DATUK SYED MOHAMED BIN SYED IBRAHIM

DATO' SRI TAI HEAN LENG @ TEK HEAN LENG

Kuala Lumpur

5 April 2024

STATEMENTS OF **FINANCIAL POSITION**

AS AT 31 DECEMBER 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	6	**801,203**	807,248	**801,203**	806,939
Right-of-use assets	7	**17,115**	18,030	**16,351**	17,182
Investment in subsidiaries	8	**–**	–	**500**	500
Investment in associate	9	**10,968**	7,368	**9,708**	7,358
		829,286	832,646	**827,762**	831,979
Current assets					
Inventories	10	**791,066**	714,429	**791,066**	714,429
Trade and other receivables	11	**288,006**	193,098	**289,079**	194,093
Tax recoverable		**609**	445	**609**	445
Fixed deposits with licensed banks	12	**20,569**	24,830	**20,569**	24,830
Cash and bank balances		**33,797**	38,008	**33,447**	37,660
		1,134,047	970,810	**1,134,770**	971,457
TOTAL ASSETS		**1,963,333**	1,803,456	**1,962,532**	1,803,436

STATEMENTS OF FINANCIAL POSITION
(CONT'D)

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 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)**	(587)	**(587)**	(587)
Warrant reserves	15	**32,824**	32,824	**32,824**	32,824
Retained earnings	16	**426,825**	424,421	**422,220**	421,429
TOTAL EQUITY		**865,359**	862,955	**860,754**	859,963
LIABILITIES					
Non-current liabilities					
Lease liabilities	17	**1,646**	3,337	**1,157**	2,910
Borrowings	18	**67,860**	87,142	**67,860**	87,142
Deferred tax liabilities	19	**8,040**	3,936	**7,926**	3,792
		77,546	94,415	**76,943**	93,844
Current liabilities					
Trade and other payables	20	**589,183**	458,247	**593,800**	462,096
Tax payable		**38**	17	**–**	–
Lease liabilities	17	**2,116**	3,522	**1,944**	3,233
Borrowings	18	**429,091**	384,300	**429,091**	384,300
		1,020,428	846,086	**1,024,835**	849,629
TOTAL LIABILITIES		**1,097,974**	940,501	**1,101,778**	943,473
TOTAL EQUITY AND LIABILITIES		**1,963,333**	1,803,456	**1,962,532**	1,803,436

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 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
REVENUE	21	**2,012,889**	1,778,289	**2,012,889**	1,778,289
COST OF SALES		**(1,923,920)**	(1,662,574)	**(1,925,145)**	(1,663,906)
GROSS PROFIT		**88,969**	115,715	**87,744**	114,383
OTHER OPERATING INCOME		**2,933**	5,363	**2,803**	5,309
DISTRIBUTION COSTS		**(28,204)**	(24,624)	**(28,203)**	(24,624)
ADMINISTRATIVE EXPENSES		**(32,888)**	(50,838)	**(29,827)**	(49,371)
PROFIT FROM OPERATIONS	22	**30,810**	45,616	**32,517**	45,697
FINANCE COSTS	25	**(27,586)**	(20,624)	**(27,548)**	(20,582)
SHARE OF RESULTS OF ASSOCIATE		**3,600**	929	**–**	–
PROFIT BEFORE TAXATION		**6,824**	25,921	**4,969**	25,115
TAXATION	26	**(4,420)**	(6,850)	**(4,178)**	(6,586)
NET PROFIT/TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**2,404**	19,071	**791**	18,529
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
OWNERS OF THE COMPANY		**2,404**	19,071	**791**	18,529

		Sen	Sen
Earnings per share (sen):- - Basic	28	**0.35**	2.82
- Diluted	28	**0.35**	2.39

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

STATEMENTS OF
CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	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 2023		**329,648**	**(587)**	**76,649**	**32,824**	**424,421**	**862,955**
Net profit/total comprehensive income for the year		**–**	**–**	**–**	**–**	**2,404**	**2,404**
At 31 December 2023		**329,648**	**(587)**	**76,649**	**32,824**	**426,825**	**865,359**
At 1 January 2022		329,648	(99)	76,649	32,824	405,350	844,372
Net profit/total comprehensive income for the year		–	–	–	–	19,071	19,071
		329,648	(99)	76,649	32,824	424,421	863,443
Transactions with owners:							
Share buy-back	14	–	(488)	–	–	–	(488)
At 31 December 2022		329,648	(587)	76,649	32,824	424,421	862,955

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 2023		**329,648**	**(587)**	**76,649**	**32,824**	**421,429**	**859,963**
Net profit/total comprehensive income for the year		**–**	**–**	**–**	**–**	**791**	**791**
At 31 December 2023		**329,648**	**(587)**	**76,649**	**32,824**	**422,220**	**860,754**
At 1 January 2022		329,648	(99)	76,649	32,824	402,900	841,922
Net profit/total comprehensive income for the year		–	–	–	–	18,529	18,529
		329,648	(99)	76,649	32,824	421,429	860,451
Transactions with owners:							
Share buy-back	14	–	(488)	–	–	–	(488)
At 31 December 2022		329,648	(587)	76,649	32,824	421,429	859,963

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

STATEMENTS OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	**6,824**	25,921	**4,969**	25,115
Adjustments for:				
Depreciation of property, plant and equipment	**32,739**	30,804	**32,613**	30,698
Depreciation of right-of-use assets	**1,473**	1,638	**1,107**	1,013
Property, plant and equipment write off	**183**	–	**–**	–
Gain on disposal of right-of-use assets	**(130)**	(307)	**–**	(253)
Reversal of impairment loss on investment in associate	**–**	–	**(2,350)**	(929)
Impairment loss on inventories	**–**	1,599	**–**	1,599
Impairment on inventories - reversal	**(2,996)**	–	**(2,996)**	–
Interest expense	**27,586**	20,624	**27,548**	20,582
Interest income	**(680)**	(384)	**(680)**	(384)
Net unrealised foreign exchange loss/(gain)	**2,094**	(4,395)	**2,094**	(4,395)
Share of results of associate	**(3,600)**	(929)	**–**	–
Operating profit before working capital changes	**63,493**	74,571	**62,305**	73,046
Increase in inventories	**(73,641)**	(63,469)	**(73,641)**	(63,469)
(Increase)/Decrease in receivables	**(94,908)**	29,496	**(94,986)**	29,622
Increase in payables	**128,842**	16,947	**129,610**	17,221
Decrease in trade deposits	**–**	(42,497)	**–**	(42,497)
Cash generated from operations	**23,786**	15,048	**23,288**	13,923
Interest paid	**(27,224)**	(20,054)	**(27,224)**	(20,054)
Tax paid	**(459)**	(508)	**(208)**	(268)
Net cash used in operating activities	**(3,897)**	(5,514)	**(4,144)**	(6,399)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	**680**	384	**680**	384
Placement of fixed deposit pledged to a licensed bank	**–**	(5,000)	**–**	(5,000)
Proceeds from disposal of property, plant and equipment	**136**	283	**–**	253
Purchase of property, plant and equipment	**(26,877)**	(74,701)	**(26,877)**	(74,701)
Purchase of right-of-use assets (Note 27)	**(115)**	(354)	**(86)**	(294)
Withdrawal/(placement) of fixed deposits with maturity period more than three months	**4,261**	(19,830)	**4,261**	(19,830)
Net cash used in investing activities	**(21,915)**	(99,218)	**(22,022)**	(99,188)

STATEMENTS OF CASH FLOWS (CONT'D)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Bills payable	**80,383**	27,163	**80,383**	27,163
Repayment of revolving credit	**(25,000)**	–	**(25,000)**	–
Drawndown of revolving credit	**5,000**	25,000	**5,000**	25,000
Repayment of lease liabilities	**(3,546)**	(3,780)	**(3,232)**	(2,985)
Drawdown of term loans	**20,000**	75,000	**20,000**	75,000
Repayment of term loans	**(54,856)**	(40,000)	**(54,856)**	(40,000)
Payment of finance lease interest	**(362)**	(570)	**(324)**	(528)
Share buy-back (Note 14)	**–**	(488)	**–**	(488)
Net cash generated from financing activities	**21,619**	82,325	**21,971**	83,162
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(4,193)**	(22,407)	**(4,195)**	(22,425)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	**34,547**	56,954	**34,199**	56,624
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	**30,354**	34,547	**30,004**	34,199

NOTES TO THE STATEMENTS OF CASH FLOWS

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Fixed deposits with licensed banks	**20,569**	24,830	**20,569**	24,830
Less: Fixed deposits with maturity period more than three months	**(15,569)**	(19,830)	**(15,569)**	(19,830)
Less: Fixed deposit pledged to a licensed bank	**(5,000)**	(5,000)	**(5,000)**	(5,000)
	–	–	**–**	–
Cash at banks	**33,485**	37,849	**33,149**	37,501
Cash at banks (USD)	**272**	133	**272**	133
Cash in hand	**40**	26	**26**	26
	33,797	38,008	**33,447**	37,660
Bank overdrafts	**(3,443)**	(3,461)	**(3,443)**	(3,461)
	30,354	34,547	**30,004**	34,199

STATEMENTS OF
CASH FLOWS
(CONT'D)

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

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
(b) Cash outflows for leases as a lessee				
Included in net cash from operating activities:				
Payment relating to short-term leases	**5,169**	6,452	**5,169**	6,452
Payment relating to leases of low-value assets	**620**	368	**620**	368
Interest paid in relation to lease liabilities	**362**	570	**324**	528
Included in net cash from financing activities:				
Payment of lease liabilities	**3,546**	3,780	**3,232**	2,985
Total cash outflows for leases	**9,697**	11,170	**9,345**	10,333
(c) Reconciliation of liabilities arising from financing activities:				
Balance at 1 January				
Lease liabilities	**6,859**	9,147	**6,143**	8,161
Loans and borrowings	**471,442**	380,882	**471,442**	380,882
	478,301	390,029	**477,585**	389,043
Repayment of finance lease liabilities	**(3,546)**	(3,780)	**(3,232)**	(2,985)
Outflows of repayment	**(54,856)**	(40,000)	**(54,856)**	(40,000)
Addition of lease liabilities (Note 27)	**449**	1,492	**190**	967
Inflows from new debts	**80,365**	130,560	**80,365**	130,560
Balance at 31 December				
Lease liabilities	**3,762**	6,859	**3,101**	6,143
Loans and borrowings	**496,951**	471,442	**496,951**	471,442
	500,713	478,301	**500,052**	477,585

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

NOTES TO THE
FINANCIAL STATEMENTS
- 31 DECEMBER 2023

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 8 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. MATERIAL 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.

3. MATERIAL 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. MATERIAL 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.

3. MATERIAL 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. MATERIAL 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.

3. MATERIAL 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. MATERIAL 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.

3. MATERIAL 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. MATERIAL 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

A gain or loss on financial asset that is measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when financial asset is derecognised, reclassified out of amortised cost measurement category and into fair value through profit or loss measurement category, through amortisation process or in order to recognise impairment gain or loss.

A gain or loss on financial liabilities that is measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the financial liability is derecognised and through amortisation process.

3. MATERIAL 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, 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. MATERIAL 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.

3. MATERIAL 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. MATERIAL 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.

3. MATERIAL 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. MATERIAL 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.

4. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS

4.1 New MFRS and amendments to MFRSs adopted

For the preparation of the financial statements, the following new MFRS and amendments to the MFRSs issued by the MASB are mandatory for the first time for the financial year 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 and International Tax Reform – Pillar Two Model Rules*

The amendments to MFRS 101 - *Presentation of Financial Statements* and MFRS Practice Statement 2 – *Disclosure of Accounting Policies* require the disclosure of 'material', rather than 'significant', accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments also clarified that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments did not result in any changes to the Group's and the Company's accounting policies. The previous term, "significant accounting policies" used throughout the financial statements has been replaced with "material accounting policies".

The adoption of the other amendments to MFRSs has no significant impact on the financial statements of the Group and 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 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 2024

- Amendments to MFRS 16 *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* and *Non-current Liabilities with Covenants*
- Amendments to MFRS 107 *Statement of Cash Flows* and MFRS 7 *Financial Instruments: Disclosures – Supplier Finance Arrangements*

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS (CONT'D)

4.2 Amendments to MFRSs not yet effective (Cont'd)

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 the Company's financial statements but have not been adopted by the Group and the Company: (Cont'd)

Amendments to MFRSs effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121 *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

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.

The initial application of amendments to MFRSs is not expected to have any significant impact on the financial statements of the Group and the Company.

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).

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(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.

(c) 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.

(d) 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).

NOTES TO THE
FINANCIAL STATEMENTS
(CONT'D)

6. PROPERTY, PLANT AND EQUIPMENT

	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
Group								
Carrying amount								
At 1 January 2023	108	134,597	45,049	626,494	352	648	–	807,248
Additions	–	–	566	6,135	–	226	19,950	26,877
Write off	–	–	–	(178)	–	(5)	–	(183)
Depreciation charge	–	(1,810)	(1,490)	(29,061)	(135)	(243)	–	(32,739)
At 31 December 2023	108	132,787	44,125	603,390	217	626	19,950	801,203
At 31 December 2023								
Cost/ Revaluation	108	140,480	77,096	1,068,271	4,516	5,230	19,950	1,315,651
Accumulated depreciation	–	(7,693)	(32,971)	(464,881)	(4,299)	(4,604)	–	(514,448)
Carrying amount	108	132,787	44,125	603,390	217	626	19,950	801,203

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

	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
Company								
Carrying amount								
At 1 January 2023	108	134,597	45,049	626,221	322	642	–	806,939
Additions	–	–	566	6,135	–	226	19,950	26,877
Depreciation charge	–	(1,810)	(1,490)	(28,966)	(105)	(242)	–	(32,613)
At 31 December 2023	108	132,787	44,125	603,390	217	626	19,950	801,203
At 31 December 2023								
Cost/ Revaluation	108	140,480	77,096	1,068,271	2,796	5,230	19,950	1,313,931
Accumulated depreciation	–	(7,693)	(32,971)	(464,881)	(2,579)	(4,604)	–	(512,728)
Carrying amount	108	132,787	44,125	603,390	217	626	19,950	801,203

NOTES TO THE
FINANCIAL STATEMENTS
(CONT'D)

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

	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
Group								
Carrying amount								
At 1 January 2022	108	136,407	45,812	552,617	432	643	27,297	763,316
Additions	–	–	763	73,426	–	249	263	74,701
Reclassification	–	–	263	27,297	–	–	(27,560)	–
Depreciation charge	–	(1,810)	(1,789)	(26,846)	(115)	(244)	–	(30,804)
Transferred from right-of-use assets	–	–	–	–	35	–	–	35
At 31 December 2022	108	134,597	45,049	626,494	352	648	–	807,248
At 31 December 2022								
Cost/ Revaluation	108	140,480	76,530	1,062,629	2,863	5,010	–	1,287,620
Accumulated depreciation	–	(5,883)	(31,481)	(436,135)	(2,511)	(4,362)	–	(480,372)
Carrying amount	108	134,597	45,049	626,494	352	648	–	807,248

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

	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
Company								
Carrying amount								
At 1 January 2022	108	136,407	45,812	552,245	432	635	27,297	762,936
Additions	–	–	763	73,426	–	249	263	74,701
Reclassification	–	–	263	27,297	–	–	(27,560)	–
Depreciation charge	–	(1,810)	(1,789)	(26,747)	(110)	(242)	–	(30,698)
At 31 December 2022	108	134,597	45,049	626,221	322	642	–	806,939
At 31 December 2022								
Cost/ Revaluation	108	140,480	76,530	1,062,135	2,519	5,000	–	1,286,772
Accumulated depreciation	–	(5,883)	(31,481)	(435,914)	(2,197)	(4,358)	–	(479,833)
Carrying amount	108	134,597	45,049	626,221	322	642	–	806,939

NOTES TO THE **FINANCIAL STATEMENTS** (CONT'D)

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

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

	Group and Company 2023 RM'000	2022 RM'000
Leasehold land and buildings	**175,909**	178,622
Plant and machinery	**612,714**	613,556
	788,623	792,178

(b) The leasehold land of the Group and of the Company have unexpired periods of lease of 44 to 88 years (2022: 45 to 89 years).

(c) 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 2023 RM'000	2022 RM'000
Freehold land	**65**	65
Leasehold land	**60,277**	61,124
	60,342	61,189

7. RIGHT-OF-USE ASSETS

	Plant and machinery RM'000	Motor vehicles RM'000	Total RM'000
Group			
Cost			
At 1 January 2022	16,702	5,317	22,019
Additions	–	1,846	1,846
Disposal	–	(344)	(344)
Transferred to property, plant and equipment	–	(620)	(620)
At 31 December 2022/1 January 2023	**16,702**	**6,199**	**22,901**
Additions	**–**	**564**	**564**
Disposal	**–**	**(344)**	**(344)**
Transferred to property, plant and equipment	**–**	**(1,994)**	**(1,994)**
At 31 December 2023	**16,702**	**4,425**	**21,127**
Accumulated depreciation			
At 1 January 2022	1,127	2,988	4,115
Charge for the year	501	1,137	1,638
Disposal	–	(297)	(297)
Transferred to property, plant and equipment	–	(585)	(585)
At 31 December 2022/1 January 2023	**1,628**	**3,243**	**4,871**
Charge for the year	**501**	**972**	**1,473**
Disposal	**–**	**(338)**	**(338)**
Transferred to property, plant and equipment	**–**	**(1,994)**	**(1,994)**
At 31 December 2023	**2,129**	**1,883**	**4,012**
Net carrying amount			
As at 1 January 2022	15,575	2,329	17,904
As at 31 December 2022	15,074	2,956	18,030
As at 31 December 2023	**14,573**	**2,542**	**17,115**

NOTES TO THE
FINANCIAL STATEMENTS
(CONT'D)

7. RIGHT-OF-USE ASSETS (CONT'D)

	Plant and machinery RM'000	Motor vehicles RM'000	Total RM'000
Company			
Cost			
At 1 January 2022	16,702	2,179	18,881
Additions	–	1,261	1,261
Transferred to property, plant and equipment	–	(276)	(276)
At 31 December 2022/1 January 2023	**16,702**	**3,164**	**19,866**
Additions	**–**	**276**	**276**
Transferred to property, plant and equipment	**–**	**(274)**	**(274)**
At 31 December 2023	**16,702**	**3,166**	**19,868**
Accumulated depreciation			
At 1 January 2022	1,127	820	1,947
Charge for the year	501	512	1,013
Transferred to property, plant and equipment	–	(276)	(276)
At 31 December 2022/1 January 2023	**1,628**	**1,056**	**2,684**
Charge for the year	**501**	**606**	**1,107**
Transferred to property, plant and equipment	**–**	**(274)**	**(274)**
At 31 December 2023	**2,129**	**1,388**	**3,517**
Net carrying amount			
As at 1 January 2022	15,575	1,359	16,934
As at 31 December 2022	15,074	2,108	17,182
As at 31 December 2023	**14,573**	**1,778**	**16,351**

8. INVESTMENT IN SUBSIDIARIES

	Company	
	2023 RM'000	2022 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 2023 %	 2022 %	Principal activities
MS Express Sdn. Bhd. #	**100**	100	Transportation and logistic
MS Fabricon Sdn. Bhd. #	**100**	100	Dormant

\# Audited by RSM Malaysia PLT

9. INVESTMENT IN ASSOCIATE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unquoted shares, at cost				
At beginning of the year	**7,368**	6,439	**7,358**	6,429
Share of accumulated post-acquisition gains	**3,600**	929	**–**	–
Reversal of impairment loss on investment	**–**	–	**2,350**	929
At end of the year	**10,968**	7,368	**9,708**	7,358

Name of company	Interest in equity held by the Company 2023 %	 2022 %	Principal activity
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)

9. 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
2023	**48.25**	**16,342**	**7,458**	**31,770**	**9,045**
2022	48.25	12,502	1,942	26,202	10,935

10. INVENTORIES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At cost				
Raw materials	**697,765**	656,599	**697,765**	656,599
At net realisable value				
Finished goods	**93,808**	61,333	**93,808**	61,333
Impairment of inventories	**(507)**	(3,503)	**(507)**	(3,503)
	93,301	57,830	**93,301**	57,830
	791,066	714,429	**791,066**	714,429

Recognised in profit or loss:

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Inventories recognised as cost of sales	**1,923,920**	1,662,574	**1,925,145**	1,663,906
Impairment loss on inventories - reversal	**(2,996)**	–	**(2,996)**	–
Impairment loss on inventories	**–**	1,599	**–**	1,599

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade receivables				
Third parties	**282,822**	183,121	**282,822**	183,121
Other receivables				
Due from a subsidiary	**–**	–	**1,185**	1,177
Due from an associate	**727**	725	**727**	725
Deposits	**427**	373	**427**	372
Sundry receivables and prepayments	**4,030**	8,879	**3,918**	8,698
	5,184	9,977	**6,257**	10,972
	288,006	193,098	**289,079**	194,093

The normal trade credit terms of the Group and of the Company range from 30 to 180 days (2022: 30 to 180 days). The amount due from a subsidiary represents non-trade advances, which is unsecured, interest free and repayable on demand. The amount due from an associate consists of unsecured non-trade advances which bears interest rate of 3.55% (2022: 3.55%) per annum and is repayable on demand.

The ageing analysis of the trade receivables is as follows:

	Group and Company	
	2023 RM'000	2022 RM'000
Neither past due nor impaired	**282,392**	183,121
Past due, not impaired		
- 1 to 30 days past due, not impaired	**–**	–
- 31 to 60 days past due, not impaired	**–**	–
- 61 to 90 days past due, not impaired	**4**	–
- 91 to 120 days past due, not impaired	**–**	–
- 121 to 150 days past due, not impaired	**93**	–
- 151 to 180 days past due, not impaired	**148**	–
- More than 180 days past due, not impaired	**185**	–
	282,822	183,121

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	
	2023	**2022**
	% per annum	**% per annum**
Deposits with licensed banks	**1.85-2.60**	1.85-2.60

Deposits of the Group and of the Company are unsecured and have an average maturity period between 2 days to 74 days (2022: 1 day to 12 months).

13. SHARE CAPITAL

	Group and Company	
	2023	**2022**
	RM'000	**RM'000**
Issued and fully paid with no par value		
679,109,746 ordinary shares	**329,648**	329,648

Included in share capital is capital reserves amounting to RM997,000 (2022: 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 2023 RM'000	2022 RM'000
At cost		
At 1 January	**(587)**	(99)
Acquired during the financial year	**–**	(488)
At 31 December	**(587)**	(587)

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.

In previous financial year, the Company repurchased its shares totalling 1,495,000 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

At the financial year end, the number of outstanding shares in issue after setting off the treasury shares against equity was 677,269,746 (2022: 677,269,746).

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 27 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 2023	**Number of unexercised warrants 2022**
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.

17. LEASE LIABILITIES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current	**2,116**	3,522	**1,944**	3,233
Non-current	**1,646**	3,337	**1,157**	2,910
	3,762	6,859	**3,101**	6,143
Minimum lease payments:				
- not later than one (1) year	**2,263**	3,881	**2,056**	3,556
- later than one (1) year but not later than two (2) years	**611**	2,163	**432**	2,015
- later than two (2) years but not later than five (5) years	**1,081**	1,198	**723**	871
- later than five (5) years	**127**	225	**127**	225
	4,082	7,467	**3,338**	6,667
Less: Future finance charges	**(320)**	(608)	**(237)**	(524)
Present value of lease liabilities	**3,762**	6,859	**3,101**	6,143
Present value of lease liabilities				
- not later than one (1) year	**2,116**	3,522	**1,944**	3,233
- later than one (1) year but not later than two (2) years	**532**	2,041	**377**	1,915
- later than two (2) years but not later than five (5) years	**990**	1,081	**656**	780
- later than five (5) years	**124**	215	**124**	215
	3,762	6,859	**3,101**	6,143

The lease liabilities bear interest rate ranging from 2.11% to 4.48% (2022: 2.11% to 4.48%) per annum.

NOTES TO THE
FINANCIAL STATEMENTS
(CONT'D)

18. BORROWINGS

	Group and Company 2023 RM'000	2022 RM'000
Current liabilities		
Bank overdrafts	**3,443**	3,461
Bill payable	**381,364**	300,981
Revolving credit	**5,000**	25,000
Terms loans	**39,284**	54,858
	429,091	384,300
Non-current liabilities		
Term loans	**67,860**	87,142
	496,951	471,442
Total borrowings		
Bank overdrafts	**3,443**	3,461
Bill payable	**381,364**	300,981
Revolving credit	**5,000**	25,000
Term loans	**107,144**	142,000
	496,951	471,442

The bank overdraft facilities are repayable on demand and bear interest rate 7.67% (2022: 7.67%) per annum.

The bill payable facilities are repayable within 2 days to 128 days (2022: 120 days to 180 days) and bear interest rates ranging from 3.44% to 7.25% (2022: 4.10% to 6.85%) per annum. Certain bill payable facilities are secured by a third-party security.

The term loans bear interest rate ranging from 4.42% to 6.85% (2022: 4.42% to 6.29%) per annum and is repayable on monthly and annually (2022: monthly and annually) basis through number of instalments and commencement date as below:

	Total number of instalments	Commencement date
Term loan I*	–	November 2020
Term loan II	58	May 2023
Term loan III	20	January 2024
Term loan IV	20	January 2024

* The term loan had been settled on November 2023.

18. BORROWINGS (CONT'D)

Facilities	Group and Company 2023 RM'000	 2022 RM'000	Interest Rate	Terms of repayment
Term loan I	–	50,000	Based on respective coupon rate	The term loan has expected tenure of five years and a legal tenure of seven years commencing from the date of the first issuance under the Sukuk Programme.
Term loan II	**35,144**	40,000	2.50% above Effective Cost of Fund ("ECOF") per annum	The term loan repayment commenced on 29 May 2023 and is repayable by 65 equal instalments of RM607,000 each with final instalment of RM545,000.
Term loan III	**27,720**	20,020	2.5% above 3.5% of Cost of Fund per annum	The term loan repayment commenced in January 2024 and is repayable by 20 equal instalments of RM3,696,000 each.
Term loan IV	**44,280**	31,980	1.50% above one month ECOF per annum	The term loan repayment commenced in January 2024 and is repayable by 20 equal instalments of RM7,380,000 each.
	107,144	142,000		

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(a);
(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.

NOTES TO THE
FINANCIAL STATEMENTS
(CONT'D)

19. DEFERRED TAX LIABILITIES

	Assets RM'000	Liabilities RM'000	Net RM'000
Group			
2023			
At 1 January	**–**	**(3,936)**	**(3,936)**
Recognised in profit or loss (Note 26)	**–**	**(4,104)**	**(4,104)**
At 31 December	**–**	**(8,040)**	**(8,040)**
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)

	2023 Liabilities RM'000	2022 Liabilities RM'000
Company		
At 1 January	**(3,792)**	2,693
Recognised in profit or loss (Note 26)	**(4,134)**	(6,485)
At 31 December	**(7,926)**	(3,792)

19. DEFERRED TAX LIABILITIES (CONT'D)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Presented after appropriate offsetting as follows:				
Deferred tax assets	**96,441**	97,561	**96,441**	97,561
Deferred tax liabilities	**(104,481)**	(101,497)	**(104,367)**	(101,353)
	(8,040)	(3,936)	**(7,926)**	(3,792)

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 2023	**3,910**	**93,651**	**97,561**
Recognised in profit or loss	**508**	**(1,628)**	**(1,120)**
At 31 December 2023	**4,418**	**92,023**	**96,441**
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

NOTES TO THE
FINANCIAL STATEMENTS
(CONT'D)

19. DEFERRED TAX 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 2023	**(101,436)**	**(61)**	**(101,497)**
Recognised in profit or loss	**(3,548)**	**564**	**(2,984)**
At 31 December 2023	**(104,984)**	**503**	**(104,481)**
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)
Company			
At 1 January 2023	**(101,292)**	**(61)**	**(101,353)**
Recognised in profit or loss	**(3,578)**	**564**	**(3,014)**
At 31 December 2023	**(104,870)**	**503**	**(104,367)**
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)

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade payables				
Third parties	**395,963**	326,977	**395,799**	326,686
Due to subsidiaries	**–**	–	**4,946**	4,321
Other payables				
Sundry payables	**111,630**	62,705	**111,573**	62,705
Accruals	**81,590**	68,565	**81,482**	68,384
	589,183	458,247	**593,800**	462,096

The normal trade credit terms of the Group and of the Company range from 30 to 180 days (2022: 30 to 180 days).

Included in sundry payable is advance payment received of RM111,522,000 (2022: RM62,653,000). 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	
	2023 RM'000	2022 RM'000
United States Dollars	**165,683**	108,665
Chinese Yuan Renminbi	**536**	796
Euro	**20,495**	14,895
At 31 December	**186,714**	124,356

21. REVENUE

	Group and Company	
	2023 RM'000	2022 RM'000
Revenue from contracts with customers:		
- Sales of steel bars and steel billets	**2,012,889**	1,778,289
Timing of revenue recognition		
- At a point in time	**2,012,889**	1,778,289

NOTES TO THE **FINANCIAL STATEMENTS** (CONT'D)

22. PROFIT FROM OPERATIONS

Profit from operations is stated after charging/(crediting):

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Auditors' remuneration				
- statutory audit	**160**	160	**150**	150
- other services	**11**	11	**11**	11
Depreciation of property, plant and equipment	**32,739**	30,804	**32,613**	30,698
Depreciation of right of-use assets	**1,473**	1,638	**1,107**	1,013
Reversal of impairment loss on investment in associate	**–**	–	**(2,350)**	(929)
Impairment loss of on inventories	**–**	1,599	**–**	1,599
Impairment loss on inventories - reversal	**(2,996)**	–	**(2,996)**	–
Expenses relating to short-term leases	**5,169**	6,452	**5,169**	6,452
Expenses relating to leases of low-value assets	**620**	368	**620**	368
Staff costs (Note 23)	**59,104**	53,627	**57,732**	52,290
Realised foreign exchange (gain)/ loss	**(1,888)**	10,833	**(1,888)**	10,833
Rental income	**(207)**	(248)	**(207)**	(248)
Property, plant and equipment written off	**183**	–	**–**	–
Unrealised foreign exchange loss/ (gain)	**2,094**	(4,395)	**2,094**	(4,395)
Fixed deposits interest income	**(680)**	(384)	**(680)**	(384)
Gain on disposal of right-of-use assets	**(130)**	(307)	**–**	(253)

23. STAFF COSTS

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Salaries, bonus, allowances and overtime	**55,666**	50,408	**54,470**	49,243
Employees Provident Fund	**2,657**	2,583	**2,511**	2,437
Social security costs	**548**	470	**529**	454
Other benefits	**233**	166	**222**	156
	59,104	53,627	**57,732**	52,290

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	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Directors				
Executive:				
Salaries, bonus and statutory contributions	**3,012**	2,645	**3,012**	2,645
Fees	**80**	80	**80**	80
Allowances	**38**	38	**38**	38
	3,130	2,763	**3,130**	2,763
Non-executive:				
Fees	**97**	80	**97**	80
Allowances	**369**	371	**369**	371
	466	451	**466**	451
Total executive directors' remuneration	**3,130**	2,763	**3,130**	2,763
Total non-executive directors' remuneration	**466**	451	**466**	451
Grand total	**3,596**	3,214	**3,596**	3,214

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

	Number of Directors	
	2023 RM'000	**2022 RM'000**
Executive directors:		
RM200,001 – RM300,000	**1**	1
RM400,001 – RM500,000	**1**	1
RM500,001 – RM600,000	**–**	1
RM600,001 – RM700,000	**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**	4
RM100,001 – RM150,000	**1**	–
RM150,001 – RM200,000	**1**	1
Total non-executive directors	**6**	5
Total executive and non-executive directors	**10**	9

NOTES TO THE
FINANCIAL STATEMENTS
(CONT'D)

25. FINANCE COSTS

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Recognised in profit or loss:				
Interest expenses of financial liabilities measured at amortised cost:				
- bill payable	**18,420**	12,633	**18,420**	12,633
- bank overdrafts and revolving credit	**604**	1,760	**604**	1,760
- finance lease	**362**	570	**324**	528
- term loans	**8,200**	5,661	**8,200**	5,661
	27,586	20,624	**27,548**	20,582

26. TAXATION

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Current financial year				
Income tax	**306**	292	**44**	52
Deferred tax	**4,273**	6,979	**4,248**	6,956
	4,579	7,271	**4,292**	7,008
Under/ (Over) provision in prior financial year				
Income tax	**10**	50	**–**	49
Deferred tax	**(169)**	(471)	**(114)**	(471)
	(159)	(421)	**(114)**	(422)
	4,420	6,850	**4,178**	6,586

26. TAXATION (CONT'D)

The reconciliation between the tax expense and profit before taxation multiplied by the statutory tax rate of the Group and of the Company are as follows:

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Profit before taxation	**6,824**	25,921	**4,969**	25,115
Tax at Malaysia statutory tax rate of 24% (2022: 24%)	**1,638**	6,221	**1,193**	6,028
Tax effect in respect of:				
Expenses not deductible for tax purposes	**2,874**	1,026	**3,099**	980
Deferred tax assets not recognised	**67**	24	**–**	–
Under/(over) provision in respect of prior financial year				
- Income tax	**10**	50	**–**	49
- Deferred tax	**(169)**	(471)	**(114)**	(471)
Tax expense for the year	**4,420**	6,850	**4,178**	6,586

Subject to agreement with the Inland Revenue Board, the Company has unutilised reinvestment allowances of approximately RM352,507,000 (2022: RM352,507,000) which are available to set off against future chargeable income up to the year of assessment 2025.

As at 31 December 2023, the Group and the Company have unutilised capital allowance and unabsorbed tax losses, which are available to set off against future chargeable income, as follows:

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Unutilised capital allowances	**31,447**	38,242	**30,922**	37,704
Unabsorbed tax losses	**327**	327	**–**	–
	31,774	38,569	**30,922**	37,704

NOTES TO THE
FINANCIAL STATEMENTS
(CONT'D)

26. TAXATION (CONT'D)

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

	Group	
	2023	**2022**
	RM'000	**RM'000**
Year of assessments		
2030	**126**	126
2031	**201**	201

Deferred tax assets not recognised

As at 31 December 2023, 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	
	2023	**2022**
	RM'000	**RM'000**
Shortfall of tax written down value over carrying amount of property, plant and equipment	**–**	(66)
Unutilised capital allowances	**126**	125
Unabsorbed tax losses	**79**	79
	205	138

27. PURCHASE OF RIGHT-OF-USE ASSETS

During the financial year, the Group and the Company acquired right-of-use assets by mode of financing as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Lease arrangements	**449**	1,492	**190**	967
Cash payments	**115**	354	**86**	294
	564	1,846	**276**	1,261

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.

	2023	2022
Earnings attributable to owners of ordinary shareholders ('000)	**2,404**	19,071
Weighted average number of ordinary shares in issue ('000)	**679,110**	677,269
Basic earnings per share (sen)	**0.35**	2.82

(b) Diluted earnings per share

The diluted earnings per share of the Group for the financial year ended 31 December 2023 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	
	2023	**2022**
Earnings attributable to ordinary shareholders (RM'000)	**2,404**	19,071
Weighted average number of ordinary shares in issue ('000)	**679,110**	677,269
Adjustments for warrants ('000)	**–**	121,822
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	**679,110**	799,091
Diluted earnings per share (sen)	**0.35**	2.39

The warrants exercisable at end of the financial year ended 31 December 2023 do not have a dilutive effect to the earnings per ordinary shares as the average market price per ordinary shares for the financial year does not exceed the exercise price of the warrants.

NOTES TO THE
FINANCIAL STATEMENTS
(CONT'D)

29. FINANCIAL INSTRUMENTS

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

	2023 RM'000	2022 RM'000
Group		
Financial assets at amortised cost		
Trade and other receivables	**283,976**	192,988
Fixed deposits with licensed banks	**20,569**	24,830
Cash and bank balances	**33,797**	38,008
Total financial assets	**338,342**	255,826
Financial liabilities at amortised cost		
Trade and other payables	**589,183**	458,247
Lease liabilities	**3,762**	6,859
Borrowings	**496,951**	471,442
Total financial liabilities	**1,089,896**	936,548
Company		
Financial assets at amortised cost		
Trade and other receivables	**285,161**	194,093
Fixed deposits with licensed banks	**20,569**	24,830
Cash and bank balances	**33,447**	37,660
Total financial assets	**339,177**	256,583
Financial liabilities at amortised cost		
Trade and other payables	**593,800**	462,096
Lease liabilities	**3,101**	6,143
Borrowings	**496,951**	471,442
Total financial liabilities	**1,093,852**	939,681

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 before taxation by approximately RM4,969,510 (2022: RM4,714,420).

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit risk (Cont'd)

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.

Other receivables are assessed to have low credit risk exposure due to their short maturities. Cash and cash equivalents are placed with major financial institutions which have low credit risks and any expected credit losses arising on these financial assets are insignificant.

The Group determines the probability of default for the intercompany balances using internal information. No loss allowance has been recognised as the Group considers the balances as low credit risk and the loss allowance is minimal.

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 RM23,687,000 (2022: RM42,539,000) 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.

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
2023	
USD/RM	
- strengthened by 5%	**(6,286)**
- weakened by 5%	**6,286**
CNY/RM	
- strengthened by 5%	**(20)**
- weakened by 5%	**20**
EURO/RM	
- strengthened by 5%	**(779)**
- weakened by 5%	**779**
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

NOTES TO THE
FINANCIAL STATEMENTS
(CONT'D)

30. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(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.

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
2023				
Non derivative financial liabilities				
Trade and other payables	**589,183**	**–**	**–**	**589,183**
Borrowings	**439,199**	**72,544**	**127**	**511,870**
Lease liabilities	**2,262**	**1,693**	**127**	**4,082**
	1,030,644	**74,237**	**254**	**1,105,135**
Financial guarantee contracts*	**23,687**	**–**	**–**	**23,687**
2022				
Non derivative financial liabilities				
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

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
2023				
Non derivative financial liabilities				
Trade and other payables	**593,800**	**–**	**–**	**593,800**
Borrowings	**439,199**	**72,544**	**127**	**511,870**
Lease liabilities	**2,056**	**1,155**	**127**	**3,338**
	1,035,055	**73,699**	**254**	**1,109,008**
Financial guarantee contracts*	**23,687**	**–**	**–**	**23,687**
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

* As at end of the reporting period, there was no indication that the Group and 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.

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	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2023										
Group										
Financial liabilities										
Term loans	**–**	**–**	**–**	**–**	**–**	**–**	**101,593**	**101,593**	**101,593**	**107,144**
Company										
Financial liabilities										
Term loans	**–**	**–**	**–**	**–**	**–**	**–**	**101,593**	**101,593**	**101,593**	**107,144**
2022										
Group										
Financial liabilities										
Term loans	–	–	–	–	–	–	139,096	139,096	139,096	142,000
Company										
Financial liabilities										
Term loans	–	–	–	–	–	–	139,096	139,096	139,096	142,000

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 (2022: 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:

	Sales		Total assets		Capital expenditure	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Area						
Malaysia	**1,769,469**	1,706,459	**1,963,333**	1,803,456	**27,441**	76,547
Outside Malaysia	**243,420**	71,830	**–**	–	**–**	–
	2,012,889	1,778,289	**1,963,333**	1,803,456	**27,441**	76,547

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 (2022: one) major customer amounted to RM636,952,226 (2022: RM561,244,408) 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 2023 and 2022 were as follows:

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Total lease liabilities (Note 17)	**3,762**	6,859	**3,101**	6,143
Total borrowings (Note 18)	**496,951**	471,442	**496,951**	471,442
	500,713	478,301	**500,052**	477,585
Total equity	**865,359**	862,955	**860,754**	859,963
Gearing ratio	**57.86%**	55.43%	**58.09%**	55.53%

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.

33. CAPITAL COMMITMENTS

	Group and Company	
	2023	2022
	RM'000	RM'000
Acquisition of property, plant and equipment - contracted but not provided for	**38,880**	2,396

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

The significant related party transactions other than those disclosed elsewhere in the financial statements are as follows:

	Company	
	2023	2022
	RM'000	RM'000
Transportation charged by a subsidiary	**4,222**	4,765
Interest income from an associate	**(29)**	(29)

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 2022. The Court of Appeal scheduled the hearing of the Appeal on 7 November 2023.

The Appeal has been fixed for hearing on 19 August 2024. The next case management is on 24 April 2024 for the related party to inform the Court of Appeal as to whether it intends to proceed with the Appeal.

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:

No. 3A, Mezzanine Floor
Jalan Ipoh Kecil
50350 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur

(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 2024.

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 54 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 financial position of the Group and of the Company as at 31 December 2023 and of the financial performance 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:

DATUK SYED MOHAMED BIN SYED IBRAHIM

DATO' SRI TAI HEAN LENG @ TEK HEAN LENG

Kuala Lumpur

5 April 2024

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 54 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 2024

Before me

ONG SIEW KEE
No. W839
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 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policies, as set out on pages 54 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 2023, 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
Revenue recognition Refer to Notes 3.13 and 21 to the financial statements. 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. 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 a 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.	**Our procedures included, amongst others:** • We assessed and evaluated the appropriateness of the design and implementation of controls in the revenue cycle. • We performed test of operating effectiveness on the relevant controls identified within the revenue cycle. • 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 2024

Wong Choong Ming
03289/10/2024 J
Chartered Accountant

LIST OF **PROPERTIES**

AS AT 31 DECEMBER 2023

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	39 years	Leasehold for 99 years expiring on 15 April 2067	130,897 sq. ft. (63,187 sq. ft.)	Land – 19,315 Building – Nil	30-Sep-05	30-Sep-19
Lot 29B, Off Jalan Tandang, Section 51 46050 Petaling Jaya Selangor Darul Ehsan	Factory	13 years	Leasehold for 99 years expiring on 15 April 2067	110,425 sq. ft. (69,960 sq. ft.)	Land – 16,256 Building – Nil	22-Dec-09	30-Sep-19
Lot 13039 Jalan Waja, Bukit Raja Industrial Estate 41050 Klang Selangor Darul Ehsan	Office, factory and warehouse	21 years	Leasehold for 99 years expiring on 3 December 2111	1,562,266 sq. ft. (187,220 sq. ft.)	Land – 97,215 Building – 42,074	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	12 years	Leasehold for 99 years expiring on 5 March 2106	(4,176 sq. ft.)	Land – Nil Building – 612	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	12 years	Leasehold for 99 years expiring on 5 March 2106	(3,003 sq. ft.)	Land – Nil Building – 438	6-Nov-08	NIL
GRN 33304 Lot 3780 Mukim of Pasir Panjang District of Port Dickson Negeri Sembilan Darul Khusus	Bangalow	37 years	Freehold	5,403 sq. ft. (1,334 sq. ft)	Land – 108 Building – Nil	30-Sep-05	30-Sep-19
GRN 45572 Lot 43031 Mukim of Bentong District of Bentong State of Pahang Darul Makmur	Antara Genting-Condominium (B-33-03A)	Under Construction	Freehold	520 sq. ft.	Land – Nil Building – 377	31-Jan-22	NIL
GRN 45572 Lot 43031 Mukim of Bentong District of Bentong State of Pahang Darul Makmur	Antara Genting-Condominium (B-33-05)	Under Construction	Freehold	1066 sq. ft.	Land – Nil Building – 623	31-Jan-22	NIL

ANALYSIS OF **SHAREHOLDINGS**
AS AT 25 MARCH 2024

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	1,219	11.15	46,360	0.01
100 – 1,000	931	8.52	432,169	0.06
1,001 – 10,000	4,159	38.04	23,957,061	3.54
10,001 – 100,000	4,008	36.65	133,309,052	19.68
100,001 – 33,863,486 [2]	615	5.63	306,486,204	45.25
33,863,487 and above [3]	1	0.01	213,038,900	31.46
TOTAL	**10,933**	**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 25 March 2024.

[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

	Direct Interest		Indirect Interest	
Name of Director	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 25 March 2024.

[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

	Direct Interest		Indirect Interest	
Name of Substantial Shareholder	**No. of Shares**	**% of Issued Capital [1]**	**No. of Shares**	**% of Issued Capital [1]**
TYY 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
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 25 March 2024.

[2] Deemed interested pursuant to Section 8(4) of the Companies Act 2016 by virtue of their interests in TYY Resources Sdn Bhd.

THE 30 LARGEST SECURITIES HOLDERS

No.	Names	No. of Shares	%
1.	TYY RESOURCES SDN BHD	213,038,900	31.46
2.	RAYA REKAJAYA SDN BHD	12,193,356	1.80
3.	YICK HOE FERROUS STEEL SDN BHD	11,652,300	1.72
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	6,000,000	0.89
9.	VICTOR LIM FUNG TUANG	5,009,300	0.74
10.	SU MING YAW	4,992,450	0.74
11.	MAH SIEW SEONG	4,888,000	0.72
12.	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ER SOON PUAY	4,308,300	0.64
13.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD TA DANA FOKUS	4,300,000	0.63
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.	LEE YOKE HEAN	3,300,000	0.49
19.	MERCSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RAYA REKAJAYA SDN BHD	3,008,180	0.44
20.	ONG CHOOI EWE	2,730,100	0.40
21.	MAYBANK NOMINEES (TEMPATAN) SDN BHD YAP THONG YEE	2,680,000	0.40
22.	LIM AH HOCK	2,132,000	0.31
23.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAW GOO @ LAW YEOW CHING	2,100,000	0.31
24.	LAU HAU KUAK	2,100,000	0.31
25.	NG TENG SONG	2,029,500	0.30
26.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KONG HAN	2,000,000	0.30
27.	NG ENG KEONG	1,896,950	0.28
28.	GEE HIN ENGINEERING SDN BHD	1,850,000	0.27
29.	TAY SUK FEI	1,750,000	0.26
30.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR QUEK SEE KUI	1,712,300	0.25

ANALYSIS OF **WARRANT HOLDINGS**

AS AT 25 MARCH 2024

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	93	4.17	4,097	0.00
100 – 1,000	191	8.55	114,598	0.05
1,001 – 10,000	947	42.41	4,833,324	2.14
10,001 – 100,000	761	34.08	29,818,108	13.17
100,001 – 11,318,494 [1]	240	10.75	119,253,504	52.68
11,318,495 and above [2]	1	0.04	72,346,284	31.96
TOTAL	**2,233**	**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

	Direct Interest		Indirect Interest	
Name of Director	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.	TYY RESOURCES SDN BHD	72,346,284	31.96
2.	ER SOON PUAY	5,858,300	2.59
3.	NEOH CHOO EE & COMPANY SDN BHD	3,600,000	1.59
4.	NG KEK CHONG	3,250,000	1.44
5.	YAYASAN GURU TUN HUSSEIN ONN	2,919,500	1.29
6.	QUEK SEE KUI	2,715,100	1.20
7.	KENANGA NOMINEES (TEMPATAN) SDN BHD LIM SOH WOON	2,533,500	1.12
8.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHOON PING	2,486,500	1.10
9.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LENG KOK LIANG (E-PRA/BTW)	2,210,000	0.98
10.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SU MING KEAT	2,116,560	0.94
11.	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK SECURITIES PTE LTD FOR CHUMPONCHANTHARAKULPONGSA @ CHAN TEIK CHUAN	2,000,000	0.88
12.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR QUEK SEE KUI	1,902,200	0.84
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.	YICK HOE FERROUS STEEL SDN BHD	1,624,200	0.72
17.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHOR KIM HOCK (B B KLANG-CL)	1,614,400	0.71
18.	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR ER ZHI ZHENG	1,565,000	0.69
19.	LEE YOON HUAT	1,482,000	0.65
20.	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ER SOON PUAY	1,436,100	0.63
21.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE CHIN HUI	1,435,600	0.63
22.	KHOO EEL WEN	1,400,000	0.62
23.	SINTARI VENTURE SDN BHD	1,330,000	0.59
24.	YAP BEE HOONG	1,300,000	0.57
25.	HING KIANG CHOON	1,160,000	0.51
26.	YAYASAN GURU TUN HUSSEIN ONN	1,150,000	0.51
27.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KONG HAN	1,050,000	0.46
28.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR VINCENT PHUA CHEE EE	1,000,000	0.44
29.	YEO KIAN CHAI	1,000,000	0.44
30.	ONG SING LONG	956,200	0.42

(This page has been intentionally left blank)

Masteel

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-Second Annual General Meeting ("**52nd 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, 19 June 2024 at 3.00 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 2024 and the benefits payable from 19 June 2024 until the next AGM	Ordinary Resolution 1		
2.	Re-election of Mr. Roy Thean Chong Yew as Director	Ordinary Resolution 2		
3.	Re-election of Ms. Ng Siew Peng as Director	Ordinary Resolution 3		
4.	Re-election of Datuk Syed Mohamed Bin Syed Ibrahim as Director	Ordinary Resolution 4		
5.	Re-election of Puan Rosdelima Binti Mohd Ali Jaafar as Director	Ordinary Resolution 5		
6.	Re-appointment of RSM Malaysia PLT as Auditors	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 ……………………………, 2024

…………………………………………….
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 12 June 2024 (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, 17 June 2024 at 3.00 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, 17 June 2024 at 3.00 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, 17 June 2024 at 3.00 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 26 April 2024.

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

52yrs
Par Excellence

BRAND FINANCE ® U.K
Top 75 brand