



LEADER STEEL HOLDINGS BERHAD
199301012471 (267209-K)

ANNUAL REPORT 2022



EMBRACE A FRESH START

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EMBRACE A FRESH START

At Leader Steel Holdings Berhad, we've built a strong business foundation that has made us a reliable and trusted partner in the industry. As we move into a new era, we're embracing fresh perspectives, innovative ideas, and exciting opportunities to tackle emerging challenges and position ourselves for future successes. By infusing new life into our organization, we're reinforcing our commitment to growth and progress. Primed to tackle the "next normal" head-on, we are confident that our renewed energy and drive will enable us to thrive in the years ahead.

30th Annual General Meeting



Broadcast Venue:
12th Floor, Menara Symphony, No. 5,
Jalan Professor Khoo Kay Kim Seksyen 13,
46200 Petaling Jaya, Selangor



Meeting Platform:
<https://meeting.boardroomlimited.my>



Date: Wednesday, 31 May 2023
Time: 12:30 pm

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirtieth (30th) Annual General Meeting ("AGM") of the shareholders of Leader Steel Holdings Berhad ("LSH" or the "Company") will be held virtually at 12th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim Seksyen 13, 46200 Petaling Jaya, Selangor and entirely via Remote Participation and Electronic Voting ("RPEV") facilities through meeting platform at <https://meeting.boardroomlimited.my> on **Wednesday, 31 May 2023** at 12:30 pm or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the following resolutions, with or without any modifications:-

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 and the Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors retiring pursuant to Clause 107 of the Company's Constitution and who, being eligible, offer themselves for re-election:
 - 2.1 Dato' Goh Cheng Huat Ordinary Resolution 1
 - 2.2 Datuk Abdullah bin Haji Kuntom Ordinary Resolution 2
 - 2.3 Goh Wan Jing Ordinary Resolution 3
3. To approve the payment of Directors' fees and benefits payable up to RM450,000.00 for the period commencing one day after this AGM through to the next AGM of the Company in 2024. Ordinary Resolution 4
4. To re-appoint Messrs. BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. Ordinary Resolution 5

As Special Business

AUTHORITY UNDER SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES

5. "THAT, subject always to the Companies Act 2016 ("Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental or regulatory authorities, where such approval is required, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act to issue and allot shares in the Company to such persons, at any time until the conclusion of the next Annual General Meeting 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 for the time being. Ordinary Resolution 6

THAT, the Directors are also empowered to obtain the approval from the Bursa Securities for the listing and quotation for the additional shares to be issued and THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.

THAT, pursuant to Section 85(1) of the Act to be read together with Clause 66 of the Constitution of the Company, all new shares or other convertible securities in the Company shall, before they are issued, be first offered to such persons who are entitled to receive notices from the Company of general meetings as at the date of the offer in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled ("Pre-emptive Rights").

AND THAT, should this resolution be passed by the shareholders, this resolution shall have the effect of the shareholders having agreed to irrevocably waive their Pre-emptive Rights pursuant to Section 85(1) of the Act and Clause 66 of the Constitution of the Company in respect of the new shares to be allotted and issued by the Company and the issuance of such new shares of the Company will result in a dilution to their shareholding percentage in the Company. Subsequent to the passing of this resolution, if this paragraph is or is found to be in any way void, invalid or unenforceable, then this paragraph shall be ineffective to the extent of such voidness, invalidity or unenforceability and the remaining provisions of this resolution shall remain in full force and effect.

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."

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("Proposed Shareholders' Mandate")

6. "THAT, subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("Group") to enter into any of the transactions falling within the types of recurrent related party transactions of a revenue or trading nature with specified classes of related parties ("Recurrent Related Party Transactions") which are necessary for the day to day operations and are in the ordinary course of business and are carried out at arms' length basis on normal commercial terms of the Group on terms not more favourable to the related parties than those generally available to the public and are not, in the Company's opinion, detrimental to minority shareholders of the Company and that such approval shall continue to be in force until:
- Ordinary Resolution 7
- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the next AGM, the authority is renewed;
 - (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
 - (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting, whichever is earlier.

AND THAT, the Directors of the Company be and are hereby authorised to do all acts, deeds, things and execute all necessary documents as they may consider necessary or expedient in the best interest of the Company with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted under relevant authorities to give full effect to the Proposed Shareholders' Mandate."

PROPOSED RENEWAL OF AUTHORITY TO BUY-BACK ITS OWN SHARES BY THE COMPANY ("Proposed Share Buy-Back")

7. "THAT, subject to the Companies Act 2016 ("the Act") (as may be amended, modified or re-enacted from time to time), the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and approvals of all relevant governmental and/or regulatory authorities, where applicable, the Company be and is hereby authorized to purchase and/or hold such amount of ordinary shares in the Company (Proposed Share Buy-Back) as may be determined by the Directors of the Company from time to time and 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 ordinary shares purchased and/or held pursuant to this resolution shall not exceed ten per centum (10%) of the total number of issued shares of the Company at any given point in time and an amount of funds not exceeding the total retained profits of the Company based on the audited financial statements for the financial year ended 31 December 2022 be utilized by the Company for the Proposed Share Buy-Back.
- Ordinary Resolution 8

AND THAT, at the discretion of the Directors of the Company, the ordinary shares of the Company to be purchased may be cancelled; and/or retained as treasury shares and subsequently distributed as dividends or resold on Bursa Securities or transfer for the purpose of or under an employee share option scheme ("ESOS") or as part of purchase consideration; or be cancelled.

AND THAT, the Directors of the Company be and are hereby empowered to take all such steps as necessary to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be required or imposed by the relevant authorities from time to time and to do all such acts and things as the Board may deem fit and expedient in the best interest of the company.

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company in 2024 at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier; but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid date and in any event, in accordance with the provisions in the guidelines issued by Bursa Securities and/or by any other relevant authorities."

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

RETENTION AS INDEPENDENT DIRECTOR

8. Encik Mohd. Arif Bin Mastol expressed his intention not to seek for re-appointment as Independent Non-Executive Director of the Company in line with the provision of the MMLR in relation to tenure of independent directorship. Hence, he will retire at the conclusion of the 30th AGM.
9. To transact any other business of which due notice shall have been given.

By Order of the Board

Tai Yit Chan (MAICSA 7009143) (SSM PC No. 202008001023)

Ong Tze-En (MAICSA 7026537) (SSM PC No. 202008003397)

Joint Company Secretaries

Penang, 28 April 2023

Notes:

1. The AGM would be held entirely via RPEV facilities through meeting platform at <https://meeting.boardroomlimited.my>. Kindly refer to the Administrative Guide for the AGM in order to register, participate and vote remotely via the RPEV facilities.
2. The online meeting platform 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 present at the main venue of the meeting. Shareholders / proxies from the public WILL NOT BE ALLOWED to be physically present. Shareholders who wish to participate in the AGM will have to register online and attend remotely. Kindly read and follow the procedures in the Administrative Guide for the AGM in order to participate remotely.
3. A member of the Company entitled to attend and vote at a meeting of the Company, or at a meeting of any class of members of the Company, shall be entitled to appoint not more than two (2) proxies to attend and vote in his stead at the meeting, and that a proxy may but need not be a member. A proxy must be of full age. There shall be no restriction as to the qualification of the proxy. Where a member appoints more than one (1) proxy, he shall specify the proportion of his holdings to be represented by each proxy, failing which the appointment shall be invalid. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. The appointment of two (2) proxies in respect of any particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
5. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds. Where an Exempt Authorised Nominee appoints more than one (1) proxy in respect of each Omnibus Account, the appointment shall be invalid unless the Exempt Authorised Nominee specifies the proportion of its shareholding to be represented by each proxy. An Exempt Authorised Nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or, if the appointer is a corporation, either under its Common Seal, or under the hand of an officer or attorney duly authorised. An instrument appointing a proxy to vote shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointer. Members not resident in Malaysia may appoint and revoke proxies by cable.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Notes: (Cont'd)

7. For the proxy to be valid, the Form of Proxy duly completed must be deposited / submitted via the following ways at least forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

(i) By hardcopy form

The Form of Proxy must be deposited at the Registered Office at 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Pulau Pinang, Malaysia

(ii) By electronic form

The Form of Proxy can be electronically submitted through the Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>. Please refer to the Administrative Guide for the procedures on electronics lodgement of Form of Proxy.

8. In respect of deposited securities, only a depositor whose name appears on the Record of Depositors on 22 May 2023 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

Explanatory Notes:

1. The profiles of the Directors who are standing for re-election under item 2 of this Agenda are set out in the Board of Directors' profile of the Annual Report 2022. Based on the recommendation of the Nominating Committee, the Board of Directors ("Board") is satisfied with their performance and contributions of the following Directors and supports their re-election based on the following justifications. The retiring Directors had abstained from deliberation and decision making on their own eligibility to stand for re-election:

Re-election of Dato' Goh Cheng Huat

Dato' Goh has extensive experience and technical knowledge of the processing of iron and steel products. With more than 40 years in the industry, he has accumulated invaluable skills, which included amongst other, the invention and enhancement of steel making machines and its related processes.

Re-election of Datuk Abdullah bin Haji Kuntom

Datuk Abdullah bin Haji Kuntom fulfills the requirement of independence set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as well as the prescribed criteria under the Malaysian Code on Corporate Governance ("MCCG 2021"). He has demonstrated his independence through his engagement in the meetings by sharing insights and independent viewpoints during meetings of Board and Board Committee. 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.

Re-election of Goh Wan Jing

Goh Wan Jing has been involved in group level strategic planning and execution. She develops and oversees the implementation of the Group's business and strategic goals.

2. The proposed Ordinary Resolution 4, if passed, will facilitate the payment of the Directors' fees and benefits payable to the Directors for the period commencing one day after the 30th AGM through to the next AGM in 2024. Details of the Directors' fees and benefits payable to the Directors for the financial year ended 31 December 2022 are enumerated under the Corporate Governance Overview Statement in the Annual Report 2022.

The Directors' fees and benefits payable are calculated based on the number of days scheduled for Board and Board Committees' meetings. The amount of Directors' fees payable includes fees payable to Directors as members of Board and Board Committees. The amount also includes a contingency sum to cater to unforeseen circumstances such as the appointment of any additional Director, additional unscheduled Board and Board Committees' meeting days and/or for the formation of additional Board Committees.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Explanatory Notes: (Cont'd)

3. The proposed Ordinary Resolution 6, if passed, is for the purpose of granting a renewed general mandate ("General Mandate") empowering the Directors of the Company, pursuant to Sections 75 and 76 of the Act to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the total number of issued shares of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the next AGM of the Company.

The General Mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for purpose of funding future investment projects, working capital and/or acquisitions as well as to avoid any delay and cost in convening general meeting to specifically approve such an issuance of shares.

The waiver of pre-emptive rights pursuant to Section 85 of the Act and Clause 66 of the Constitution 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 the new shares to all existing shareholders of the Company prior to issuance of new shares in the Company under the General Mandate.

As at the date of this Notice, there were no new shares issued pursuant to the mandate granted to the Directors of the Company at the last AGM held on 30 May 2022 and which will lapse at the conclusion of this 30th AGM. 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.

4. The proposed Ordinary Resolution 7, if passed, will obtain the Shareholders' Mandate for the Company and its subsidiaries to enter into specified recurrent related party transactions with Eonmetall Group Berhad and its subsidiaries as set out under Section 2.4 of the Circular which are necessary for the Group's day to day operations and are carried out in the ordinary course of business and are on normal commercial terms which are not more favourable to the related party than those generally available to the public and not detrimental to the minority shareholders. Further information on the Proposed Shareholders' Mandate is set out in the Circular to Shareholders dated 28 April 2023.
5. The proposed Ordinary Resolution 8, if passed, will allow the Company to purchase its own shares. The total number of ordinary shares purchased shall not exceed ten per centum (10%) of the total number of issued share (excluding treasury shares) of the Company. This authority will, unless revoked or varied by the Company in general meeting, expire at the next AGM in 2024.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Listing Requirements)

As at the date of this Notice, no individual is standing for election as a Director at the forthcoming 30th AGM of the Company.

CORPORATE INFORMATION

TAN SRI DATO' MOHD DESA BIN PACHI

Chairman/Independent Non-Executive Director

DATO' GOH CHENG HUAT

Deputy Chairman/Executive Director

DATIN TAN PAK SAY

Managing Director

MS. GOH WAN JING

Executive Director

Board Of DIRECTORS

MR. LIM LENG HAN

*Non-Independent Non-Executive Director
(Re-designated on 26 April 2023)*

ENCIK MOHD. ARIF BIN MASTOL

Independent Non-Executive Director

DATUK ABDULLAH BIN HAJI KUNTOM

Independent Non-Executive Director

ENCIK ABDULL SUKOR BIN ISMAIL

Independent Non-Executive Director

KEY SENIOR MANAGEMENT

Mr. Ooi Teik Huat
*Chief Financial Officer cum
Business Controller*

Mr. Tan Yew Teong
Senior Factory Manager

Ms. Goh Li Li
*Senior Treasury &
International Trade Manager*

Mr. Lee Eng Keat
*Senior Manager in Business
Development*

Mr. Tan Hong Kiat
Deputy Branch Manager

AUDIT COMMITTEE

Mr. Lim Leng Han
Member

Encik Mohd. Arif bin Mastol
Member

Datuk Abdullah bin Haji Kuntom
Member

NOMINATING COMMITTEE

Mr. Lim Leng Han
Member

Encik Mohd. Arif bin Mastol
Member

Datuk Abdullah bin Haji Kuntom
Member

REMUNERATION COMMITTEE

Mr. Lim Leng Han
Member

Encik Mohd. Arif bin Mastol
Member

Datuk Abdullah bin Haji Kuntom
Member

JOINT COMPANY SECRETARIES

Tai Yit Chan (MAICSA 7009143)
(SSM PC No. 202008001023)

Ong Tze-En (MAICSA 7026537)
(SSM PC No. 202008003397)

REGISTERED OFFICE

170-09-01, Livingston Tower
Jalan Argyll
10050 George Town
Pulau Pinang
Malaysia
Tel : 04-229 4390
Fax : 04-226 5860

HEAD OFFICE

Wisma Leader Steel
Plot 85, Lorong Perusahaan Utama
Kawasan Perusahaan Bukit Tengah
14000 Bukit Tengah
Seberang Perai Tengah
Pulau Pinang
Malaysia
Tel : 04-507 1515
Fax : 04-507 9527/04-507 9537

REGISTRAR

AGRITEUM Share Registration
Services Sdn. Bhd.
2nd Floor, Wisma Penang Garden
42, Jalan Sultan Ahmad Shah
10050 Pulau Pinang
Malaysia
Tel : 04-228 2321
Fax : 04-227 2391

AUDITORS

BDO PLT
Chartered Accountants
51-21-F, Menara BHL
Jalan Sultan Ahmad Shah
10050 Pulau Pinang
Malaysia
Tel : 04-222 0288
Fax : 04-222 0299

MAJOR BANKERS

Ambank (M) Berhad
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock code : 9881
Stock name : LSTEEL

GROUP STRUCTURE AND PRINCIPAL ACTIVITIES

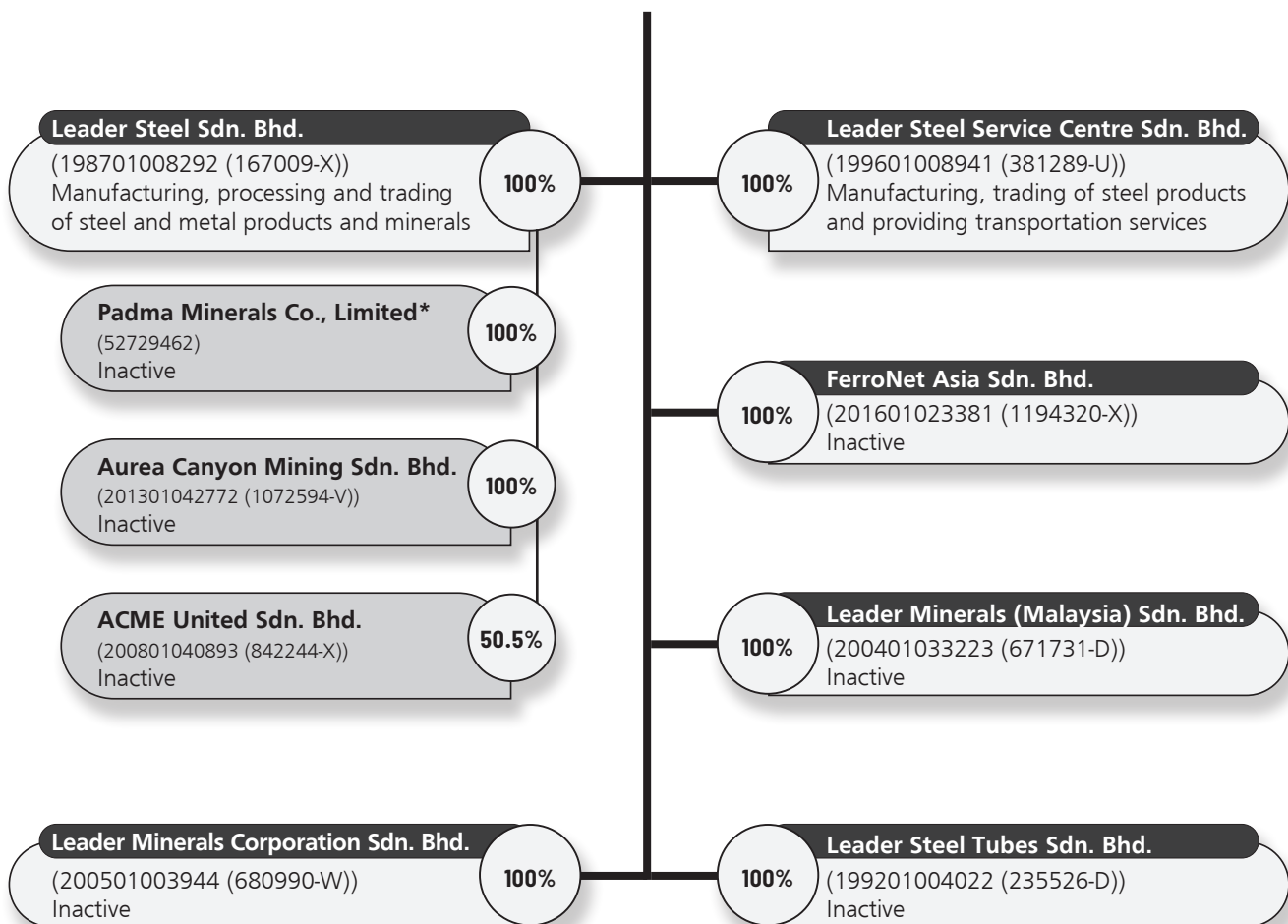
AS AT 31 DECEMBER 2022



LEADER STEEL HOLDINGS BERHAD

199301012471 (267209-K)

Investment Holding



* Incorporated in Hong Kong

FINANCIAL HIGHLIGHTS

	2017	2018	2019	2020	2021	2022
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1 Financial Highlights of Statements of Profit or Loss

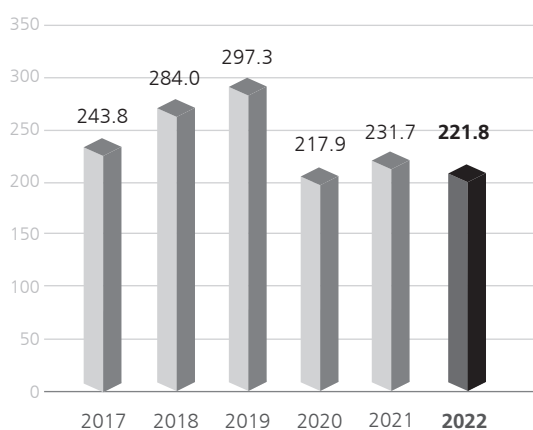
Revenue (RM mil)	243.8	284.0	297.3	217.9	231.7	221.8
EBITDA (RM mil)^	21.5	15.7	7.6	17.7	42.9	16.7
Profit/(Loss) before tax (RM mil)	10.6	5.9	(3.1)	8.7	35.4	9.1
Profit/(Loss) after tax (RM mil)	7.7	5.2	(2.2)	6.2	26.4	6.5

2 Financial Highlights of Statements of Financial Position

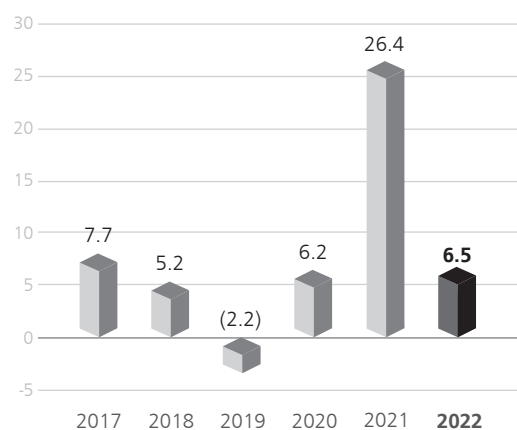
Total assets (RM mil)	264.1	288.0	277.9	257.2	311.4	286.1
Total borrowings (RM mil)	88.7	97.8	88.8	64.2	87.7	61.7
Shareholders' equity (RM mil)	140.6	143.7	152.8	162.1	185.9	190.4

^ Earnings before interest, taxes, depreciation and amortisation.

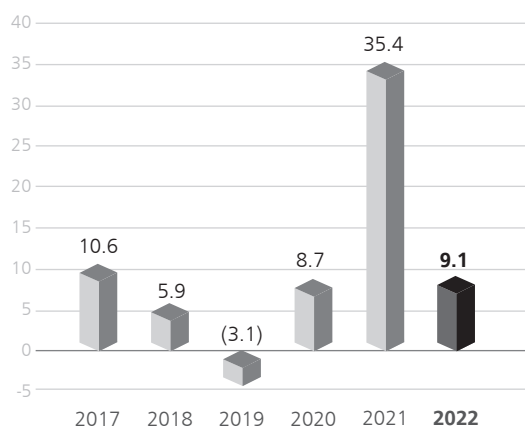
Revenue (RM mil)



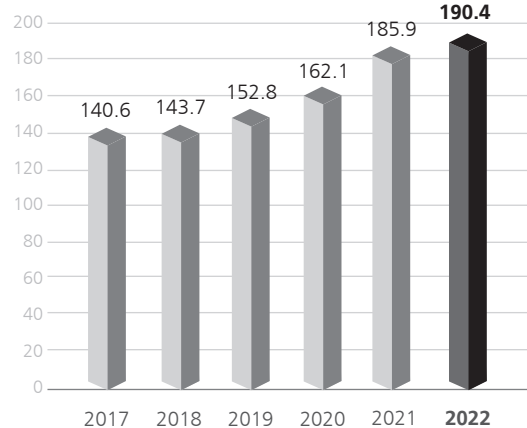
Profit/(Loss) after tax (RM mil)



Profit/(Loss) before tax (RM mil)



Shareholders' equity (RM mil)



CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the Board of Directors of Leader Steel Holdings Berhad ("the Company"), I am delighted to present the Annual Report and Audited Financial Statements of the Company and its subsidiaries ("the Group"), for the financial year ended 31 December 2022 ("FYE2022").

As Malaysia continues to transit to endemic phase of Covid-19 pandemic, economic activities in the country has slowly recovered. Despite the increase in the volume of products sold, the Group's operations continued to face persistent operational challenges including declining selling price, increased uncertainty in steel supply and price, cost pressures arising from revision in minimum wages, manpower shortage, surge in interest rate, increased volatility in foreign currency exchange rate and rising inflation.

I am pleased to report that the Group has navigated these challenges cautiously and delivered positive results for FYE2022.

Performance Overview

The Group achieved a total revenue of RM221.8 million, a 4.3% decrease compared to RM231.7 million for FYE2021. The Group also reported profit before tax ("PBT") of RM9.1 million, a 74.3% decrease compared to FYE2021 PBT of RM35.4 million. The decrease in PBT is attributable mainly to lower profit margin recorded in the Steel Segment because of lower selling prices and proportionately higher material cost.

2023 Outlook

As the Malaysian economy is expected to continue its recovery process, the demand for the Group's products is anticipated to increase. However, the performance for 2023 is expected to be clouded by persistent inflationary pressures, the possibility of global recession, ongoing geopolitical conflicts, interest rate hikes, volatility in foreign currency exchange rates, labor shortages, and increasing labor costs.

Faced with the above challenges, the Group remains vigilant in monitoring and mitigating any potential impacts to the business operations of the Group. Despite these challenges, the Group is cautiously optimistic about being profitable for the financial year 2023.

Dividend

On 18 July 2022, the Company paid an interim single tier dividend of 1.5 sen per ordinary shares in respect of FYE2022.

Words of appreciation

On behalf of the Board of Directors, I would like to extend my sincere gratitude to our management team, staffs, bankers, regulatory authorities and business associates for their continuous support to the Group. I would also like to thank my fellow directors for their wise counsel. Last but not least, I would like to extend my heartfelt appreciation to our shareholders for their loyal support.

TAN SRI DATO' MOHD DESA BIN PACHI
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Introduction

This Management Discussion and Analysis ("MD&A") is prepared by the Management of Leader Steel Holdings Berhad ("the Company") and its subsidiaries ("the Group") to provide an analysis on the financial performance for the financial year ended 31 December 2022 ("FYE2022"). It contains the Management's review on the overall performance of the Group and of the Company, key business strategies, anticipated and known risks and prospects of the Group.

Whilst comments on the past performance are based on historical data, this MD&A contains statements which are forward-looking. Whilst the Management has exercised diligence when expressing these forward-looking statements, they are inevitably subject to inherent uncertainties and should be treated with caution. These statements are made based on the Management's reasonable expectations and beliefs in light of the information available to them when this MD&A is drafted and is subject to future uncertainty. Actual future performance may materially differ from the projections herein.

These statements reflect the expectation of the Management regarding the future growth, general industry, and economic outlook, predicted financial and operating conditions, business risks and opportunities as well as plans and strategies of the Group. Expressions such as (but not limited to) "seek", "project", "anticipate", "expect", "believe", "estimate", "could", "intend", "may", "might", "plan", "will", "would" and other similar expressions or the negative of these expressions, are generally indicative of the forward-looking statements.

The MD&A should be read in conjunction with the audited financial statements of the Group and of the Company for FYE2022.

This MD&A is the responsibility of the Management. The Board of Directors of the Company has reviewed and approved this MD&A for inclusion in this Annual Report.

Overview

The Group is primarily involved in manufacturing and distribution of steel products ("Steel Segment") and trading and processing of minerals ("Mineral Segment"). While steel products are mainly sold domestically, mineral products are primarily exported to China.

The Group's vision is to become a major player in the steel industry in Malaysia and to explore opportunities in neighboring countries. Steel products are manufactured at the Group's facilities in East and West Malaysia. We are committed to continuously improving the quality and processes to provide our customers with high-quality steel products at reasonable prices.

The Group also strives to meet its customers' quality requirements for the mineral products it sells.

As Malaysia entered the recovery phase of the Covid-19 pandemic, domestic economic activities slowly resumed. The Group experienced an increase in demand for its steel products as well as increased competition. The drop in commodity prices in FYE2022, including for steel and mineral products, had a knock-on effect on the selling price of the Group's products. Despite an increase in the volume of products sold, revenue has dropped.

The emergence of new disruptive events such as the Russia-Ukraine conflict, the rise in global interest and inflation rates, the revision in minimum wage rates, and the tightening of the labor market in Malaysia, along with the weakening of the Malaysian Ringgit ("RM") against the United States Dollar ("USD"), represented new challenges the Group faced in FYE2022.

The Management will continue to monitor the situation and exercise caution in managing its operations in the coming financial year to protect the business interests and asset value of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Financial Performance of the Group

The Group's financial performance in FYE2022, in comparison to the preceding financial year are summarized as follows:

	FYE2022	FYE2021	Increase/ (Decrease)
Revenue (RM'000)	221,789	231,681	(9,892)
Gross profit ("GP") (RM'000)	17,660	50,722	(33,062)
Profit before taxation ("PBT") (RM'000)	9,075	35,406	(26,331)
Profit after taxation ("PAT") (RM'000)	6,490	26,367	(19,877)
Earnings before interest, taxes, depreciation and amortisation ("EBITDA") (RM'000)	16,667	42,880	(26,213)
Gross assets (RM'000)	286,086	311,352	(25,266)
Shareholders' equity (RM'000)	190,368	185,891	4,477
Total borrowings and lease liabilities (RM'000)	63,459	87,965	(24,506)
No. of shares in issue at year end, including treasury shares ('000)	140,335	140,335	-
Net assets per share (RM)	1.36	1.32	0.04
Earnings per share (Sen)	4.83	20.29	(15.46)
Debt/Equity ratio (times)	0.32	0.47	(0.15)

For FYE2022 the Group achieved revenue of RM221.8 million, a 4.3% decrease as compared to RM231.7 million in FYE2021. PBT and PAT decreased from RM35.4 million and RM26.4 million respectively in FYE2021 to RM9.1 million and RM6.5 million respectively in FYE2022, representing a decrease of 74.3% and 75.4% respectively.

Revenue

Revenue contribution from the respective segments are as follows:

	FYE2022 RM'000	FYE2021 RM'000	Increase/ (Decrease) RM'000
Steel Segment	182,039	191,567	(9,528)
Mineral Segment	39,750	40,114	(364)
Total revenue	221,789	231,681	(9,892)

In FYE2022, the Group's revenue decreased by 4.3% to RM221.8 million, compared to RM231.7 million in FYE2021. The drop in revenue was due to a decrease in the selling price for both segment, despite an increase in sales volume.

The Group's Steel Segment involved the manufacturing and trading of various steel products such as steel pipes and tubes, hollow sections, angle bars, flat bars, square bars, steel plates, u-channels, and trolley tracks. On the other hand, the Mineral Segment primarily focuses on processing and exporting steel-related mineral products like manganese ore.

PBT

The Group recorded a PBT of RM9.1 million, marking a significant drop from RM35.4 million recorded in FYE2021. This decline was primarily due to the lower profit margin in the Steel Segment, which resulted from a rapid decline in selling prices and a proportionately higher material cost. In contrast, the Mineral Segment's profitability improved, with a PBT of RM2.7 million in FYE2022 compared to a loss before tax of RM4.3 million in FYE2021. This improvement was mainly due to higher profit margin and the reversal of an impairment loss from the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Financial Performance of the Group (Cont'd)

PAT

The Group's PAT decreased to RM6.5 million from RM26.4 million in FYE2021, mainly due to the lower PBT recorded during the year.

Gross Assets and Shareholders' Equity

The Group's gross assets decreased by RM25.3 million, primarily due to a reduction in inventory balances resulting from lower quantities held and lower inventory unit costs. However, the Group's shareholders' equity increased by RM4.5 million, mainly due to the improvement in PAT for FYE2022, which was partially offset by dividends paid.

Borrowings

Total borrowings for the Group decreased from RM87.7 million in FYE2021 to RM61.7 million in FYE2022. This decrease in borrowings, particularly trade borrowings, was mainly due to lower inventory holding and receivable balance as of 31 December 2022. The decrease in inventories and receivables was attributed to lower unit costs of inventories and unit prices of products sold.

As a results of decreased borrowings, the debt/equity ratio improved from 0.47 times in FYE2021 to 0.32 times in FYE2022.

Key Business Risks

The Group is exposed to a wide range of business risks. The management is aware of the key business risks faced by the Group and is constantly monitoring these risks whilst implementing risk mitigating strategies to manage these risks.

Customer concentration risks

The revenue stream of the Group is diversified. The Group does not have any single largest customer that contributes more than 15% of sales in FYE2022.

Credit risks

It is the industry norm to sell our products on credit term. Usually, credit terms of between 14 days to 90 days are granted to customers, subject to a credit evaluation process.

The management reviews the credit terms and limits granted to each customer annually and ageing reports are reviewed monthly to identify potential slow paying customers so that appropriate action can be taken to recover those debts.

Evaluation on expected credit loss is made at each financial year end to ensure adequate allowance has been made to account for potential doubtful debts. Please refer to Note 10 (g) in the Notes to the Audited Financial Statements for the FYE2022 on debtors ageing analysis and allowance made on doubtful debts.

Pricing risks

The Group's business is exposed to the volatility in commodity prices, especially steel price. The steel price is a function of international supply and demand of the commodity and is sometimes affected by geopolitical factors. Supply chain pinches and geopolitical events made the steel market highly volatile in 2022.

The Group constantly monitors the international steel price and its inventory position to mitigate the impact of adverse steel price movements.

Foreign currency risks

The Group's exposure to foreign currency risks arises from transactions originating in currencies other than its functional currency.

Revenue from the Mineral Segment is denominated in foreign currencies such as USD and Renminbi ("RMB"). The Group also imports some steel materials denominated in USD.

The Group constantly monitors the movements in USD and RMB to minimize exposure to foreign currencies. When appropriate, the Group enters into foreign currency contracts to lock in the exchange rates for these currencies.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Key Business Risks (Cont'd)

Liquidity and capital management risk

The Group maintains a healthy level of cash and cash equivalents and committed credit facilities from financial institutions to fund the Group's short-term and long-term obligations.

Long term assets will be financed using long term loans. Excess funds, if any, are placed in interest bearing assets.

Interest rate risks

The Group's interest rate risks arise mainly from bank borrowings and finance leases. The Group borrowed at both fixed and floating rates to achieve desired interest rate profile and to manage the exposure to interest rate risks.

Investment risks

The Group has committed to purchase an industrial land in Kapar, Selangor for RM30,666,240 and has paid a deposit of RM15,333,120 to the vendor.

On 7 October 2022, the Group has entered into a Supplement Sale and Purchase Agreement with the vendor to alter certain terms and conditions in the Sales and Purchase Agreement dated 22 January 2020, in accordance with the size of the land. As a result, the total re-grossed area of the land was reduced by 1,026,078 square feet from 3,484,800 square feet in area to 2,458,722 square feet in area. Accordingly, the purchase price was adjusted to RM21,636,754. The sales and purchase transaction was completed in February 2023.

While the Group intends to develop the land for its own use, management may also explore options to sell or lease parts of it in the future. Nevertheless, the investment is not guaranteed to generate desired returns.

Prospect

The Group's performance is expected to remain challenging due to numerous factors such as rising interest and inflation rates, uncertainty in the global economy, ongoing geopolitical conflicts, fluctuating foreign currency exchange rate, labour shortages as well as increasing labour costs following revision to the minimum wages and changes to employment law in Malaysia.

Nevertheless, the Management is committed to monitor closely the market trends and will take prudent measures to mitigate those risks.

DIRECTORS' PROFILE

TAN SRI DATO' MOHD DESA BIN PACHI

Chairman/Independent
Non-Executive Director

TAN SRI DATO' MOHD DESA BIN PACHI, PSM, DSPN, KMN, aged 89, was appointed to the Board of Directors of LSH as Non-Independent Non-Executive Chairman on 10 August 1995. He was re-designated as Independent Non-Executive Chairman on 24 March 2017. On 24 February 2022, he stepped down as Chairman of both Nominating Committee and Remuneration Committee.

He is a Chartered Accountant by profession and is a Fellow of the Institute of Chartered Accountants in Australia. He studied accountancy in Melbourne, Australia under the Colombo Plan Scholarship. He joined Shell Group of Companies in 1962 and served in various capacities in the Finance Administration.

From 1970 to 1976, he was in public practice as a Chartered Accountant and was a partner of Desa Megat & Co and KPMG Peat Marwick. Subsequently, he was appointed as the first CEO of Permodalan Nasional Berhad and later served as Chairman/CEO of Malaysia Mining Corporation Bhd., Executive Chairman of Fleet Group Sdn. Bhd., Chairman/MD of The New Straits Times Press (Malaysia) Berhad and Chairman of Sistem Televisyen Malaysia Berhad (TV3). He was also Chairman of Bumiputra – Commerce Holdings Berhad (now known as CIMB Group Holdings Berhad) from 1984 to 2006.

He sits on the Board of several private companies.

He is the Independent Non-Executive Director of a listed company, Eonmetall Group Berhad.

He is a Fellow Member of the Malaysia Institute of Management.

He attended all five (5) Board meetings held during the financial year ended 31 December 2022.

DATO' GOH CHENG HUAT

Deputy Chairman/
Executive Director

DATO' GOH CHENG HUAT, aged 62, Malaysian, was appointed to the Board of Directors of LSH on 10 August 1995. He resigned as Managing Director and was appointed as Deputy Chairman on 29 April 2005. On 25 February 2014, Dato' Goh was re-designated as an Executive Director.

The founder of the Group, Dato' Goh has extensive experience and technical knowledge of the processing of iron and steel products. With more than 40 years in the industry, he has accumulated invaluable skills, which included amongst other, the invention and enhancement of steel making machines and its related processes. In recognition of his entrepreneurial skills, Dato' Goh was conferred the 1990 Young Entrepreneur Award by the Ministry of Youth and Sports. His zeal and untiring efforts to improve steel products making processes did not go unnoticed, for in 1999, he was awarded a patent for "Process for the Manufacturing of Steel Products and Apparatus". Dato' Goh's visionary approach and keen business acumen certainly augur well for the Group especially in its business direction.

He graduated from National University of Singapore in 2013 with a Master of Business Administration.

He presently also holds directorship in Malaysian Bulk Carriers Berhad, Eonmetall Group Berhad and its subsidiaries.

He is the spouse of Datin Tan Pak Say and father of Ms. Goh Wan Jing.

He attended four (4) out of five (5) Board meetings held during the financial year ended 31 December 2022.

DIRECTORS' PROFILE (CONT'D)

DATIN TAN PAK SAY

Managing Director

DATIN TAN PAK SAY, aged 61, Malaysian, was first appointed to the Board of Directors of LSH on 10 August 1995. Datin Tan took a brief break from 2 January 2004 before rejoining the Board on 25 May 2004. She was appointed as Executive Director on 21 February 2005 and subsequently as Managing Director on 29 April 2005.

Datin Tan Pak Say has been actively involved in the steel industry since mid-1980 upon completion of her secondary education. She has leveraged on her extensive experience to assist in building up LSH to its present position.

She is the spouse of Dato' Goh Cheng Huat and mother of Ms. Goh Wan Jing.

She attended all five (5) Board meetings held during the financial year ended 31 December 2022.

MR. LIM LENG HAN

Non-Independent
Non-Executive Director

MR. LIM LENG HAN, aged 62, Malaysian, was appointed to the Board of Directors of LSH on 25 July 1994. On 26 April 2023, he was re-designated as Non-Independent Non-Executive Director. Concurrent with his re-designation, he stepped down as Chairman and continued to remain as member of the Audit Committee, Nominating Committee and Remuneration Committee. He graduated in 1985 with a degree in Bachelor of Law (LLB) (Hon) from University of Malaya and was admitted as Advocate and Solicitor by the High Court of Malaya on 8 February 1986 and became a member of the Bar Council of Malaysia. He is an appointed member of the Disciplinary Committee, Bar Council of Malaysia and also an appointed Notary Public of the Attorney-General's Chambers.

Mr. Lim has been active in the legal profession for 36 years with extensive experience in corporate, conveyancing and civil matters. Mr. Lim was serving with Johari, Goh & Associates, Kadir & Co. and Zaid Ibrahim & Co. for six (6) years before starting his own legal practice under the name of Messrs. Lim Leng Han & Co., in Butterworth, Penang on 8 February 1993 and thereafter as Messrs. Lim Leng Han & SF Tho until to date. He is also the legal advisor of societies and organisations such as Penang Hardware and Machinery Merchants' Association, Lim Clan Association of Penang, Butterworth Buddhist Association and Thang Hsiang Temple, Bayan Lepas.

He attended all five (5) Board meetings held during the financial year ended 31 December 2022.

DIRECTORS' PROFILE (CONT'D)

ENCIK MOHD. ARIF BIN MASTOL

Independent Non-
Executive Director

ENCIK MOHD. ARIF BIN MASTOL, aged 68, Malaysian, was appointed to the Board of Directors of LSH on 28 June 2002. He is a member of the Nominating Committee, Remuneration Committee and Audit Committee. Encik Mohd. Arif is a member of the Malaysia Institute of Accountants.

He started his career in 1977 as an Executive Accounts Officer. In 1985, he served as an Accountant with the Treasury Department of Kuala Lumpur City Hall after completing his Degree in Accountancy from the MARA Institute of Technology (now known as Universiti Teknologi Mara). From 1991 to 2001, he was attached with several companies, including a Japanese based company in several capacities including Assistant Manager Finance & Accounts, Finance & Administration Manager, Financial Controller and Chief Operation Officer.

He presently holds directorships in SKB Shutters Corporation Berhad and Federal International Berhad.

He attended all five (5) Board meetings held during the financial year ended 31 December 2022.

DATUK ABDULLAH BIN HAJI KUNTOM

Independent Non-
Executive Director

DATUK ABDULLAH BIN HAJI KUNTOM, aged 79, Malaysian, was appointed to the Board on 2 October 2003. He also sits on the Audit Committee and was appointed as a member of the Nominating Committee and Remuneration Committee on 24 February 2022. He was re-designated as Independent Non-Executive Director on 26 February 2019. He holds a Bachelor of Arts from the University of Malaya and a Master in Public Policy and Administration from the University of Wisconsin, Madison, U.S.A..

Datuk Abdullah's distinguished career in the civil service has placed him in many Government ministries and departments. Amongst the key positions held over a 38 - year tenure of service were as Deputy Secretary of the Contract and Supply Division and Senior Assistant Director of the Budget Division, Ministry of Finance, State Financial Officer of Selangor, Administrative Officer of the Asian & Pacific Development Centre, Director General of the Registration Department and Deputy Secretary General I of the Home Affairs Ministry. He retired from the civil service in April 1999 as the Senior Deputy Secretary General in the Prime Minister's Department. After his retirement, he was appointed by the Government as the Chief of Protocol of the Ministry of Foreign Affairs, a position he held for 4 years until April 2003.

He attended four (4) out of five (5) Board meetings held during the financial year ended 31 December 2022.

MS. GOH WAN JING

Executive Director

MS. GOH WAN JING, aged 34, Malaysian, is Executive Director at LSH. She was appointed to the Board on 31 March 2017.

Ms. Goh started her career at KPMG as IT auditor and subsequently as financial auditor. In 2014, she joined Leader Steel Group as Personal Assistant to Managing Director, where she led the successful ERP system migration. In 2016, she was promoted to Deputy General Manager, where she was responsible for group-wide process improvement. Since assuming her role as Executive Director in 2017, she has been involved in group level strategic planning and execution.

She received her undergraduate degree in Business Administration, focus in finance and information systems, from the University of Washington in Seattle, Washington, U.S.A..

She is the daughter of Dato' Goh Cheng Huat and Datin Tan Pak Say.

She attended all five (5) Board meetings held during the financial year ended 31 December 2022.

DIRECTORS' PROFILE (CONT'D)

ENCIK ABDULL SUKOR BIN ISMAIL

Independent Non-
Executive Director

ENCIK ABDULL SUKOR BIN ISMAIL, aged 62, Malaysian, is an Independent Non-Executive Director at LSH. He was appointed to the Board on 24 February 2022.

Encik Abdull Sukor had more than 40 years of extensive professional experiences in the engineering field. Throughout his long career as a civil engineer, he was involved extensively in water and sewerage industries as well as quarrying, road and building maintenance and construction.

He started his career in 1982 as Technical Assistant with Jabatan Kerja Raya (JKR). From year 1995 to 1999, he was the Project Manager of Kuad Sdn. Bhd. (a subsidiary of United Engineers (M) Sdn. Bhd.) and responsible for the management and monitoring of all the road constructions and maintenance works under JKR Pulau Pinang as well as all the special projects such as mill and pave for PLUS and Penang Bridge Sdn. Bhd..

In 2000, he joined Puncak Niaga Holdings Berhad as Regional Manager for the Northern Region accountable for management of activities and projects in the Northern states. During his tenure of service, he held senior positions with increasing responsibilities and scope of work in SYABAS (Syarikat Bekalan Air Selangor Sdn. Bhd.), a subsidiary of Puncak Niaga.

In 2009, he joined Suruhanjaya Perkhidmatan Air Negara (SPAN) as Regional Director overseeing the operations and regulate all the three states (Johor, Melaka and Negeri Sembilan) water supply operators in the Southern Region. He was promoted as Senior Director in 2018 in charge of the Industry Development Division in Cyberjaya (head office) and retired in April 2021.

He graduated from Universiti Teknologi Malaysia with a Bachelor of Engineering (Civil) qualification in 1994.

He attended all four (4) Board meetings held during the financial year ended 31 December 2022.

Notes:

None of the Director has any conflict of interest with LSH, or any personal interest in any business arrangement involving LSH other than as disclosed in the Notes to the Financial Statements. None of the Directors had been convicted for offences within the past five (5) years other than traffic offences.

None of the Director has any family relationship with any Director and/or major shareholder other than Dato' Goh Cheng Huat being the spouse of Datin Tan Pak Say and father of Ms. Goh Wan Jing.

Saved and except for Dato' Goh Cheng Huat, Tan Sri Dato' Mohd Desa bin Pachi and Encik Mohd. Arif bin Mastol, none of the other Directors has any other directorship in public companies and listed issuers.

KEY SENIOR MANAGEMENT'S PROFILE

MR. OOI TEIK HUAT | Chief Financial Officer cum Business Controller | 53 | Male | Malaysian

Date of Appointment

25 Nov 2021

Academic / Professional Qualification(s)

Member of MICPA and MIA

Working Experience

He worked in an international accounting firm for more than 8 years before joining a subsidiary of Can-One Berhad as Finance Manager in 1995. He was appointed as Executive Director of Can-One Berhad Group in 2005 and left the position to assume the role of Group Chief Financial Officer of Kian Joo Can Factory Berhad Group in July 2012 and left in June 2021.

He was appointed as Chief Financial Officer of Malaysian Bulk Carriers Berhad on 18 May 2022 and subsequently as Executive Director on 13 January 2023.

MR. TAN YEW TEONG | Senior Factory Manager | 59 | Male | Malaysian

Date of Appointment

01 Feb 1990

Academic / Professional Qualification(s)

Primary School

Working Experience

Has more than forty (40) years' experience in steel pipe manufacturing industry. He was promoted to his current position on 26 December 2009.

MS. GOH LI LI | Senior Treasury & International Trade Manager | 52 | Female | Malaysian

Date of Appointment

01 July 1992

Academic / Professional Qualification(s)

LCCI

Working Experience

Has more than twenty (20) years' experience in finance and trade activities. She was promoted to her current position on 26 April 2011.

MR. LEE ENG KEAT | Senior Manager in Business Development | 55 | Male | Malaysian

Date of Appointment

12 Oct 2015

Academic / Professional Qualification(s)

MBA, University of Portsmouth

Working Experience

Has more than (30) years' experience in production and marketing activities.

MR. TAN HONG KIAT | Deputy Branch Manager | 40 | Male | Malaysian

Date of Appointment

01 Dec 2008

Academic / Professional Qualification(s)

Executive Master in Industrial Engineering Technology
Bachelor (Hons) of Engineering (Mechanical - Manufacturing)
Member of IEM

Working Experience

Has more than (10) years' experience in steel pipes manufacturing industry. He was promoted to his current position on 16th November 2020.

Notes:

- None of the Key Senior Management holds any other directorship in public companies, other than Mr Ooi Teik Huat as disclosed above.
- None of the Key Senior Management has been convicted of any offences, other than traffic offences, within the past 5 years.
- None of the Key Senior Management has family relationship with any director and/or major shareholder, other than Ms. Goh Li Li being a niece of Dato' Goh Cheng Huat.
- None of the Key Senior Management has public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of Leader Steel Holdings Berhad ("LSH" or the "Company") and its subsidiaries (collectively known as "the Group") is committed to uphold good governance practices in accordance with the recommendations set forth in the Malaysian Code on Corporate Governance ("Code"), last revised in April 2021. Throughout the financial year that ended on 31 December 2022 (FYE2022), the Group adhered to best practices of corporate governance to achieve its long-term financial objectives while being accountable to shareholders and stakeholders.

Detailed disclosure on how the Group has implemented each Practice as set out in the Code is reported in the Corporate Governance Report in the format prescribed under paragraph 15.25 of Main Market Listing Requirements by Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR"). The report can be assessed on the corporate website at www.leadersteel.my and website of Bursa Securities.

The Board is pleased to report on the Group's application of the 3 key principles of good governance under the Code during the financial year under review:

- A Board leadership and effectiveness
- B Effective audit and risk management
- C Integrity in corporate governance and meaningful relationship with stakeholders

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1 Board of Directors

The Board of the Company currently comprises eight (8) members as follows:

Directorate	Director
Chairman/Independent Non-Executive Director ("INED")	Tan Sri Dato' Mohd Desa bin Pachi
Deputy Chairman/ Executive Director ("ED")	Dato' Goh Cheng Huat
Managing Director ("MD")	Datin Tan Pak Say
ED	Ms. Goh Wan Jing
Non-INED (redesignated on 26 April 2023)	Mr. Lim Leng Han
INED	Encik Mohd Arif bin Mastol
INED	Datuk Abdullah bin Haji Kuntom
INED	Encik Abdull Sukor Bin Ismail

Please refer to Directors' Profile in this Annual Report for a brief background of each Director.

During FYE2022, five (5) Board meetings were held during which a wide variety of matters were deliberated by the Board. This included the Group's quarterly operations and financial results, major investments, risk management and other strategic issues. The attendance of Board members at these meetings is as follows:

Director	Attendance
Tan Sri Dato' Mohd Desa bin Pachi	5/5
Dato' Goh Cheng Huat	4/5
Datin Tan Pak Say	5/5
Ms. Goh Wan Jing	5/5
Mr. Lim Leng Han	5/5
Encik Mohd Arif bin Mastol	5/5
Datuk Abdullah bin Haji Kuntom	4/5
Encik Abdull Sukor Bin Ismail	4/4

In the intervals between Board meetings, Board approvals were obtained via circular resolutions for matters which require Directors' urgent attention and approval.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1 Board of Directors (Cont'd)

The Directors acknowledged that professional development would equip them with the necessary knowledge to discharge their duties more effectively and to keep abreast of changes to the financial and regulatory landscapes on timely basis.

In compliance with Paragraph 15.08 of the MMLR, the Directors attended the following seminar, webinar, conference, training sessions in FYE2022:

Director	Subject
Tan Sri Dato' Mohd Desa bin Pachi	<ol style="list-style-type: none"> 1. Awareness of the Section 17A Anti-Corruption Act 2. Update on the Amendments to the Main Market & Ace Market Listing Requirements ("MMLR") in relation to Director Appointment, Independence and Miscellaneous Changes ("Enhanced Director Amendments") 3. Enhanced Sustainability Disclosure
Dato' Goh Cheng Huat	<ol style="list-style-type: none"> 1. Awareness of the Section 17A Anti-Corruption Act 2. Update on the Amendments to the Main Market & Ace Market Listing Requirements ("MMLR") in relation to Director Appointment, Independence and Miscellaneous Changes ("Enhanced Director Amendments") 3. Enhanced Sustainability Disclosure
Datin Tan Pak Say	<ol style="list-style-type: none"> 1. Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers 2. Awareness of the Section 17A Anti-Corruption Act 3. Update on the Amendments to the Main Market & Ace Market Listing Requirements ("MMLR") in relation to Director Appointment, Independence and Miscellaneous Changes ("Enhanced Director Amendments") 4. Enhanced Sustainability Disclosure
Ms. Goh Wan Jing	<ol style="list-style-type: none"> 1. Awareness of the Section 17A Anti-Corruption Act 2. Update on the Amendments to the Main Market & Ace Market Listing Requirements ("MMLR") in relation to Director Appointment, Independence and Miscellaneous Changes ("Enhanced Director Amendments") 3. Enhanced Sustainability Disclosure
Mr. Lim Leng Han	<ol style="list-style-type: none"> 1. Awareness of the Section 17A Anti-Corruption Act 2. AOB's Conversation with Audit Committees 3. Update on the Amendments to the Main Market & Ace Market Listing Requirements ("MMLR") in relation to Director Appointment, Independence and Miscellaneous Changes ("Enhanced Director Amendments") 4. Enhanced Sustainability Disclosure
Encik Mohd Arif bin Mastol	<ol style="list-style-type: none"> 1. Awareness of the Section 17A Anti-Corruption Act 2. AOB's Conversation with Audit Committees 3. Update on the Amendments to the Main Market & Ace Market Listing Requirements ("MMLR") in relation to Director Appointment, Independence and Miscellaneous Changes ("Enhanced Director Amendments") 4. Enhanced Sustainability Disclosure
Datuk Abdullah bin Haji Kuntom	<ol style="list-style-type: none"> 1. Awareness of the Section 17A Anti-Corruption Act 2. Enhanced Sustainability Disclosure
Encik Abdull Sukor Bin Ismail	<ol style="list-style-type: none"> 1. Bursa Malaysia Mandatory Accreditation Programme 2. Awareness of the Section 17A Anti-Corruption Act 3. Update on the Amendments to the Main Market & Ace Market Listing Requirements ("MMLR") in relation to Director Appointment, Independence and Miscellaneous Changes ("Enhanced Director Amendments") 4. Enhanced Sustainability Disclosure

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1 Board of Directors (Cont'd)

1.1 Board responsibilities

The present Board comprises members with a wide ranging skill sets and experience in different fields such as general management, public policy, production, sales and marketing, accounting and finance, legal, engineering and information technology.

The Board leads and controls the Group by providing strategic guidance to the management, effective oversight on governance and overseeing the Group's business affairs. Its principal responsibilities include the following:

- (i) Review and adopt strategic plan for the Group and to institute a regular and formal Board strategy review to ensure that the strategic plan support long term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability of its business and Group operations;
- (ii) Oversee the conduct of the Group's business, supervise and assess management's performance to evaluate whether the business is being properly managed and that the Group's performance is skewed towards achieving its strategy notwithstanding that some of the subsidiaries have separate Board of Directors;
- (iii) Review, challenge and decide on management's proposals for the Company and monitor its implementation by management;
- (iv) Anticipate changes in the market and ensuring that the Groups capabilities and resources are sufficient to manage uncertainties;
- (v) Identify principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;
- (vi) Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing Board members and senior management;
- (vii) Develop and review Fit and Proper Policy for appointment of Board members and senior management;
- (viii) Develop and implement an investor relations programme or shareholder communications policy of the Group;
- (ix) Review the adequacy and the integrity of the Group's risk management, internal control systems and management information systems, including systems/reporting framework for compliance with applicable laws, regulations, rules, directives and guidelines;
- (x) Determine the remuneration of Directors and Senior Management, with the individual concerned abstaining from discussions of their own remuneration;
- (xi) Ensure that the Company's and the Group's financial statements are true and fair and conform with the laws; and
- (xii) Ensure that the Group adheres to high standards of ethics and corporate behaviour

A formal schedule of matters is reserved for the Board's decision-making to ensure that the Group's direction and control are firmly in its hands. These matters include strategic issues and planning, significant asset acquisitions and disposals, capital expenditures, authority levels, treasury policies, risk management policies, appointment of auditors, financial statement reviews, financing and borrowing activities, compliance with statutory regulations, and review of the adequacy and integrity of internal controls.

In discharging the Boards responsibilities, the Board is assisted by the following Board committees:

I. Audit Committee ("AC")

The AC was established on 14 August 1995. Please refer to the Audit Committee Report in this Annual Report for details on the composition, terms of reference and activities of AC during FYE2022.

II. Nominating Committee ("NC")

The NC was formed on 26 August 2002. Please refer to Section 5 for details on the composition and activities of NC in FYE2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1 Board of Directors (Cont'd)

1.1 Board responsibilities (Cont'd)

III. Remuneration Committee ("RC")

The RC was formed on 26 August 2002. Please refer to Section 7 for details on the composition and activities of RC in FYE2022.

Each of the board committee operates within its respective terms of reference, which have been approved by the Board. These terms of reference are reviewed periodically by the Board to ensure that they remain relevant and adequate in governing the functions and responsibilities of the respective committees and reflect the latest developments in MMLR and the Code.

All decisions and deliberations at board committee level are properly minuted. The Chairman of the board committees reports to the Board on the outcome and recommendations made during the board committee meetings for further deliberation and approval.

In May 2022, the Board adopted a Directors' Fit and Proper Policy in line with the requirements under Paragraph 15.01A of the MMLR of Bursa Malaysia Securities Berhad ("Bursa Securities") and is available on the Company's website at www.leadersteel.my. The Policy serves as a guide to the NC and the Board in reviewing and assessing the candidates to be appointed as Directors as well as for Directors who are seeking election or re-election.

The MD, supported by the ED, Chief Financial Officer ("CFO"), senior management team, and various management committees, is responsible for the day-to-day management of the Group's business and operations.

The Risk Management Committee ("RMC") oversees all risk management matters and advises the Audit Committee on areas of high risk and adequacy of compliance and control procedures.

The NC assists the Board in ensuring an effective and orderly succession plan and reviews the diversity of the Board's composition.

The RC ensures that the remuneration plans for the Executive Directors and Non-Executive Directors as well as the Senior Management team appropriately reflect the different roles and responsibilities and are comparable to industry benchmarks.

1.2 Chairman of the Board

The Chairman of the Board is responsible for leading the Board and ensuring that all Directors receive, in a time of manner, sufficient and relevant financial and non-financial information to enable them to actively participate in Board discussions.

The Chairman leads governance activities on the Board to create a conducive environment geared towards building and enhancing Directors' effectiveness and ensuring that appropriate issues are discussed by the Board in a timely manner. As part of that role, Chairman ensures that no member dominates the discussion so that appropriate discussions take place and that relevant opinions among members are expressed.

Other roles of the Chairman include leading the Board in the oversight of management, ensuring the adequacy and integrity of the governance process and addressing any issues that may arise. The Chairman also maintains regular dialogue with the MD/ED regarding operational matters and seeks the opinions of fellow Board members on any matters that give cause for major concerns.

1.3 Separation of position of Chairman and Managing Director

There is a clear and separate division of responsibility in the roles and duties of the Chairman and MD. The Board has always maintained that the position of the Chairman and MD shall not reside with the same person.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1 Board of Directors (Cont'd)

1.3 Separation of position of Chairman and Managing Director (Cont'd)

This division of responsibilities also allow for the Chairman and the MD to satisfy the necessary time commitments, allowing for the effective discharge of their respective duties.

The current Board Chairman, Tan Sri Dato' Mohd Desa bin Pachi is an INED and is tasked with the responsibility on overseeing matters pertaining to the Board and the overall conduct of the Board.

The current MD, Datin Tan Pak Say leads the management team together with two (2) Executive Directors. She is responsible for daily conduct of the Group's business affairs, implementation of corporate strategies and reporting operational performance of the Group to the Board at regular intervals.

1.4 Chairman shall not be a member of AC, NC and RC

Tan Sri Dato' Mohd Desa bin Pachi who is the Chairman of the Board is not a member of AC. He stepped down as Chairman and members of NC and RC on 24 February 2022.

The Chairman also does not participate in any meetings of the Board Committee by invitation.

1.5 Qualified and Competent Company Secretaries

The Board is supported by Joint Company Secretaries who are competent, adequately qualified and experienced. The Joint Company Secretaries are responsible for ensuring that the conduct of affairs of Board is in accordance with the applicable rules and regulations. The Joint Company Secretaries advise the Board on any changes to regulatory requirements, listing rules and corporate governance matters as and when it arises.

All members of the Board have direct access to the advice and services of the Joint Company Secretaries for the purposes of the Boards affairs.

1.6 Access to Information and Advice

Prior to each Board meeting, members receive a timely agenda and comprehensive board papers, including quarterly and annual financial results, performance analysis, project status, minutes from previous Board meetings, and Board committee meetings.

The board papers are usually distributed to the members of the Board seven (7) days in advance before each meeting to allow them sufficient time to review, consider and deliberate knowledgeably on the matters to be tabled.

The members of the management team and external professional advisors appointed by the Company may also be invited to provide their opinions to the Board if necessary.

Between scheduled Board meetings, decisions on matters requiring Board approval are sought through a circular resolution in writing, supported with all relevant information to enable the Board to make informed decisions. All circular resolutions approved by the Board are tabled for notation at the subsequent Board meeting.

Where necessary, the Board may engage independent professional advice, where necessary and in appropriate circumstances, in furtherance of its duties at the Group's expense.

2 Demarcation of Responsibilities

2.1 Board Charter

The Board Charter outlines the roles, duties, and responsibilities of the Chairman, MD, ED, Board, and Board committees. It also includes a schedule of matters reserved for the collective decision of the Board. The Board Charter is a primary source of reference and serves as induction literature for prospective Board members and senior management.

The Board Charter was last updated in November 2022 to incorporate the division of responsibilities and segregation of duties. A copy of which is available on the Company's website, is subject to periodic reviews and will be updated when deemed necessary.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

3 Good Business Conduct and Corporate Culture

3.1 Code of Ethics and Conduct and Anti-Bribery and Anti-Corruption Policy

The Board has established a Code of Conduct and Code of Ethics for the Group, which is subject to periodic review and is available on the Company's website. These codes provide guidance to directors and employees to ensure that they uphold high ethical standard in discharging their duties.

The Board has also adopted an Anti-Bribery and Anti-Corruption Policy in line with the provisions of the Malaysian Anti-Corruption Commission Act 2009, including its statutory modifications, amendments or reenactments thereof for the time being in force. The policy provides guidance to the Directors, employees, and business associates of the Group regarding specific acts of bribery and corruption, including matters related to the proper reporting of such acts. A copy of this policy is available on the Company's website.

3.2 Whistleblowing Policy

On 24 February 2022, the company adopted a Whistleblowing Policy, with the objective of providing an avenue for all employees of the Group, suppliers, customers or members of public to disclose any improper conduct, malpractices, irregularities or wrongdoings in the Group and to provide protection to the persons who reported such matters of concern. All malpractices or wrongdoings reported by the whistleblower are to be directed in the followings manner:-

- i. By way of email to whistleblower@leadersteel.my
- ii. By way of a sealed envelope addressed to the MD, LSH, Wisma Leader Steel, Plot 85, Lorong Perusahaan Utama, Kawasan Perusahaan Bukit Tengah, 14000 Bukit Tengah, Pulau Pinang

The clear policies and procedures on whistleblowing are made available on the Company's website at www.leadersteel.my.

4 Sustainable Practice

4.1 Material Sustainability Matters

The Board recognises that sustainable development is an essential and integral part of the Group's long-term business success. The Board is responsible for developing the Group's sustainability strategies. The risk management committee which mainly comprises senior management has been entrusted to drive strategic management of material sustainability matters.

4.2 Sustainability Strategies

The management has set sustainability targets and communicated with the key stakeholders. Implementation strategies are developed and measured continuously.

The Board is cognisant of the material sustainability matters and would schedule an agenda item to discuss key sustainability matters at least once a year going forward.

4.3 Periodic Updates

The Board members are apprised of the Group's sustainability issues and provide their views and opinions during Board meetings.

4.4 Performance Evaluation

The Board recognises the importance of sustainability in all its business operation and will include sustainability as one of the criteria in the performance evaluations of all employees including board members.

Please refer to the Sustainability Statement which outlines sustainability activities undertaken by the Group.

4.5 Sustainability strategically

CFO is the designated person for managing sustainability strategically and ensuring adherence to the sustainability framework within the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

5 Board Composition

The Board is assisted by the NC, whose primary roles are to ensure that the Board has the right composition and that only individuals with sufficient caliber, knowledge, experience, integrity, and reputation, as well as competence and capacity to serve, are appointed as directors and/or senior management of the Group. The NC also performs an annual assessment of the performance of the Board, board committees, and senior management of the Group.

The terms of reference of the NC, which was formed on 26 August 2002, are available on the Company's website. The current composition of the NC comprises majority of INEDs and is as follows:

Members	Mr. Lim Leng Han Encik Mohd Arif bin Mastol Datuk Abdullah Bin Haji Kuntom
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Subsequent to re-designation as non-independent non-executive director on 26 April 2023, Mr. Lim Leng Han relinquished the chair position of NC and remain as member of NC.

In FYE2022, the NC convened one (1) meeting with full attendance recorded by all members. The key activities undertaken by the NC during FYE2022 are summarized as follows:

- (a) Reviewed the composition, size, and structure of the Board
- (b) Reviewed and recommended the Director's Fit and Proper Policy for adoption by the Board
- (c) Reviewed and updated the terms of reference for the NC and recommended them for approval by the Board
- (d) Reviewed the required mix of skills, diversity of experience, and other qualities, including core competency, of members of the Board
- (e) Assessed the effectiveness of the Board as a whole, the various board committees, and the contribution of each individual director
- (f) Assessed the character, experience, integrity, and competency of each director, chief executive, or chief financial officer and ensured they have sufficient time to discharge their respective roles
- (g) Assessed the training needs of Directors
- (h) Reviewed the level of independence of INEDs
- (i) Reviewed the terms of office and performance of AC and its members
- (j) Assessed Directors due for retirement by rotation and put forward their recommendation for re-election
- (k) Reviewed and recommended INEDs who exceeded a consecutive or cumulative term of 12 years to be retained as INEDs for the ensuing year
- (l) Reviewed the NC report on duties and responsibilities and main activities undertaken during the year for inclusion in the Annual Report.

5.1 Review of Board Composition

The NC reviews the composition of the Board annually to ensure that the Board is of the right size, with the right mix of skills and diversity of experience.

The NC also evaluates the performance of each director on an annual basis. Recommendation for annual re-election of director is made upon satisfactory evaluation of the director's performance and contribution to the Board.

5.2 Independent Directors

The current Board comprised of 8 members, 50% of whom are INEDs.

As such, the Board complies with Paragraph 15.02 of the MMLR, which mandates at least two (2) directors or one-third (1/3) of the Board of the Company, whichever is higher, to be independent directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

5 Board Composition (Cont'd)

5.3 Tenure of Independent Director

The Board acknowledged the recommendation of the Code that the tenure of an INED should not exceed a cumulative and consecutive term of nine years. However, the Board recognizes that an independent director who has served for more than nine years may still continue to serve, but as a non-independent non-executive director.

Both Mr. Lim Leng Han and Encik Mohd Arif bin Mastol have served as INED of the Company for more than 12 years.

After reviewing the satisfactory outcome of the annual board assessment and evaluation as well as his fit and proper assessment in addition to his contribution over the years, the Board, on recommendation of the NC, had approved the retention of Mr. Lim by re-designating him as non-independent non-executive director on 26 April 2023.

In the case of Encik Mohd. Arif, he has expressed his intention not to seek re-appointment in line with the provision of the MMLR and would retire from the Board at the close of the forthcoming 30th AGM.

Consequential to the above, the remaining independent non-executive directors have served less a cumulative period of 9 years.

5.4 Limit of Tenure for INED

The Group has not adopted a policy which limit the tenure of independent directors to nine years without further extension.

5.5 Diversity of Board and Senior Management

The Board is supportive of diversity on the Board and in senior management team. Apart from their capacity to serve the Board effectively, appointment of Board and senior management personnel are based on objective criteria, merit and with due regard for diversity in skills, experience, age and cultural background and gender.

The current Directors, with their diverse backgrounds and professional specialization, collectively, bring a wealth of experience and expertise in areas such as general management and operations, legal, commercial, engineering, finance and accounting, corporate affairs, manufacturing, information technology as well as sales and marketing.

In May 2022, the Board adopted the Directors' Fit and Proper Policy in line with the requirements under Paragraph 15.01A of the MMLR and said policy is available on corporate website at www.leadersteel.my.

The diversity of the Board and senior management is reviewed annually by NC.

5.6 Sources to Identify Candidate for Directorship

The Board relies on a few sources to identify candidate for directorship, including recommendation from Directors and other independent sources.

Before recommending candidate for directorship, NC will perform a fit and proper assessment by carrying out an independent background check on the candidate using information from independent sources.

On 24 February 2022, the Board had appointed one (1) new INED to further strengthen the composition of the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

5 Board Composition (Cont'd)

5.7 Directors' Information

The Directors' profile are published in the Annual Report. Information contained therein included age, gender, tenure of service, directorship in other companies, working experience and any conflict of interest as well as shareholding in the Company.

To ensure that shareholders have the information they need to make an informed decision on the appointment and reappointment of a director, a brief profile of the concerned director, together with statement from the Board (on whether it support the appointment or reappointment) will be included in the meeting agenda when such appointment or reappointment being considered.

5.8 Chairman of NC

As at the close of the FYE2022, the NC is chaired by Mr. Lim Leng Han, the Senior INED.

Following his re-designation as Non-INED on 26 April 2023, Mr. Lim had stepped down as Chairman of NC but remained as a member. The chair of the NC would be addressed in due course.

5.9 Female Board Representation

In FYE2022, the Board had a 25% female representation with two female executive Board members. The Group aims to achieve a 30% female representation on the Board to reflect the communities it serves and promote diversity and inclusivity.

5.10 Gender Diversity

The Board is supportive of gender diversity in the Board and in its senior management team. The Group currently has a 25% female representation in its senior management ranks. At present, the Board does not see a need to adopt a formal gender diversity policy.

6 Board Effectiveness

6.1 Effectiveness of the Board and Individual Directors

NC carries out annual evaluation on the Board, board committees and directors to assess the effectiveness of the Board.

The evaluation is performed on a self-assessment basis. All Directors are provided with the same set of assessment forms to complete. The results and comments of all assessments by Directors are summarised and presented at the NC meeting. The Chairman of the NC will report the results and deliberations to the Board. In the event any gap is noted, the NC will recommend remedial action to the Board.

The criteria used in the assessment of the Board and the Board Committees focussed on board mix and composition, quality of information and decision-making, boardroom activities, board's relationship with management and board committees.

The assessment of individual Director focussed on contribution and performance, calibre and personality, skills set and independence.

Based on the assessments conducted for the FY2022, the NC is satisfied with the contribution and performance of each individual directors, the Board as a whole and the Board Committees as well as the independence and objective judgements that the Independent Directors have brought to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

7 Level and Composition of Remuneration

7.1 Remuneration Policy

Directors' Remuneration Policy for Directors and Key Senior Management is available on the Company's website. The policy is subject to regular review.

The objective of the policy is to determine the level of remuneration package of Executive Directors and CFO. The components of their remuneration package is linked to the scope of their duties and responsibilities, taking into accounts their skills and experience, as well as the performance of the Group. The Executive Directors do not participate in deciding their own remuneration and abstain from all discussions relating to their remuneration.

As for Non-Executive Directors, the level of remuneration is reflective of their experience, expertise, contribution to the Group, duty and level of responsibilities undertaken by them including the number of Board meetings attended. The determination of Directors' fees for the Non-Executive Directors including that of Non-Executive Chairman of the Board shall be a matter for the Board as a whole.

7.2 RC

The terms of reference of RC, formed on 26 August 2002 together with the Directors' Remuneration Policy are available on the Company's website. It was recently updated on 24 February 2022.

The RC is empowered by the Board and its terms of reference to review and make recommendations on matters related to the remuneration of the Board and senior management.

In FYE2022, the RC convened one (1) meeting and recorded full attendance of all its members. At this meeting, the RC updated its terms of reference, reviewed bonus payments and annual increments for the executive team, and considered service fees for the Chairman and members of the AC.

As at FYE2022, the RC comprises solely of INEDs as follows:

- Mr. Lim Leng Han (Chairman)
- En. Mohd. Arif bin Mastol (Member); and
- Datuk Abdullah Bin Haji Kuntom (Member)

Following his re-designation as Non-INED on 26 April 2023, Mr. Lim Leng Han stepped down as Chairman of RC but remained as member of the RC.

8 Remuneration of Directors and Senior Management

8.1 Details of Directors' Remuneration

The remuneration package for EDs and senior management comprises salary, bonus, statutory contributions, directors' fees, and benefits-in-kind. INEDs are entitled to annual directors' fees, allowances, and meeting allowances.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

8 Remuneration of Directors and Senior Management (Cont'd)

8.1 Details of Directors' Remuneration (Cont'd)

The remuneration paid and/or payable to the Directors in respect of FY2022 are categorised as follows:

Directors	Received or receivable from the Company		Received or receivable from the Subsidiaries			Total RM
	Fees ¹ RM	Allowances ² RM	Salaries ³ RM	Allowances RM	Benefits- in-kind ⁴ RM	
Tan Sri Dato' Mohd Desa bin Pachi	36,000	4,500	-	46,000	-	86,500
Mr. Lim Leng Han	54,000	6,500	-	-	-	60,500
Encik Mohd Arif bin Mastol	45,000	6,500	-	-	-	51,500
Datuk Abdullah bin Haji Kuntom	45,000	4,500	-	-	-	49,500
Datin Tan Pak Say	36,000	3,500	1,244,483	-	15,771	1,299,754
Dato' Goh Cheng Huat	36,000	3,000	-	-	-	39,000
Ms. Goh Wan Jing	36,000	3,500	365,204	-	-	404,704
Encik Abdull Sukor Bin Ismail	30,536	3,500	-	-	-	34,036
Grand total	318,536	35,500	1,609,687	46,000	15,771	2,025,494

Notes:

- 1 Director fees included AC, NC and RC service fees
- 2 Allowances included meeting allowances
- 3 Bonus, EPF, SOCSO and EIS are included herein
- 4 Benefits-in-kind comprises provision of company owned motor vehicles

8.2 Top Five (5) Senior Management's Remuneration

The remuneration package of senior management comprises salary, bonus, statutory contributions, and benefits-in-kind. This package is commensurate with the scope of work, their performance, and level of skills and experience.

The Board has chosen not to disclose the remuneration of the top 5 senior management personnel (who are not director of the Company) on a named basis as the Board considered the information of the remuneration of these personnel to be sensitive and proprietary.

However, the Board has chosen to disclose the remuneration of the top 5 senior management personnel in bands rather than on a named basis. The Board is of the view that this will fulfil the transparency and accountability aspects of corporate governance applicable to senior management:

Remuneration range	No. of senior management staff
Below RM200,000	-
Between RM200,001 to RM250,000	-
Between RM250,001 to RM300,000	-
Between RM300,001 to RM350,000	2
Between RM350,001 to RM400,000	-
Between RM400,001 to RM450,000	-
Between RM450,001 to RM500,000	1
More than RM500,001	2

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

8 Remuneration of Directors and Senior Management (Cont'd)

8.3 Detailed Remuneration of Top Five (5) Senior Management

The Board takes the view that there is no necessity for the Group to disclose the detailed remuneration package of senior management on a named basis, given the competitive human resource environment, as such disclosure may give rise to talent retention issues.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

9 AC

9.1 Chairman of the AC

The AC of the Company is chaired by Mr. Lim Leng Han, Senior INED during FYE2022. The Chairman of the Board is not a member of AC.

Details on the composition, TOR and other pertinent facts of the AC are outlined under the AC Report section in this Annual Report.

9.2 Appointment of Former Key Audit Partner to AC

There is no former audit partner in the AC of the Group.

The terms of reference of the Group's AC requires that in the event the Board wishes to appoint former key audit partners to the AC, the candidate shall observe a cooling-off period of at least 3 years.

9.3 External Auditor

BDO PLT is the external auditors of the Group. They were invited to present to AC their audit plans before they commence the audit of the Group and upon completion, their audit results and matters requiring AC's attention, if any.

The AC evaluates annually the suitability, objectivity and independence of external auditors in order to safeguard the quality and reliability of the Group's audited financial statements.

The evaluation process covers the assessment of inter-alia the external auditors' independence, performance, competency, quality of work, level of service, audit fees and the adequacy of resources.

The AC met with the external auditors at least twice (2) a year without the presence of EDs or senior management to allow the AC and the external auditors to exchange independent views on matters which require the AC's attention.

9.4 Composition of the AC

The Audit Committee (AC) adheres to the Step-Up recommendation of the Code during FYE2022, which mandates that all members of the AC be independent. As such, all members of the AC are Independent Directors. This helps to ensure the impartiality and objectivity of the AC's oversight of the Group's financial reporting and auditing processes.

9.5 Diversity in Skills of the AC

The AC currently comprised of members with professional experience in financial, legal and the public service environment. All members are financially literate and are able to read, interpret and understand the financial statements. The diversity in skills set coupled with their financial literacy gave the AC the ability to effectively discharge their roles and responsibilities.

The Board, via the NC has reviewed the effectiveness and the composition of the AC and is satisfied with the members competency and the AC's effectiveness.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

10 Risk Management and Internal Control Framework

10.1 Establishment of Effective Risk Management and Internal Control Framework

The Board recognises the importance of a sound risk management framework and internal controls system in order to safeguard the Group's assets and shareholders' investment in the Group.

There is an ongoing process for identifying, evaluating and managing significant risks faced by the Group. The Board confirms its overall responsibility for the Group's system of internal controls to manage these risks. The Board constantly reviews the adequacy and integrity of financial, operational and compliance controls.

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

10.2 Features of Risk Management and Internal Control Framework

The Board has established a RMC, within its Senior Management team. The function of the RMC is to identify key business risks, formulate risk management strategy and put in place a sound internal control system to manage each key risks.

When required, external professionals are engaged to assist the RMC to identify key business risks and to formulate risk management strategy.

Internal auditors are engaged to review the effectiveness of internal control framework and process. They will report their findings to the AC regularly.

10.3 Establishment of a RMC Comprises a Majority of Independent Director

The Group has not complied with this step-up practice as the current RMC comprises wholly of management personnel. The Group will review the composition of RMC in the future.

11 Effective Governance, Risk Management and Internal Control

11.1 Internal Audit Function

The Group outsourced the internal audit functions to an external professional firm.

The internal auditors report directly to AC who will evaluate the competency, independence and quality of the internal auditors annually.

The internal auditors present the annual audit plan to the AC and reports the findings of their internal audit activities to the AC upon completion of their assignment.

11.2 Disclosure on the Internal Audit Function

The internal auditors are required to declare their independence to the AC. The AC has also received assurance from the internal auditors that they have adopted internal audit standards and best practices based on the International Professional Practices Framework (IPPF), endorsed by the Institute of Internal Auditors Malaysia.

The external service provider is Finfield Corporate Services Sdn Bhd and RM16,000 was incurred for internal audit services for FYE2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C: INTEGRITY IN CORPORATE GOVERNANCE AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

12 Stakeholders Engagement

12.1 Communication with Stakeholders

The Group recognises the importance of effective and timely communication with shareholders and investors to keep them informed of the latest financial performance and material corporate developments. Such information is made available to shareholders and investors through various channels, including the Company's website at www.leadersteel.my, annual reports, circulars to shareholders, general announcements and quarterly reports announced on the Bursa Securities website.

The Group also uses Annual General Meetings ("AGM") and Extraordinary General Meetings ("EGM"), if any, as a platform to have effective dialogue with shareholders. Question and answer sessions are held at these meetings where Directors, senior management, Joint Company Secretaries, and External Auditors are available to answer any concerns or queries raised by shareholders.

Annual Reports, announcements, Circular to Shareholders, Notice of AGM or other AGM related documents will be available on the Company's website.

12.2 Integrated Reporting

Integrated reporting is not applicable to the Group presently.

13 Shareholders' Participation at General Meetings

13.1 Notice for AGM

The notice for the previous AGM was sent on 29 April 2022 in compliance with the Companies Act 2016, in order to facilitate the convening of the AGM at the earliest possible time.

The notice of the AGM will be announced and given to shareholders at least 28 days prior to the AGM. The notice will also be published in at least one major local newspaper. It will be accompanied by relevant supporting information and an explanation of the resolutions to be proposed in the AGM.

The notice of the AGM was inclusive of detailed explanatory notes and background information on the proposed resolutions, where applicable, to enable shareholders to make informed decisions regarding the business agenda of the AGM. The Constitution of the Company allows a member to appoint a proxy who need not be a member of the company.

Furthermore, the company published the notice of the AGM on its website, released it to the public via Bursa LINK, and advertised it in a local newspaper.

13.2 Directors' Attendance

All Directors attended the Twenty-Ninth (29th) AGM and EGM held on 30 May 2022 to foster effective two-way communication between the shareholders and the Board.

The chair of AC, NC and RC attended the AGM to provide meaningful response to any questions posted to them.

13.3 Leveraging on Technology

The Annual General Meeting (AGM) and Extraordinary General Meeting (EGM), which took place on 30 May 2022, were held at the Company's premises in Penang. These premises were chosen due to their convenient location for all shareholders. In order to encourage shareholder participation, the Company provides proxies to enable voting for those unable to attend meetings in person. Additionally, if meetings are conducted virtually, the Company ensures that the necessary infrastructure is in place to facilitate interactive participation between the Board and shareholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

13 Shareholders' Participation at General Meetings (Cont'd)

13.4 Shareholders Engagement

The Board highly encourages shareholders' participation, and as such, the general meetings are an important event. The Board takes the opportunity to engage in a dialogue with shareholders following the presentation of annual audited financial results and address any questions that may arise.

All Directors and senior management, Joint Company Secretaries and external auditors were present during AGM and EGM to engage with shareholders (physically and virtually) to address any areas of interest or concerns brought up by the shareholders.

The shareholders are provided with an avenue to post their queries to the company, either virtually or physically.

13.5 Infrastructure for Virtual AGM

The AGM in FYE2022 was convened physically and there was meaningful engagement between the board, senior management and shareholders. No questions were posed at the AGM held in May 2022.

13.6 Minutes of General Meeting

Minutes of the General Meetings are posted on the Company's website within 30 days from the date of General Meetings.

COMPLIANCE WITH THE CODE

The Board considers that the Group has complied in all material aspects with the provisions set out in the Code throughout FYE2022 except as disclosed herein.

Saved for the exceptions disclosed above, the Board is satisfied that this Corporate Governance Overview Statement provides the information necessary to enable shareholders to evaluate how the Code has been applied by the Group throughout FYE2022.

This Corporate Governance Overview Statement was approved on 26 April 2023.

ADDITIONAL INFORMATION

1. Utilisation of Proceeds

There were no proceeds raised from any corporate proposals during the financial year ended 31 December 2022.

2. Non-audit Fees

Non-audit fees amounting to RM50,600 were paid and payable and to a firm or corporation affiliated to the external auditors for the financial year ended 31 December 2022.

3. Material Contracts

During the financial year, there were no material contracts with the Company and its subsidiaries involving Directors' and major shareholders' interest.

4. Recurrent Related Party Transactions of a Revenue or Trading Nature for the Year Ended 31 December 2022

Details of recurrent related party transactions made during the financial year ended 31 December 2022 pursuant to the shareholders' mandate obtained by the Company at the Annual General Meeting held on 30 May 2022 were as follows:

Company within the Group involved	Transacting Party	Amount (RM'000)	Nature of transactions	Interested Related Party
Leader Steel Sdn. Bhd. ("LSSB")	Eonmetall Technology Sdn. Bhd.	2,008	Rental income	
		6,950	Purchase of property, plant and equipment	Interested Director and Major Shareholder Dato' Goh Cheng Huat
Leader Steel Service Centre Sdn. Bhd. ("LSSC")	Eonmetall Industries Sdn. Bhd.	2,150	Sale, purchase and servicing of steel products	Datin Tan Pak Say
		3	Sale of steel products	Interested Major Shareholder Bischart Sdn. Bhd.
	Eonmetall Technology Sdn. Bhd.	2	Purchase of property, plant and equipment	
		2,062	Rental income	
		2,178	Purchase of property, plant and equipment	
	Lienteh Technology Sdn. Bhd.			

5. Corporate Proposals

On 15 April 2022, the Company has proposed to undertake a private placement of up to 30% of the total number of issued shares of the Company and an employee share option scheme involving up to 15% of total number of issued shares for eligible Directors and employees of the Group and the Company. Bursa Malaysia Securities approved the listing of new shares on 5 May 2022, and the shareholders has approved the proposals on 30 May 2022. The ESOS was implemented on 26 August 2022, but no options were granted yet. On 3 April 2023, shareholders approved waiving pre-emptive rights for the Proposed Private Placement.

AUDIT COMMITTEE REPORT

Composition & Meeting

The Audit Committee ("AC") of Leader Steel Holdings Berhad ("the Company") was established by the Board of Directors ("Board") on 14 August 1995 to assist the Board in fulfilling the Board's responsibilities with respect to its oversight responsibilities with respect to the Company and its subsidiaries' ("the Group") financial reporting process and audit process. The terms of reference of AC, is available on the Company's website.

The present composition AC, comprises majority of INED is as follows:

Members	Mr. Lim Leng Han Encik Mohd Arif bin Mastol Datuk Abdullah bin Haji Kuntom
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Subsequent to re-designation as non-independent non-executive director on 26 April 2023, Mr. Lim Leng Han relinquished the chair position and remain as member of AC.

All members of the AC are financially literate and are able to analyse and interpret financial statements in order to effectively discharge their duties and responsibilities as members of the AC. Encik Mohd. Arif bin Mastol is a member of the Malaysian Institute of Accountants.

Summary of Activities

The members of the AC and their attendance at the four (4) meetings held during the financial year ended 31 December 2022 ("FYE2022") are as tabulated:

Director(s)	Attendance
Mr. Lim Leng Han	4/4
Encik Mohd Arif bin Mastol	4/4
Datuk Abdullah bin Haji Kuntom	2/4

Summary of the key activities undertaken by the AC during FYE2022 is as follows:

- (a) Reviewed and recommended for the Board's approval the terms of reference of the AC;
- (b) Reviewed and recommended the unaudited quarterly financial statement for the Group in FYE2022 to the Board for its deliberation and approval;
- (c) Reviewed and recommended the audited financial statements of the Group and of the Company for FYE2022 to the Board for its deliberation and approval;
- (d) Ensured the unaudited quarterly financial statements and annual financial statements were drawn up in compliance with the relevant International Financial Reporting Standards, Malaysian Financial Reporting Standards, provisions of the Companies Act 2016 and Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- (e) Reviewed and recommended the Management Discussions and Analysis, Corporate Governance Overview Statement, Internal Audit Report, Statement on Risk Management and Internal Control to the Board for its deliberation and approval;
- (f) Reviewed with the external auditors the results of external audit for FYE2022, the audit report and management letters (if any);
- (g) Reviewed with the external auditors the scope of work and their audit plan in respect of their audit for FYE2022;
- (h) Held two (2) private sessions with the external auditors without the presence of management and Executive Directors;
- (i) Assessed the independence, evaluate the competency and quality of service of external auditors and recommended the Board their reappointment;
- (j) Reviewed and report to the Board recurrent related party transactions of a revenue or trading nature entered into by the Company and the Group, and the draft circular to seek shareholders' mandate in respect thereof;
- (k) Reviewed with the internal auditors their scope of work and audit plan for FYE2022;
- (l) Reviewed internal audit report (including follow-up audits) presented by the internal auditors, deliberated on issues raised and reviewed the response by the management. Thereafter reported the same to the Board;
- (m) Assessed the independence and evaluated competency of internal auditors;
- (n) Reviewed risk management report, deliberated on key risks affecting the Group and reported the same to the Board; and
- (o) Held a private session with the internal auditors in the absence of management and Executive Directors.

AUDIT COMMITTEE REPORT (CONT'D)

Internal Audit Function

The Group outsourced its internal audit functions to an external professional firm, Finfield Corporate Services Sdn. Bhd. ("Finfield") to carry out internal audit services. The principal responsibilities of the internal auditors are to undertake regular and systematic review of the systems of internal controls to provide reasonable assurance that such systems continue to operate effectively and efficiently. Finfield and its personnel are free from any relationship or conflict of interest with the group that could impair their objectivity and independence. The Executive Director of Finfield is a member of MIA and IIAM. Finfield deployed 2 to 3 persons for each internal audit review of the group.

The internal auditors have adopted internal audit standards and best practices based on the International Professional Practices Framework (IPPF), endorsed by the Institute of Internal Auditors Malaysia in their approach.

During FYE2022, the internal auditors carried out the following activities:

- (a) Follow-up audit for matters raised in the previous financial year;
- (b) Presented risk-based audit plan for FYE2022;
- (c) Reviewed the compliance with Guidelines on Adequate Procedures pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act");
- (d) Reviewed recurrent related party transactions;
- (e) Reviewed group controls and policies; and
- (f) Reviewed risk management and sustainability

Total costs incurred for the internal audit function for FYE2022 were RM16,000.

The Board has reviewed, deliberated and approved this Audit Committee Report for inclusion in the Annual Report for 2022 on 26 April 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("Board") of Leader Steel Holdings Berhad ("the Company") is responsible for maintaining a sound system of internal control in the Company and its subsidiaries (collectively "the Group"). The Board is pleased to present the following Statement on Risk Management and Internal Control pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR"). This statement outlines the nature and scope of risk management and internal control systems of the Group during the year ended 31 December 2022 ("FYE2022").

(A) BOARD RESPONSIBILITY

The Board acknowledges its responsibility for the adequacy and effectiveness of the Group's risk management and internal control system to achieve its business objectives.

The Board has in place an on-going process for identifying, evaluating and managing the significant risks encountered by the Group. The Board, through its Audit Committee ("AC"), reviews the results of this process. This process has been in place for the financial year under review and up to the date of approval of this Statement for inclusion in the annual report of the Company.

However, as the risk management and internal control system is designed to mitigate, rather than eliminate, the risk of failure in achieving the business objectives, it provides reasonable but not absolute assurance against material misstatement of financial information or losses, contingencies, fraud or any irregularities.

(B) RISK MANAGEMENT FRAMEWORK

The Group engaged an independent professional firm to assist the Board in establishing a Risk Management Framework ("Framework") for the Group.

Under the Framework, a Risk Management Committee ("RMC"), which comprised of the Senior Management of the Group was established. The primary function of RMC is to oversee the risk management process of the Group and reports to the AC. The RMC is aided by an independent professional firm.

During the financial year, the RMC assessed the risks and controls of the Group with quantified risks compiled into the risk profiles. The RMC also came up with various initiatives to improve the risk management process of the Group.

The steps involved in Risk Management Process are: -

(i) Identifying Risks

All potential events that could adversely impact the achievement of business objectives are identified, whether in strategic, operation, reporting or compliance level.

(ii) Evaluating Risks

The Management will perform risk analysis which involves the development of an understanding on the identified risks. The identified risks are quantified for their impact and the likelihood of occurrence.

(iii) Managing Risks

Management will determine the relevant control strategies in order to respond to each identified risk. Additionally, the Management will conduct periodic review and monitor the effectiveness of the corrective actions towards the risk profiles.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

(C) KEY ELEMENTS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The risk management and internal control processes are embedded within the operations of the Group. The key elements of controls that are in place for the year under review are as follows:

- Diligent review by the Board and AC of the quarterly financial results and reports and evaluating the explanations given by the management for any significant and/or unusual deviations against budget and/or historical norm;
- An organisational structure which formally defines lines of responsibility and delegation of authority;
- A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability; and
- Policies and procedures in place and enforced in the Group include health and safety, training and development, equal opportunity, staff performance, and disciplinary actions on serious misconduct.

(D) INTERNAL AUDIT FUNCTION

The Group outsources its internal audit function to an independent professional firm, which reports to the AC on matters pertaining to the adequacy and integrity of the Group's systems of internal control.

The internal audit function reviews the internal controls in key activities of the Group's businesses based on an annual internal audit plan as approved by the AC. The internal audit is carried out in line with the International Professional Practices Framework endorsed by the Institute of Internal Auditors Malaysia. Opportunities for improvements to the system of internal control are identified and presented to the AC via internal audit reports whilst the management formulates relevant action plans to address issues noted on a periodic basis.

During the FYE2022, the internal audit function carried out the following activities:

- Presented the internal audit plan to the AC;
- Carried out the following internal audit reviews:
 - Reviewed the Compliance with Guidelines on Adequate Procedures pursuant to Section 17A of the MACC Act;
 - Reviewed the Group Controls and Policies; and
 - Reviewed recurrent related party transactions
- Performed follow up review on the implementation of recommendations of previous internal audits; and
- Presented the internal audit reports to the AC.

(E) BOARD'S REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROLS

During the year, the Board reviewed the adequacy and effectiveness of risk management and internal control system of the Group as follows:

- Matters concerning strategies and operations of the Group were presented by the senior management and deliberated during Board meetings and where relevant, before approving them;
- Quarterly and annual financial reports were deliberated before being announced;
- The Board, through AC, reviewed the risk management report presented by the RMC;
- The Board, through the AC, reviewed the internal audit reports presented by the internal auditors; and
- The Board, through the AC reviewed with the external auditors the results for the audit for FYE2022.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

(F) CONCLUSION

The Board has received assurance from the Chief Financial Officer cum Business Controller that the Group's risk management and internal control system have been operating adequately and effectively, in all material aspects, during the financial year under review up to date of this statement.

Pursuant to paragraph 15.23 of the MMLR, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Company for the FYE2022 and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material aspects, 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 this Statement factually inaccurate.

The Board has reviewed, deliberated and approved this Statement on Risk Management and Internal Control for inclusion in the Annual Report for 2022 on 26 April 2023.

SUSTAINABILITY STATEMENT

The Board of Directors ("The Board") of Leader Steel Holdings Berhad ("LSH" or "the Company") is pleased to present the Sustainability Statement of the Company and its subsidiaries ("the Group") in respect of financial year ended 31 December 2022 ("FYE2022"), which has been prepared based on the Bursa Malaysia Sustainability Reporting Guide and toolkits.

Sustainability in the context of this Statement is defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

To sustain its operations for the long-term, the Board recognises that sustainable development is an important and integral part of the pursuit of value creation for business partners, employees, shareholders, and society at large. In this regard, the Board is responsible for setting the Group's sustainability strategies. In fact, sustainability practices are embedded in the Group's day to day operations. In this report, the Board has set the key elements of the Group's practices with respect to economic, environmental and social sustainability matters.

A. GOVERNANCE STRUCTURE

The Group is presently at Phase 2 of the governance structure as prescribed by the Bursa Malaysia Sustainability Reporting Guide. The governance structure for the Group's Sustainability is as per below:



B. SCOPE

To enable the Group to achieve sustainable growth and enhance long-term value for its shareholders, the Group applies a good corporate governance framework, environmentally responsible practices, and sound social policies. In 2023, the Group continues with this commitment as a good and responsible corporate citizen.

SUSTAINABILITY STATEMENT (CONT'D)

C. STAKEHOLDERS' ENGAGEMENT

The Board recognizes that the company's Directors can enhance their progress on the sustainability journey through effective collaboration with stakeholders. The Group is committed to engaging continuously with stakeholders to identify and address their concerns. Our goal is to improve the company's approach to stakeholder engagement by carefully identifying sustainability stakeholders as outlined below.

Key Stakeholders	Stakeholders' Interest	Type of Engagement	Frequency	Engagement Objectives
Shareholders and Investors	<ul style="list-style-type: none"> Financial and operation performance Key corporate developments Transparency & Corporate Governance Sustainable growth Anti-corruption 	<ul style="list-style-type: none"> Annual Report Quarter Reports Annual General Meeting Corporate Announcements Company Website 	<ul style="list-style-type: none"> Annually Quarterly As required 	<ul style="list-style-type: none"> To safeguard the shareholders' interest To attract potential investors with enhanced corporate value
Employees	<ul style="list-style-type: none"> Employee welfare Workplace safety and health Career growth and training opportunities Operation in compliance with applicable laws and standards 	<ul style="list-style-type: none"> Training courses Performance appraisals Internal communication Employee engagement activities 	<ul style="list-style-type: none"> Annually On-going 	<ul style="list-style-type: none"> To provide a safe and conducive workplace with good welfare and employment opportunities To retain and attract talented employees
Customers	<ul style="list-style-type: none"> Quality, reliability, and pricing of products Timely delivery Customers' satisfaction Safety and security Sustaining long-term relationship 	<ul style="list-style-type: none"> Satisfactory survey Feedback forms Meetings and business communication Company website Other channel including email and customer service hotline 	<ul style="list-style-type: none"> Annually On-going As required 	<ul style="list-style-type: none"> To create stronger market integrity To build long-term sustainable relationships with customers
Suppliers	<ul style="list-style-type: none"> Quality, reliability, and pricing of products Sustaining long-term relationship 	<ul style="list-style-type: none"> Supplier performance assessment Meetings Transparent procurement process 	<ul style="list-style-type: none"> Annually On-going As required 	<ul style="list-style-type: none"> To drive sustainability across the supply chain To build long-term relationships with suppliers
Government and Regulators	<ul style="list-style-type: none"> Regulatory compliance Labour practices Compliance and adherence to security and safety standards 	<ul style="list-style-type: none"> Participate in government-organised training programme Annual and sustainability reports 	<ul style="list-style-type: none"> Annually On-going As required 	<ul style="list-style-type: none"> To ensure all our business operations comply with the statutory and regulatory requirement.
Local Communities	<ul style="list-style-type: none"> Environmental protection Job opportunity Corporate Social Responsibility 	<ul style="list-style-type: none"> Participate in community programme Financial contribution 	<ul style="list-style-type: none"> As required 	<ul style="list-style-type: none"> To create positive impacts among communities where we operate our business

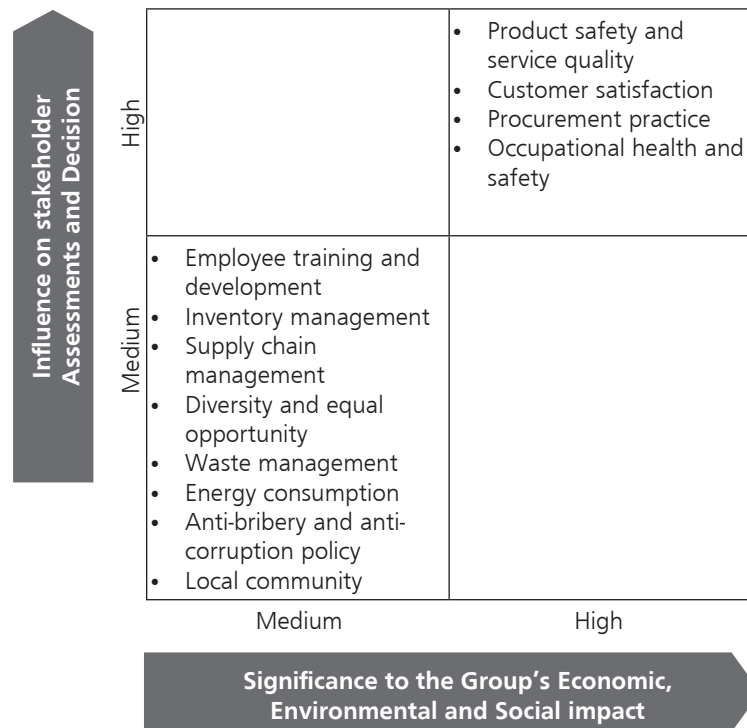
SUSTAINABILITY STATEMENT (CONT'D)

D. MATERIAL SUSTAINABILITY MATTERS

The principal businesses of the Group are manufacturing and trading of steel products, and trading and processing of minerals. The production of steel products is part of a heavy industry, where workplace safety is one of a key social concern. In view of this, the Group places high priority for occupational safety and health centric labour practices. At LSH, sustainability is more than just talks about recycling paper and energy saving. Sustainability is a long-term business strategy that contributes to our financial growth. By maintaining a solid financial performance, we can invest in our business to better serve our business partners, contribute to economic growth, and provide for the environment and communities around us.

Materiality Matrix

The Materiality Matrix shows the Material Sustainability Matters ("EES") with their significance to the Group's economic, environmental and social impact and the influence on the stakeholder's assessments and decision:



Sustainability Management

The Sustainability efforts of the Group are set out below:

Economic

We recognise the value brought to our stakeholders by building sustainable relationships with stakeholders and utilising our resources to contribute to economic growth.

Steel is a widely used metal in various industries and in Malaysia, the Group's products play an important role in supporting the local economy. As one of the key local steel product suppliers, we place high priority on customer engagement with various customer feedback channels in order to ensure our customers are satisfied, not only with our products but also services.

SUSTAINABILITY STATEMENT (CONT'D)

D. MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Economic (Cont'd)

(1) Product Acceptance and Customer Satisfaction

LSH steel products are made to national and international standards and safe to be used in their intended applications. LSH is committed to uphold the highest quality standards in the delivery of the products and services to safeguard its brand reputation and support customer retention for the Group. All three (3) steel products manufacturing facilities have retained ISO 9001:2015 in the FY2022. We ensure strict compliance with established quality standards and industry certifications and accreditations.

Customer survey is carried out on a yearly basis to assess customer satisfaction. It is our top priority to improve our rating year on year and to sustain high customer satisfaction level at all times.

In the FY2022, there was no major reject from customers reported. Product acceptance percentage is one of the key matrices the Management uses to measure the Group's performance in meeting customer's satisfaction.

(2) Procurement Practices

As a Malaysian entity, the Management gives priority in buying from local suppliers. In supporting local suppliers, the Management hopes to grow the local vendors' capability and capacity in serving the manufacturing industry as well as strengthen the steel industry supply chain. The Group believes that a good and well-regulated procurement practice is critical to its operational efficiency and financial results. We constantly monitor our major suppliers and ensure that the suppliers we source from are financially sound and can fulfil the business's operational needs.

(3) Anti-Bribery and Anti-Corruption Policy

In line with the Malaysia Anti-Corruption Commission (Amendment) Act 2018, the Group is committed to conduct business dealings with the highest level of integrity and ethics. The Anti-Bribery and Anti-Corruption Policy adopted by the Group continues to provide guidance to our directors, employees and business partners on how to recognise and deal with any act of corruption and bribery that may arise in the course of daily business and operational activities within the Group. As part of its commitment to the Policy, the Group conducted a group-wide training for Board members and senior staff in September 2022.

We have not received any complaints on suspected corrupt or unethical conduct of our employees as of FY2022.

There were no incidents of corruption or public legal action brought against the Group during the reporting year.

(4) Whistle-Blowing Policy

The Whistleblowing Policy provides the avenue to report any unethical business practice. In FY2022, there was no whistleblowing disclosure reported through any of the various whistleblowing channels and no investigation case was conducted.

Environmental

We are committed to undertake a holistic approach to incorporate sustainability practices into our everyday activities. Scrap metals from our steel production are collected and sent to licensed waste disposal company for recycling purposes. Water mixed with chemicals which serves as coolant in the production process is responsibly treated and reused. These environmental-friendly measures have significantly reduced wastage on materials and water consumption to a minimum level. We also ensure compliance with the Environmental Quality Act 1994 ("EQA") at all times. In FY2022, none of the Company's subsidiaries was subjected to penalties due to non-compliance with EQA.

SUSTAINABILITY STATEMENT (CONT'D)

D. MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Environmental (Cont'd)

(1) Waste Management

In our industry, production by-products in the form of steel scrap are normal. To achieve higher profitability, we manage production efficiently to lower production costs: minimising steel scrap is key. In addition to meet financial objective, a reduction of steel scraps will also reduce the energy consumption at the downstream level in scrap recycling.

Our waste management initiatives are listed below:

- A qualifying competent officer was appointed to handle for the scheduled waste which comply to all the rules and regulation;
- Diesel tank with boundary was built to avoid leakage which can cause the water pollution; and
- A recycling area was set up in each factory.

All industrial wastes are handled as per Environmental Quality (Scheduled Wastages) Regulation 2005. Furthermore, we provide adequate training to employees in handling the waste.

(2) Energy Consumption

The primary energy consumption of the Group is electricity. The steel manufacturing operations involve the use of heavy machineries and equipments that are powered by electricity. The machineries are periodically serviced and replaced with newer and more efficient models to avoid energy wastage and increase energy efficiency.

The Group endeavours to manage energy conservation on an ongoing basis and some of the initiatives and measurement are listed below:

- Employees are encouraged to switch off office lights and computers when away from workplace or when not in use;
- Use of energy saving products such as LED bulbs lights which are more energy efficient and eco-friendly; and
- Use of the translucent roof which allows natural daylight transmits into the factory.

In response to the green technology incentives launched by Government, a 617.485Kwp Photovoltaic Solar System is proposed to be installed at the factory area's rooftop in Penang Branch. The installation is estimated to be completed by FY2023. Our effort to reduce the carbon footprint by install solar system will help the company to save the electricity bill up to average 872 megawatt hour annually over first 3 years.

The Group will continue to closely monitor the energy consumption to ensure efficiency in usage.

(3) Water Consumption

We review our water consumption monthly and focus on minimizing water usage in our offices and operations by implementing initiatives that promote water-saving practices, adopting water-efficient fittings and equipment, and conducting regular maintenance checks to ensure there are no water leakages from faulty pipe fittings or equipment.

(4) Boundary Noise Monitoring

Noise is an inevitable pollution factor in the manufacturing industry. Listening to the unwanted sounds continuously may cause noise-induced health disorders. Boundary Noise monitoring, is also known as Environmental Noise monitoring is conducted according to the Guidelines for Environmental Noise Limits and Control by Department of Environment (DOE) Malaysia.

Although this is not a mandatory assessment, we hope that our compliance will create a harmony and comfortable environment by reducing disturbance around the factory area.

SUSTAINABILITY STATEMENT (CONT'D)

D. MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Environmental (Cont'd)

(5) Carbon Emission

Reducing greenhouse gas emissions has become an imperative for businesses, and carbon emissions are the highest contributor to overall GHG emissions. The GHG Protocol categorizes emissions into three groups: Scope 1, Scope 2, and Scope 3. Reporting on Scope 1 and Scope 2 emissions is mandatory, while reporting on Scope 3 emissions is required for business travel and employee commuting. This categorization is intended to limit global temperature rises to well below 2°C, in line with the Paris Agreement's central aim. Our group is currently collecting data on carbon emissions.

(6) Going Green

At our corporate offices, we are committed to reducing the carbon footprint to help preserve the environment in which we operate. This also reduces costs and enhances returns for our shareholders.

Our carbon footprint reduction initiatives are as follows:

- Promoting a paperless office culture by using electronic documents in place of hard copy documents;
- Reusing one-sided printed pages by printing on the other side;
- Recycling papers by having proper recycling bins; and
- Shifting the mode of communication and correspondence with business partners to paperless forms.

We aim to continuously improve our efforts in carbon footprints reductions year-on-year as part of our commitment in reducing environmental impact from our operations.

Social

As a responsible manufacturing employer, the Group is committed to providing a safe working environment for all employees. As a corporate citizen, we are conscious of the impact we have on society.

(1) Employees

We recognise that our employees are key to the success of the Group. In this respect, the Group has ensured that laws and regulations relating to labour are fully complied with.

i. Safety at the Workplace

The Group is committed to providing a safe and healthy working environment for its employees. Each of the Group's facilities fully complies with all local Occupational Safety and Health ("OSH") regulations, and no breaches were identified in FY2022.

The key safety and health measures in place in the Group are as follows:

- (a) Appointing a qualified safety officer at each factory. The responsibility of the safety officer is to manage matters relating to safety and health. In addition to safety officers, there is a safety committee set up at each factory with the purpose of providing a forum for management and employees to identify and resolve safety and health-related issues.
- (b) Ensuring that employees are well-aware of the safety and health procedures. The Group provides necessary personal protective equipment to employees in the production areas, which is required to be worn during work.
- (c) In compliance with OSHA, Environmental, Safety and Health (ESH) committee convened four (4) meetings and maintain a ESH monthly report during the reporting year.

SUSTAINABILITY STATEMENT (CONT'D)

D. MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Social (Cont'd)

(1) Employees (Cont'd)

i. Safety at Workplace (Cont'd)

- (d) Throughout the year, regular health and safety trainings was offered to all relevant employees. These trainings prepare employees with the knowledge, expertise and skills to discharge their duties safely and efficiently.

In FY2022, the trainings and activities attended by employees included:

- OSHA 2022 (Amendment) and OSHMP2025-Moving Towards Excellent Business Strategic
- Awareness on Chemical Simple Assessment (SIRAC) for Employer
- Introduction to First Aid And CPR
- National Safety and Health week
- Fire drill training

ii. Workforce Diversity

LSH recognise our employees as the Group's most important asset. We strongly believe that workforce diversity is vital to stimulate creative thinking, which will help the Group thrive in a challenging business climate by embracing a diverse, and inclusive working environment with employees from different age groups, educational backgrounds, and ethnicities with equal opportunities to grow.

The gender representation in the Group as at the end of the financial year 2022 is as follows:

	Female	Male	Total
Management and executive positions	56%	44%	100%
Other positions	15%	85%	100%

iii. Training and Learning

We believe in training our employees and equipping them with the relevant skills to develop their potential. Every year, heads of departments are required to recommend the relevant training courses for their respective departments to develop and enhance their capability and competency.

During the financial year, our employees participated in training courses relating to:

- Anti-Bribery & Anti-Corruption
- Corporate Governance
- Cybersecurity Awareness
- Financial Reporting Standards and Accounting
- Human Resource Management
- Market and Economic Outlook
- Quality Management
- Safety & Health
- Taxation
- Waste Management

We continue to assess specific training needs for all employees and improve the training programme for FY2023.

iv. Employee Welfare and Motivational Activities

The Group believes that our employees' well-being is key to retaining and enhancing their productivity. As we navigate to a new normal phase living with COVID-19, we continue to raise awareness on the importance of taking care of employees' mental, physical and overall well-being. Employees are provided with welfare benefits such as free lunch meals and Yoga classes, cosy rest area with reading corner, and various gatherings and celebration activities.

SUSTAINABILITY STATEMENT (CONT'D)

D. MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Social (Cont'd)

(1) Employees (Cont'd)

v. COVID-19 Health and Safety Measures

As the COVID-19 pandemic continues to evolve towards a “new norm” phase, protecting the health, safety and wellbeing of our employees remains our key priority. We have taken various precautionary measures to ensure that our employees are protected from the risks of the virus where possible.

The measures include:

- Mandatory requirement to wear a face mask in all areas;
- Regular disinfection of common places and equipment;
- Safe distancing measures;
- Placement of hand sanitisers across the Group’s office and business premises; and
- Regular reminders and guidance to employees.

COVID-19 vaccination has substantially altered the course of the pandemic. However, we remained vigilant and continued to work closely with the authorities in managing the impact of COVID-19 to our Group.

(2) Society

(i) Contribution to the Community

Being a good corporate citizen, we are aware of our responsibilities towards the local society. For the past few years, the Group has been commissioning artwork produced by students in the Group’s corporate calendars. Through such an arrangement, we hope to encourage students’ creativity in meaningful way.

(ii) Donations

The Group has always believed that the way to build a great and enduring company is to strike a balance between profitability and fulfilling its social responsibilities. Over the years, we have been actively supporting education locally and in remote areas where we operate through cash and in-kind donations. In FY2022, the Group donated to numerous community organisations including Kek Lok Si Charitable Hospital, Salvation Army Boys’ Home and Sarawak Blood Donors Society.

(iii) Drain clean-up programme

Our employees work collaboratively with the municipal council to clean up a local river near our Penang factory. Under their guidance, our employees have been keeping and collecting compostable trash such as fruit waste to make “garbage enzymes”. The eco-friendly enzymes are poured or dripped into the local river to help clean up the river. Our employees contributed to making a better environment for nature, for us and our neighbours.

A Path to Sustainable Success

As we continue to focus on how our business can contribute to the Economy, Environment and Society, we also want to acknowledge that we are only starting on this long journey to build a sustainable business. This long-term work requires collective efforts and innovation, and we will undertake bigger initiatives to improve our performance in a sustainable manner.

DIRECTORS' RESPONSIBILITY STATEMENT FOR THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 ("the Act") to prepare the financial statements for each financial year which have been made out in accordance with applicable Malaysian Financial Reporting Standards ("MFRSs"), the requirements of the Act in Malaysia and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors have:

- (a) Adopted appropriate accounting policies and applied them consistently;
- (b) Made judgements and estimates that are reasonable and prudent; and
- (c) Prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the Act.

The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company and to detect and prevent fraud and other irregularities.

DIRECTORS' REPORT

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are mainly manufacturing, processing and trading of steel, metal products and minerals and providing transportation services. The principal activities and the details of the subsidiaries are set out in Note 8 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	6,489,662	4,600,414
Attributable to:		
Owners of the parent	6,495,370	4,600,414
Non-controlling interests	(5,708)	0
	6,489,662	4,600,414

DIVIDEND

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

	RM
In respect of the financial year ended 31 December 2022:	
First single-tier interim dividend of RM0.015 per ordinary share, paid on 18 July 2022.	2,017,988

The Directors do not recommend any payment of final dividend for the current financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS' REPORT (CONT'D)

DIRECTORS

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

Leader Steel Holdings Berhad

Tan Sri Dato' Mohd Desa bin Pachi
 Dato' Goh Cheng Huat*
 Datin Tan Pak Say*
 Lim Leng Han
 Mohd. Arif bin Mastol
 Datuk Abdullah bin Haji Kuntom
 Goh Wan Jing*
 Abdull Sukor bin Ismail

* These Directors are also Directors of certain subsidiaries of the Company.

The Directors of subsidiaries who have held office during the financial year and up to the date of this report, not including those Directors listed above are:

Goh Li Li
 Goh Hong Kent
 Anton Ong Lim
 Wang Yunyun
 Hu PingFan
 Ooi Teik Huat (alternate Director to
 Dato' Goh Cheng Huat) (Appointed on 14 September 2022)

DIRECTORS' INTERESTS

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

	Number of ordinary shares			
	Balance as at			Balance as at
	1.1.2022	Bought	Sold	31.12.2022

Shares in the Company

Direct interests:

Dato' Goh Cheng Huat	11,877,894	170,000	0	12,047,894
Datin Tan Pak Say	1,375,006	0	0	1,375,006
Lim Leng Han	18,000	0	0	18,000

Indirect interests:

Dato' Goh Cheng Huat#	56,622,974	0	0	56,622,974
Datin Tan Pak Say^	67,125,862	170,000	0	67,295,862

Deemed interest by virtue of Section 8 of the Companies Act 2016 through shares held in Bischart Sdn. Bhd. and shares held by his spouse and children.

^ Deemed interest by virtue of Section 8 of the Companies Act 2016 through shares held by her spouse in Bischart Sdn. Bhd. and shares held by her spouse and children.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS (CONT'D)

By virtue of their interests in the ordinary shares of the Company, Dato' Goh Cheng Huat and Datin Tan Pak Say are also deemed to be interested in the ordinary shares of all the subsidiaries to the extent the Company has an interest.

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

DIRECTORS' BENEFIT

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

- (a) certain Directors who may be deemed to derive benefits by virtue of trade transactions entered into with companies in which certain Directors have substantial financial interests; and
- (b) certain Directors who received remuneration from the subsidiaries.

The details of the above transactions are disclosed in Note 26 to the financial statements.

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

DIRECTORS' REMUNERATION

Directors' remuneration of the Group and of the Company for the financial year ended 31 December 2022 were as follows:

	Group RM	Company RM
Director's fee	318,536	318,536
Salaries, bonuses and allowances	1,521,000	0
Contribution to defined contribution plans	87,120	0
Social security contribution	1,567	0
Other emoluments	81,500	35,500
	<u>2,009,723</u>	<u>354,036</u>

Estimated monetary value of benefits-in-kind provided to the Executive Directors of the Company is RM15,771.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

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

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and the officers of the Group are RM10,000,000 and RM18,000 respectively.

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

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that there were no known bad debts to be written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

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

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

(III) AS AT THE DATE OF THIS REPORT

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

DIRECTORS' REPORT (CONT'D)

AUDITORS

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

Auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 December 2022 amounted to RM77,000 and RM119,300 respectively.

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

Datin Tan Pak Say

Director

Penang

26 April 2023

Tan Sri Dato' Mohd Desa bin Pachi

Director

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 60 to 117 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Datin Tan Pak Say

Director

Penang

26 April 2023

Tan Sri Dato' Mohd Desa bin Pachi

Director

STATUTORY DECLARATION

I, Datin Tan Pak Say (I/C No.: 610717-07-5308), being the Director primarily responsible for the financial management of Leader Steel Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 60 to 117 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed at Georgetown in the State of
Penang this 26 April 2023

Datin Tan Pak Say

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

To The Members Of Leader Steel Holdings Berhad
(Registration No. 199301012471 (267209-K)) (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Leader Steel Holdings Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 60 to 117.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

a) Recoverability of trade receivables

As at 31 December 2022, the Group had trade receivables amounted to RM19,260,938, which were net of impairment losses of RM504,539. The details of trade receivables and their credit risks have been disclosed in Note 10 and Note 28 to the financial statements respectively.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information.

Audit response

Our audit procedures included the following:

- (i) recomputed the probability of default using historical data and forward-looking information adjustment by the Group;
- (ii) recomputed the correlation coefficient between the macroeconomic indicators set by the Group and historical credit losses to determine the appropriateness of the forward-looking information used by the Group; and
- (iii) inquired of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To The Members Of Leader Steel Holdings Berhad
(Registration No. 199301012471 (267209-K)) (Incorporated in Malaysia)

Key Audit Matters (Cont'd)

b) Carrying amount of inventories at lower of cost and net realisable value

As at 31 December 2022, the Group had carrying amount of inventories amounted to RM34,429,850, which were generally consists of steel products and mineral products. Details of the inventories have been disclosed in Note 9 to the financial statements.

We have focused on the audit risk that the carrying amount of inventories may not be stated at the lower of cost and net realisable value. Writing down of inventories to net realisable value is mainly based on management estimates, which have been derived from estimates of selling prices that are based on the subsequent average selling prices of steel products and market value of minerals, and if not accounted for properly, may lead to the valuation of inventories being misstated.

Audit response

Our audit procedures included the following:

- (i) obtained an understanding of the process implemented by management over the determination of lower of cost and net realisable value used in the valuation of inventories; and
- (ii) compared the net realisable values determined by management, of sampled inventory items, against sales subsequent to the year end on steel products and global mineral prices.

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

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To The Members Of Leader Steel Holdings Berhad
(Registration No. 199301012471 (267209-K)) (Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- 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 internal control of the Group and of the Company.
- 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 ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- 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 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 the 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)

To The Members Of Leader Steel Holdings Berhad
(Registration No. 199301012471 (267209-K)) (Incorporated in Malaysia)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO PLT

201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Penang
26 April 2023

Goh Chee Beng

03535/11/2024 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

		Group		Company	
		2022	2021	2022	2021
	Note	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	106,027,396	131,789,327	0	0
Right-of-use assets	6	24,328,191	22,561,935	0	0
Investment properties	7	30,944,917	0	0	0
Investments in subsidiaries	8	0	0	71,310,347	71,310,345
Goodwill		58,426	58,426	0	0
		161,358,930	154,409,688	71,310,347	71,310,345
Current assets					
Inventories	9	34,429,850	83,261,094	0	0
Trade and other receivables	10	58,764,262	65,187,674	3,544,774	877,435
Current tax assets		910,636	9,762	10,263	9,762
Cash and bank balances	11	30,621,889	8,483,419	65,237	57,245
		124,726,637	156,941,949	3,620,274	944,442
TOTAL ASSETS		286,085,567	311,351,637	74,930,621	72,254,787
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	12	67,218,370	67,218,370	67,218,370	67,218,370
Treasury shares, at cost	12	(2,209,815)	(2,209,815)	(2,209,815)	(2,209,815)
Reserves	13	125,359,813	120,882,431	9,523,050	6,940,624
		190,368,368	185,890,986	74,531,605	71,949,179
Non-controlling interests	8	51,462	57,170	0	0
TOTAL EQUITY		190,419,830	185,948,156	74,531,605	71,949,179

STATEMENTS OF FINANCIAL POSITION (CONT'D)

AS AT 31 DECEMBER 2022

		Group		Company	
		2022	2021	2022	2021
	Note	RM	RM	RM	RM
LIABILITIES					
Non-current liabilities					
Borrowings	14	280,000	760,000	0	0
Lease liabilities	6	729,075	71,214	0	0
Deferred tax liabilities	15	15,576,193	15,086,580	0	0
		16,585,268	15,917,794	0	0
Current liabilities					
Trade and other payables	16	16,625,655	20,032,200	399,016	305,608
Current tax liabilities		5,413	2,320,056	0	0
Borrowings	14	61,403,543	86,974,828	0	0
Lease liabilities	6	1,045,858	158,603	0	0
		79,080,469	109,485,687	399,016	305,608
TOTAL LIABILITIES		95,665,737	125,403,481	399,016	305,608
TOTAL EQUITY AND					
LIABILITIES		286,085,567	311,351,637	74,930,621	72,254,787

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Revenue	19	221,789,475	231,681,393	5,500,000	13,000,000
Cost of sales		(204,129,088)	(180,959,859)	0	0
Gross profit		17,660,387	50,721,534	5,500,000	13,000,000
Other income		6,440,549	2,944,944	1,990	146,860
Distribution expenses		(2,766,656)	(2,147,932)	0	0
Administrative expenses		(12,972,898)	(11,723,921)	(830,665)	(555,783)
Impairment losses on					
- trade receivables	10(h)	(1,353)	(2,029,819)	0	0
- other receivables	10(i)	0	(431,154)	0	0
Reversal of impairment losses on					
- trade receivables	10(h)	2,311,147	28,065	0	0
- other receivables	10(i)	431,154	1,100	0	0
Finance costs	20	(2,027,317)	(1,956,345)	(36,504)	(10,703)
Profit before tax		9,075,013	35,406,472	4,634,821	12,580,374
Tax expense	23	(2,585,351)	(9,039,673)	(34,407)	(8,352)
Profit for the financial year		6,489,662	26,366,799	4,600,414	12,572,022
Other comprehensive income, net of tax		0	0	0	0
Total comprehensive income		6,489,662	26,366,799	4,600,414	12,572,022
Profit attributable to:					
Owners of the parent		6,495,370	26,400,734	4,600,414	12,572,022
Non-controlling interests	8(e)	(5,708)	(33,935)	0	0
		6,489,662	26,366,799	4,600,414	12,572,022
Total comprehensive income attributable to:					
Owners of the parent		6,495,370	26,400,734	4,600,414	12,572,022
Non-controlling interests	8(e)	(5,708)	(33,935)	0	0
		6,489,662	26,366,799	4,600,414	12,572,022
Earnings per ordinary share attributable to equity holders of the Company (sen):					
- Basic and diluted	25	4.83	20.29		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Group	Note	Share capital RM	Treasury shares RM	Revaluation reserve RM	Retained earnings RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
Balance as at 1 January 2022		67,218,370	(2,209,815)	68,881,983	52,000,448	185,890,986	57,170	185,948,156
Profit for the financial year		0	0	0	6,495,370	6,495,370	(5,708)	6,489,662
Other comprehensive income, net of tax		0	0	0	0	0	0	0
Total comprehensive income		0	0	0	6,495,370	6,495,370	(5,708)	6,489,662
Transactions with owners								
Dividend paid	24	0	0	0	(2,017,988)	(2,017,988)	0	(2,017,988)
Total transactions with owners		0	0	0	(2,017,988)	(2,017,988)	0	(2,017,988)
Balance as at 31 December 2022		67,218,370	(2,209,815)	68,881,983	56,477,830	190,368,368	51,462	190,419,830

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Group	Note	Share capital RM	Treasury shares RM	Revaluation reserve RM	Retained earnings RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
Balance as at 1 January 2021		67,218,370	(1,758,406)	68,881,983	27,617,702	161,959,649	91,105	162,050,754
Profit for the financial year		0	0	0	26,400,734	26,400,734	(33,935)	26,366,799
Other comprehensive income, net of tax		0	0	0	0	0	0	0
Total comprehensive income		0	0	0	26,400,734	26,400,734	(33,935)	26,366,799
Transactions with owners								
Purchase of treasury shares	12(b)	0	(451,409)	0	0	(451,409)	0	(451,409)
Dividend paid	24	0	0	0	(2,017,988)	(2,017,988)	0	(2,017,988)
Total transactions with owners		0	(451,409)	0	(2,017,988)	(2,469,397)	0	(2,469,397)
Balance as at 31 December 2021		67,218,370	(2,209,815)	68,881,983	52,000,448	185,890,986	57,170	185,948,156

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Share capital RM	Treasury shares RM	(Accumulated losses) /Retained earnings RM	Total equity RM
Balance as at 1 January 2022		67,218,370	(2,209,815)	6,940,624	71,949,179
Profit for the financial year		0	0	4,600,414	4,600,414
Other comprehensive income, net of tax		0	0	0	0
Total comprehensive income		0	0	4,600,414	4,600,414
Transactions with owners					
Dividend paid	24	0	0	(2,017,988)	(2,017,988)
Total transactions with owners		0	0	(2,017,988)	(2,017,988)
Balance as at 31 December 2022		67,218,370	(2,209,815)	9,523,050	74,531,605
Balance as at 1 January 2021		67,218,370	(1,758,406)	(3,613,410)	61,846,554
Profit for the financial year		0	0	12,572,022	12,572,022
Other comprehensive income, net of tax		0	0	0	0
Total comprehensive income		0	0	12,572,022	12,572,022
Transactions with owners					
Purchase of treasury shares	12(b)	0	(451,409)	0	(451,409)
Dividend paid	24	0	0	(2,017,988)	(2,017,988)
Total transactions with owners		0	(451,409)	(2,017,988)	(2,469,397)
Balance as at 31 December 2021		67,218,370	(2,209,815)	6,940,624	71,949,179

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Group		Company	
		2022	2021	2022	2021
	Note	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		9,075,013	35,406,472	4,634,821	12,580,374
Adjustments for:					
Depreciation of:					
- property, plant and equipment	5	4,489,209	4,601,690	0	0
- right-of-use assets	6	1,075,949	915,512	0	0
Dividend income from subsidiaries	19	0	0	(5,500,000)	(13,000,000)
Gain on disposal of property, plant and equipment		(457,578)	(319,720)	0	0
Gain on modification of lease term	6(g)	0	(432)	0	0
Impairment losses on:					
- trade receivables	10(h)	1,353	2,029,819	0	0
- other receivables	10(i)	0	431,154	0	0
Interest expense	20	2,027,317	1,956,345	36,504	10,703
Interest income		0	(7,426)	(1,990)	(146,860)
Property, plant and equipment written off	5	0	61,086	0	0
Reversal of impairment losses on:					
- trade receivables	10(h)	(2,311,147)	(28,065)	0	0
- other receivables	10(i)	(431,154)	(1,100)	0	0
Unrealised loss on foreign exchange		643,549	227,571	0	0
Operating profit/(loss) before changes in working capital carried forward		14,112,511	45,272,906	(830,665)	(555,783)

STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022	2021	2022	2021
		RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES (continued)					
Operating profit/(loss) before changes in working capital brought forward		14,112,511	45,272,906	(830,665)	(555,783)
Decrease/(Increase) in inventories		48,831,244	(37,062,617)	0	0
Decrease/(Increase) in trade and other receivables		9,096,364	(17,797,832)	2,834,649	3,010,212
(Decrease)/Increase in trade and other payables		(3,186,859)	5,276,039	56,904	38,766
Cash generated from/(used in) operations		68,853,260	(4,311,504)	2,060,888	2,493,195
Interest paid		(1,971,109)	(1,941,728)	0	0
Interest received		0	7,426	0	0
Tax paid		(5,311,255)	(5,695,794)	(34,908)	(8,352)
Net cash from/(used in) operating activities		61,570,896	(11,941,600)	2,025,980	2,484,843
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment		598,700	319,720	0	0
Purchase of property, plant and equipment	5	(9,813,317)	(3,376,901)	0	0
Purchase of right-of-use assets	6(d)	(342,937)	(31,347)	0	0
Net cash used in investing activities		(9,557,554)	(3,088,528)	0	0

STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022	2021	2022	2021
		RM	RM	RM	RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid	24	(2,017,988)	(2,017,988)	(2,017,988)	(2,017,988)
Payments of lease liabilities	6	(1,010,360)	(297,661)	0	0
Proceeds from short term borrowings		55,868,644	81,284,943	0	0
Repayments of short term borrowings		(81,201,381)	(57,591,433)	0	0
Repayments of term loans		(480,000)	(480,000)	0	0
Purchase of treasury shares	12(b)	0	(451,409)	0	(451,409)
Net cash (used in)/from financing activities		(28,841,085)	20,446,452	(2,017,988)	(2,469,397)
Net increase in cash and cash equivalents		23,172,257	5,416,324	7,992	15,446
Effect of exchange rate changes on cash and cash equivalents		(795,239)	(15,369)	0	0
Cash and cash equivalents at beginning of financial year		8,189,972	2,789,017	57,245	41,799
Cash and cash equivalents at end of financial year	11(b)	30,566,990	8,189,972	65,237	57,245

STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities (Note 6) RM	Short term borrowings* (Note 14) RM	Term loans (Note 14) RM
Group			
Balance as at 1 January 2022	229,817	86,201,381	1,240,000
Cash flows	(1,010,360)	(25,332,737)	(480,000)
Non-cash flows:			
- unwinding of interest	56,208	0	0
- additions	2,499,268	0	0
Balance as at 31 December 2022	1,774,933	60,868,644	760,000
Balance as at 1 January 2021	303,266	62,507,871	1,720,000
Cash flows	(297,661)	23,693,510	(480,000)
Non-cash flows:			
- unwinding of interest	14,617	0	0
- additions	235,515	0	0
- modification of lease term	(25,920)	0	0
Balance as at 31 December 2021	229,817	86,201,381	1,240,000

* Short term borrowings includes bankers' acceptances and revolving credit, but exclude bank overdrafts.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

1. CORPORATE INFORMATION

Leader Steel Holdings Berhad ('the Company') is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Penang.

The principal place of business of the Company is located at Plot 85, Lorong Perusahaan Utama, Kawasan Perusahaan Bukit Tengah, 14000 Bukit Tengah, Penang.

The consolidated financial statements for the financial year ended 31 December 2022 comprise the financial statements of the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 26 April 2023.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and details of the subsidiaries are set out in Note 8 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the requirements of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and amendments to MFRSs adopted during the financial year are set out in Note 29.1 to the financial statements.

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

4. OPERATING SEGMENTS

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely the manufacturing, processing and trading of steel and metal products and minerals.

The Group evaluates performance on the basis of profit or loss from operations before tax not including non-recurring losses.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

4. OPERATING SEGMENTS (Cont'd)

Geographical information

The following tables provided an analysis of the Group's segment revenue and non-current assets by geographical segment.

	Revenue		Non-current assets	
	2022	2021	2022	2021
	RM	RM	RM	RM
Malaysia	182,039,429	191,567,692	161,358,930	154,409,688
China	16,487,161	40,113,701	0	0
Others	23,262,885	0	0	0
	<u>221,789,475</u>	<u>231,681,393</u>	<u>161,358,930</u>	<u>154,409,688</u>

Major customers

The Group does not have any major customer that contributed ten (10) percent or more of its total revenue.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

5. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.1.2022 RM	Additions RM	Disposal RM	Transfer to investment property (Note 7) RM	Depreciation charge for the financial year RM	Balance as at 31.12.2022 RM
Carrying amount						
<u>At Valuation</u>						
Buildings	50,816,430	6,966,919	0	(11,944,917)	(1,612,566)	44,225,866
Freehold land	46,595,000	0	0	(19,000,000)	0	27,595,000
<u>At Cost</u>						
Plant and machinery	28,536,389	62,858	0	0	(2,329,007)	26,270,240
Furniture, fittings and office equipment	954,516	30,574	0	0	(165,169)	819,921
Electrical and other installations	4,504	0	0	0	0	4,504
Tools and equipment	65,445	9,910	0	0	(13,771)	61,584
Motor vehicles	1,055,886	0	(141,122)	0	(368,696)	546,068
Capital work-in-progress	3,761,157	2,743,056	0	0	0	6,504,213
	131,789,327	9,813,317	(141,122)	(30,944,917)	(4,489,209)	106,027,396

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	2022				
	Cost RM	Valuation RM	Accumulated depreciation RM	Accumulated impairment losses RM	Carrying amount RM
Group					
Buildings	0	48,724,302	(4,498,436)	0	44,225,866
Freehold land	0	27,595,000	0	0	27,595,000
Plant and machinery	135,499,498	0	(109,229,258)	0	26,270,240
Furniture, fittings and office equipment	4,781,574	0	(3,961,653)	0	819,921
Electrical and other installations	3,370,196	0	(3,365,692)	0	4,504
Tools and equipment	2,148,584	0	(2,087,000)	0	61,584
Motor vehicles	3,795,728	0	(3,249,660)	0	546,068
Capital work-in-progress	6,993,305	0	0	(489,092)	6,504,213
	<u>156,588,885</u>	<u>76,319,302</u>	<u>(126,391,699)</u>	<u>(489,092)</u>	<u>106,027,396</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Group	Balance as at 1.1.2021 RM	Additions RM	Written off RM	Transfer from right- of-use assets (Note 6) RM	Depreciation charge for the financial year RM	Balance as at 31.12.2021 RM
Carrying amount						
<u>At Valuation</u>						
Buildings	52,169,682	76,000	0	0	(1,429,252)	50,816,430
Freehold land	46,595,000	0	0	0	0	46,595,000
<u>At Cost</u>						
Plant and machinery	30,576,088	626,110	(58,837)	0	(2,606,972)	28,536,389
Furniture, fittings and office equipment	950,309	178,011	(2,249)	0	(171,555)	954,516
Electrical and other installations	4,504	0	0	0	0	4,504
Tools and equipment	79,949	0	0	0	(14,504)	65,445
Motor vehicles	950,855	0	0	484,438	(379,407)	1,055,886
Capital work-in-progress	1,264,377	2,496,780	0	0	0	3,761,157
	<u>132,590,764</u>	<u>3,376,901</u>	<u>(61,086)</u>	<u>484,438</u>	<u>(4,601,690)</u>	<u>131,789,327</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	2021			
	Cost RM	Valuation RM	Accumulated depreciation RM	Accumulated impairment losses RM
Group				
Buildings	0	54,107,383	(3,290,953)	0
Freehold land	0	46,595,000	0	0
Plant and machinery	135,436,640	0	(106,900,251)	0
Furniture, fittings and office equipment	4,786,335	0	(3,831,819)	0
Electrical and other installations	3,370,196	0	(3,365,692)	0
Tools and equipment	2,138,674	0	(2,073,229)	0
Motor vehicles	5,689,343	0	(4,633,457)	0
Capital work-in-progress	4,250,249	0	0	(489,092)
	155,671,437	100,702,383	(124,095,401)	(489,092)
				3,761,157
				131,789,327

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

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

After initial recognition, property, plant and equipment except for freehold land and buildings, are stated at cost less accumulated depreciation and any accumulated impairment losses. Freehold land and buildings are stated at valuation, which is the fair value at the date of revaluation less subsequent accumulated depreciation. The surplus arising from such revaluations is credited to shareholders' equity as a revaluation reserve, net of deferred tax and any subsequent deficit is offset against such surplus to the extent of a previous increase for the same property. In all other cases, the deficit would be charged to profit or loss. For a revaluation increase subsequent to a revaluation deficit of the same asset, the surplus is recognised as income to the extent that it reverses the deficit previously recognised as an expense with the balance of increase credited to revaluation reserve.

Depreciation is calculated to write off the cost or valuation of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation annual rates are as follows:

Buildings	2% - 3%
Plant and machinery	2.5% - 10%
Furniture, fittings and office equipment	10%
Electrical and other installations	10% - 14%
Tools and equipment	10%
Motor vehicles	14%

Freehold land has unlimited useful life and is not depreciated.

Capital work-in-progress represents buildings and plant and machinery under installation and is stated at cost. Capital work-in-progress is not depreciated until such time when the asset is available for use.

- (b) The freehold land and buildings were revalued on 22 March 2019 and 31 December 2019 based on valuations carried out by an external independent valuer using the comparison approach.

Had the revalued assets been carried at cost less accumulated depreciation, the carrying amounts would have been:

	Group	
	2022	2021
	RM	RM
Buildings	7,630,269	21,962,864
Freehold land	17,301,549	15,509,485
	<u>24,931,818</u>	<u>37,472,349</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

- (c) The fair value of freehold land and buildings (at valuation) of the Group are categorised as follows:

	Group	
	2022	2021
	RM	RM
Level 3		
Buildings	44,225,866	50,816,430
Freehold land	27,595,000	46,595,000
	71,820,866	97,411,430

- (i) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 December 2022 and 31 December 2021.
- (ii) Level 3 fair value of freehold land and buildings (at valuation) was determined by external and independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. It has been derived from observable recent transacted prices of similar land and buildings in the local market. The fair value of freehold land and buildings was derived using comparison method.

The freehold land and buildings are valued by reference to transactions of similar properties in close proximity with adjustments made for differences in location, size, accessibility, title and other relevant characteristics (if any) to arrive at market value.

The significant unobservable input into this valuation method is adjustment factors to prices of comparable assets. The estimated fair value would increase if the historical sales transaction prices were higher and vice versa.

- (d) As at 31 December 2022, freehold land and buildings of the Group with carrying amount of RM54,237,711 (2021: RM79,172,461) have been charged to banks for credit facilities granted to the Group as disclosed in Note 14(b) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

6. LEASES

The Group as lessee

Right-of-use assets

	Balance as at 1.1.2022 RM	Additions RM	Depreciation RM	Balance as at 31.12.2022 RM
Carrying amount				
<u>At Valuation</u>				
Leasehold land	22,202,308	0	(703,389)	21,498,919
<u>At Cost</u>				
Land	25,431	84,908	(43,121)	67,218
Buildings	30,421	18,360	(24,428)	24,353
Motor vehicles	303,775	2,738,937	(305,011)	2,737,701
	<u>22,561,935</u>	<u>2,842,205</u>	<u>(1,075,949)</u>	<u>24,328,191</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

6. LEASES (Cont'd)

The Group as lessee (Cont'd)

Right-of-use assets (Cont'd)

	Balance as at 1.1.2021 RM	Additions RM	Transfer to property, plant and equipment (Note 5) RM	Modification of lease term RM	Depreciation RM	Balance as at 31.12.2021 RM
Carrying amount						
<u>At Valuation</u>						
Leasehold land	22,905,697	0	0	0	(703,389)	22,202,308
<u>At Cost</u>						
Land	69,028	0	0	0	(43,597)	25,431
Buildings	46,046	39,515	0	(25,488)	(29,652)	30,421
Motor vehicles	699,740	227,347	(484,438)	0	(138,874)	303,775
	<u>23,720,511</u>	<u>266,862</u>	<u>(484,438)</u>	<u>(25,488)</u>	<u>(915,512)</u>	<u>22,561,935</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

6. LEASES (Cont'd)

The Group as lessee (Cont'd)

Lease liabilities

	Balance as at 1.1.2022 RM	Additions RM	Lease payments RM	Interest expense RM	Balance as at 31.12.2022 RM
Carrying amount					
Land	26,219	84,908	(45,100)	1,794	67,821
Buildings	30,662	18,360	(25,200)	850	24,672
Motor vehicles	172,936	2,396,000	(940,060)	53,564	1,682,440
	229,817	2,499,268	(1,010,360)	56,208	1,774,933

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

6. LEASES (Cont'd)

The Group as lessee (Cont'd)

Lease liabilities (Cont'd)

	Balance as at 1.1.2021	Additions	Modification of lease term	Lease payments	Interest expense	Balance as at 31.12.2021
	RM	RM	RM	RM	RM	RM
Carrying amount						
Land	69,648	0	0	(45,600)	2,171	26,219
Buildings	46,425	39,515	(25,920)	(30,600)	1,242	30,662
Motor vehicles	187,193	196,000	0	(221,461)	11,204	172,936
	303,266	235,515	(25,920)	(297,661)	14,617	229,817

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

6. LEASES (Cont'd)

The Group as lessee (Cont'd)

	2022 RM	2021 RM
Represented by:		
Current liabilities	1,045,858	158,603
Non-current liabilities	729,075	71,214
	1,774,933	229,817
Lease liabilities owing to financial institutions	1,682,441	172,936
Lease liabilities owing to non-financial institutions	92,492	56,881
	1,774,933	229,817

- (a) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets except for leasehold land, are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities. Leasehold land are stated at valuation, which is the fair value at the date of revaluation less subsequent accumulated depreciation. The surplus arising from such revaluations is credited to shareholders' equity as a revaluation reserve, net of deferred tax and any subsequent deficit is offset against such surplus to the extent of a previous increase for the same property. In all other cases, the deficit would be charged to profit or loss. For a revaluation increase subsequent to a revaluation deficit of the same asset, the surplus is recognised as income to the extent that it reverses the deficit previously recognised as an expense with the balance of increase credited to revaluation reserve.

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

Land	3 - 4 years
Buildings	1 - 3 years
Motor vehicles	3 - 7 years

Leasehold land is depreciated over the period of the lease of 34 to 64 years. The leasehold land has a remaining tenure of 31 years to 60 years (2021: 32 years to 61 years).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

6. LEASES (Cont'd)

The Group as lessee (Cont'd)

- (b) The leasehold land was revalued on 31 December 2019 based on valuations carried out by an external independent valuer using the comparison approach.

Had the revalued assets been carried at cost less accumulated depreciation, the carrying amounts would have been:

	Group	
	2022	2021
	RM	RM

Leasehold land	<u>2,723,974</u>	<u>3,216,420</u>
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- (c) The fair value of leasehold land (at valuation) of the Group are categorised as follows:

	Group	
	2022	2021
	RM	RM

Level 3

Leasehold land	<u>21,498,919</u>	<u>22,202,308</u>
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- (i) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 December 2022 and 31 December 2021.
- (ii) Level 3 fair value of leasehold land (at valuation) was determined by external and independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. It has been derived from observable recent transacted prices of similar land in the local market. The fair value of leasehold land was derived using comparison method.

The leasehold land is valued by reference to transactions of similar properties in close proximity with adjustments made for differences in location, size, accessibility, title and other relevant characteristics (if any) to arrive at market value.

The significant unobservable input into this valuation method is adjustment factors to prices of comparable assets. The estimated fair value would increase if the historical sales transaction prices were higher and vice versa.

- (d) During the financial year, the Group made the following cash payments to purchase right-of-use assets:

	Group	
	2022	2021
	RM	RM

Addition of right-of-use assets	<u>2,842,205</u>	266,862
Financed by lease liabilities	<u>(2,499,268)</u>	(235,515)
Cash payments on purchase of right-of-use assets	<u>342,937</u>	<u>31,347</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

6. LEASES (Cont'd)

The Group as lessee (Cont'd)

- (e) The leasehold land of the Group with carrying amount of RM6,104,717 (2021: RM6,301,643) have been charged to banks for credit facilities granted to the Group as disclosed in Note 14(b) to the financial statements.
- (f) The Group has certain leases of office equipment with lease term of twelve (12) months or less, and low value leases of office equipment of RM20,000 and below. The Group applies the "short-term lease" and "lease of low-value assets" exemptions for these leases.
- (g) The following are the amounts recognised in profit or loss:

	Group	
	2022	2021
	RM	RM
Depreciation charge of right-of-use assets (included in cost of sales)	770,938	848,475
Depreciation charge of right-of-use assets (included in administrative expenses)	305,011	67,037
Interest expense on lease liabilities (included in finance costs)	56,208	14,617
Expense relating to leases of low-value assets (included in cost of sales)	0	3,108
Expense relating to leases of low-value assets (included in administrative expenses)	0	4,800
Gain on modification of lease term (included in other income)	0	(432)
	<u>1,132,157</u>	<u>937,605</u>

- (h) The following are total cash outflows for leases as a lessee:

	Group	
	2022	2021
	RM	RM
Included in net cash from operating activities:		
Payment relating to low value assets	0	7,908
Included in net cash from investing activities:		
Purchase of right-of-use assets	342,937	31,347
Included in net cash from financing activities:		
Payments of lease liabilities	<u>1,010,360</u>	<u>297,661</u>
Total cash outflows for leases	<u>1,353,297</u>	<u>336,916</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

6. LEASES (Cont'd)

The Group as lessee (Cont'd)

- (i) Information on financial risks of lease liabilities is disclosed in Note 28 to the financial statements.

The Group as lessor

The Group has entered into non-cancellable lease agreements on certain properties for terms of between one (1) to two (2) years. The monthly rental consists of a fixed base rent.

The Group has aggregate future minimum lease receivable as at the end of each reporting period as follows:

	Group	
	2022	2021
	RM	RM
Less than one (1) year	1,606,547	3,277,971
One (1) to two (2) years	0	1,896,457
	<u>1,606,547</u>	<u>5,174,428</u>

7. INVESTMENT PROPERTIES

	Balance as at 1.1.2022	Transfer from property, plant and equipment (Note 5)	Balance as at 31.12.2022
	RM	RM	RM
Building	0	11,944,917	11,944,917
Freehold land	0	19,000,000	19,000,000
	<u>0</u>	<u>30,944,917</u>	<u>30,944,917</u>

- (a) Investment properties are initially measured at cost, which includes transfer cost. After initial recognition, investment properties are stated at fair value. A gain or loss arising from a change in fair value of investment property shall be recognised in profit or loss in the period which it arises.
- (b) The fair value of the investment property of the Group is categorised as Level 3 based on Directors' estimation by reference to valuations by registered independent valuers with appropriate recognised professional qualification and have recent experience in the location and category of the investment properties being valued. The valuation was based on comparison approach with recent transactions of similar properties with adjustments made for differences in size, accessibility, title, building benefit and other relevant characteristics to arrive at the market value. Appropriate adjustments then made for the factors of obsolescences, optimisation and existing physical condition of the buildings. The estimated fair value would be higher if the estimated replacement cost is lower and vice versa. The significant unobservable input into this valuation method is adjustment factors to prices of comparable assets.
- (c) Freehold land and building of the Company with a carrying amount of RM30,944,917 (2021: RMNil) have been charged to a bank for credit facilities granted to fellow subsidiaries as disclosed in Note 14(b) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

7. INVESTMENT PROPERTIES (Cont'd)

- (d) Rental income generated from rental of investment properties of the Group during the financial year amounted to RM2,007,934 (2021: RMNil).
- (e) Direct operating expenses from investment properties which generated rental income to the Group during the financial year amounted to RM15,558 (2021: RMNil).

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2022	2021
	RM	RM

At cost:

Unquoted shares, at cost

- ordinary shares	34,538,493	34,538,491
- redeemable convertible preference shares	41,411,000	41,411,000
Fair value of share options allocated to subsidiaries	1,684,535	1,684,535
Less: Impairment loss	(6,323,681)	(6,323,681)
	71,310,347	71,310,345

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

All components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

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

Name of company	Country of incorporation/ Principal place of business	Effective ownership interest		Principal activities
		2022 %	2021 %	
Leader Steel Sdn. Bhd. #	Malaysia	100	100	Manufacturing, processing and trading of steel and metal products and minerals
Leader Steel Service Centre Sdn. Bhd. #	Malaysia	100	100	Manufacturing, trading of steel products and providing transportation services
Leader Steel Tubes Sdn. Bhd. #	Malaysia	100	100	Inactive
Leader Minerals (Malaysia) Sdn. Bhd. #	Malaysia	100	100	Inactive
Leader Minerals Corporation Sdn. Bhd. #	Malaysia	100	100	Inactive
FerroNet Asia Sdn. Bhd. #	Malaysia	100	100	Inactive

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

8. INVESTMENTS IN SUBSIDIARIES (Cont'd)

(b) Details of the subsidiaries are as follows (Cont'd):

Name of company	Country of incorporation/ Principal place of business	Effective ownership interest		Principal activities
		2022	2021	
Subsidiaries of Leader Steel Sdn. Bhd.				
ACME United Sdn. Bhd. #	Malaysia	50.5	50.5	Inactive
Padma Minerals Co., Limited *	Hong Kong	100	100	Inactive
Aurea Canyon Mining Sdn. Bhd. #	Malaysia	100	100	Inactive

Subsidiaries audited by BDO PLT in Malaysia.

* Subsidiary not audited by BDO PLT in Malaysia.

(c) On 26 August 2022, a wholly-owned subsidiary of the Company, Leader Steel Service Sdn. Bhd., had transferred 2 ordinary shares in FerroNet Asia Sdn. Bhd. to Leader Steel Holdings Berhad for a total consideration of RM2.

(d) In the previous financial year:

- (i) On 30 November 2021, the Company further invested in the capital of its wholly-owned subsidiary, FerroNet Asia Sdn. Bhd. by way of subscribing for 999,998 ordinary shares at RM1 for a total consideration of RM999,998, which was satisfied by way of capitalisation of the amount due from FerroNet Asia Sdn. Bhd..
- (ii) On 30 December 2021, the Company further invested in the capital of its wholly-owned subsidiary, FerroNet Asia Sdn. Bhd. by way of subscribing for 157 redeemable convertible preference shares at RM100,000 for a total consideration of RM15,700,000, which was satisfied by way of capitalisation of the amount due from FerroNet Asia Sdn. Bhd..

(e) The subsidiary of the Group that has non-controlling interests ('NCI') is as follows:

	ACME United Sdn. Bhd.	
	2022	2021
NCI percentage of ownership interest and voting interest	49.5%	49.5%
Carrying amount of NCI (RM)	51,462	57,170
Loss allocated to NCI (RM)	(5,708)	(33,935)
Total comprehensive loss allocated to NCI (RM)	(5,708)	(33,935)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

8. INVESTMENTS IN SUBSIDIARIES (Cont'd)

- (f) The summarised financial information before intra-group elimination of the subsidiary that has material NCI as at the end of each reporting period is as follows:

	ACME United Sdn. Bhd.	
	2022	2021
	RM	RM
Assets and liabilities		
Non-current assets	0	383
Current assets	4,421	4,472
Current liabilities	(17,714)	(6,617)
Net liabilities	(13,293)	(1,762)
Results		
Revenue	0	0
Loss for the financial year	(11,531)	(68,555)
Total comprehensive loss	(11,531)	(68,555)
Cash flows used in operating activities	(51)	(206)
Net decrease in cash and cash equivalents	(51)	(206)

9. INVENTORIES

	Group	
	2022	2021
	RM	RM
At cost		
Raw materials	7,230,088	42,298,519
Manufactured inventories	8,906,271	25,847,680
Trading inventories	15,755,117	13,504,170
	31,891,476	81,650,369
At net realisable value		
Raw materials	134,901	98,013
Manufactured inventories	991,347	121,924
Trading inventories	1,412,126	1,390,788
	2,538,374	1,610,725
Total	34,429,850	83,261,094

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

9. INVENTORIES (Cont'd)

- (a) Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of trading inventories and raw materials comprises all costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition. The cost of manufactured inventories includes the cost of raw materials, direct labour, other direct cost and a proportion of production overheads based on normal operating capacity of the production facilities.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

The Group writes down inventories based on assessment of their estimated net selling prices. Management exercise significant judgement in writing down of inventory to net realisable value which have been derived from estimates of selling prices that are based on the subsequent average selling prices of steel products and market value of minerals.

- (b) During the financial year, inventories of the Group recognised as cost of sales amounted to RM204,129,088 (2021: RM180,959,859).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Trade receivables				
Third parties	19,570,284	33,330,269	0	0
Related parties	195,193	1,622,889	0	0
	19,765,477	34,953,158	0	0
Less: Impairment losses				
- third parties	(500,838)	(2,811,985)	0	0
- related parties	(3,701)	(2,348)	0	0
	(504,539)	(2,814,333)	0	0
	19,260,938	32,138,825	0	0
Other receivables				
Third parties	8,247,361	11,653,802	0	0
Amounts due by subsidiaries	0	0	3,529,464	862,125
	8,247,361	11,653,802	3,529,464	862,125
Less: Impairment losses				
- third parties	(979,691)	(1,410,845)	0	0
	7,267,670	10,242,957	3,529,464	862,125
Total receivables	26,528,608	42,381,782	3,529,464	862,125
Deposits	30,825,736	15,584,956	0	0
Prepayments	1,409,918	7,220,936	15,310	15,310
	58,764,262	65,187,674	3,544,774	877,435

- (a) Total receivables are classified as financial assets measured at amortised cost.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 14 to 90 days (2021: 14 to 90 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (c) Amounts due by subsidiaries are unsecured, bear interest rates ranging from 3.44% to 4.80% (2021: 3.40% to 3.49%) per annum and payable within next twelve (12) months.
- (d) Included in other receivables are advance payment made to suppliers amounting to RM7,096,056 (2021: RM5,854,873).
- (e) Included in deposits is an amount of RM30,573,148 (2021: RM15,333,120) representing deposits paid in relation to the acquisition of land.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

10. TRADE AND OTHER RECEIVABLES (Cont'd)

- (f) The currency exposure profile of trade and other receivables, net of prepayments is as follows:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Ringgit Malaysia	49,887,806	37,201,292	3,529,464	862,125
United States Dollar	4,640,045	7,810,145	0	0
Renminbi	2,826,493	12,955,301	0	0
	57,354,344	57,966,738	3,529,464	862,125

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

The Group uses an allowance matrix to measure the expected credit loss of trade receivables from individual customers. Expected loss rates are calculated using the roll rate method based on the common credit risk characteristic - industry.

During this process, the probability of non-payment by the trade receivables is adjusted by forward-looking information (producer price index) and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the consolidated statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

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

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

The Group defined significant increase in credit risk as amount past due more than three (3) months.

The probability of non-payment by other receivables and amounts due by subsidiaries is adjusted by forward-looking information (producer price index) and multiplied by the amount of the expected loss arising from default to determine the twelve month or lifetime expected credit loss for the other receivables and amounts due by subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

10. TRADE AND OTHER RECEIVABLES (Cont'd)

(g) (Cont'd)

The following table provides information about lifetime expected loss provision for trade receivables as at 31 December 2022 and 31 December 2021:

	Current	1 to 90 days past due	More than 90 days past due	Credit impaired- individually impaired	Total RM
31 December 2022					
Expected loss rate	0.053%	0.798%	98.767%	100.000%	
Gross carrying amount (RM)	17,442,086	1,842,123	52,129	429,139	19,765,477
Impairment (RM)	9,220	14,694	51,486	429,139	504,539
31 December 2021					
Expected loss rate	1.335%	10.212%	81.774%	100.000%	
Gross carrying amount (RM)	27,400,851	5,317,635	1,805,533	429,139	34,953,158
Impairment (RM)	365,683	543,056	1,476,455	429,139	2,814,333

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

Credit impaired refers to individually determined trade receivables who are in significant financial difficulties and have defaulted on payments to be impaired as at the financial year end.

The Group considers trade receivables to be in default when the trade receivables are more than twelve (12) months past due.

(h) Movements in the impairment allowance for trade receivables are as follows:

	Group	
	2022	2021
	RM	RM
Balance as at 1 January	2,814,333	3,009,387
Charge for the financial year	1,353	2,029,819
Reversal of impairment losses	(2,311,147)	(28,065)
Written off	0	(2,196,808)
Balance as at 31 December	504,539	2,814,333

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

10. TRADE AND OTHER RECEIVABLES (Cont'd)

- (i) Movements in the impairment allowance for other receivables are as follows:

	Lifetime ECL* - not credit impaired RM	Lifetime ECL* - credit impaired RM	Total allowance RM
Group			
Balance as at 1 January 2022	431,154	979,691	1,410,845
Reversal of impairment losses	(431,154)	0	(431,154)
Balance as at 31 December 2022	0	979,691	979,691
Balance as at 1 January 2021	0	969,381	969,381
Charge for the financial year	431,154	0	431,154
Reversal of impairment losses	0	(1,100)	(1,100)
Exchange differences	0	11,410	11,410
Balance as at 31 December 2021	431,154	979,691	1,410,845

* Expected credit loss

Credit impaired refers to individually determined other receivables who are in significant financial difficulties and have defaulted on payments to be impaired as at the financial year end.

The Group considers other receivables to be in default when the other receivables are more than twelve (12) months past due.

- (j) Information on financial risks of trade and other receivables is disclosed in Note 28 to the financial statements.

11. CASH AND BANK BALANCES

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Cash and bank balances	30,621,889	8,483,419	65,237	57,245

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

11. CASH AND BANK BALANCES (Cont'd)

- (a) The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Ringgit Malaysia	13,401,814	585,314	65,237	57,245
United States Dollar	9,807,070	1,128,529	0	0
Singapore Dollar	952	896	0	0
Renminbi	7,402,886	6,746,531	0	0
Hong Kong Dollar	9,167	22,149	0	0
	<u>30,621,889</u>	<u>8,483,419</u>	<u>65,237</u>	<u>57,245</u>

- (b) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Cash and bank balances	30,621,889	8,483,419	65,237	57,245
Bank overdrafts included in borrowings (Note 14)	(54,899)	(293,447)	0	0
	<u>30,566,990</u>	<u>8,189,972</u>	<u>65,237</u>	<u>57,245</u>

- (c) No expected credit losses were recognised arising from the bank balances because the probability of default by these financial institutions were negligible.
- (d) Information on financial risks of cash and bank balances is disclosed in Note 28 to the financial statements.

12. SHARE CAPITAL

- (a) Share capital

	Group and Company			
	2022		2021	
	Number of shares	RM	Number of shares	RM
Issued and fully paid with no par value:				
Ordinary shares	<u>140,334,960</u>	<u>67,218,370</u>	<u>140,334,960</u>	<u>67,218,370</u>

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

12. SHARE CAPITAL (Cont'd)

(a) Share capital (Cont'd)

The owners of the parent (except treasury shares) are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

(b) Treasury shares

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting ('AGM') held on 30 May 2022, renewed the approval for the Company to repurchase its own shares.

	Group and Company			
	2022		2021	
	Number of shares	RM	Number of shares	RM
Balance as at 1 January	(5,802,400)	(2,209,815)	(5,002,400)	(1,758,406)
Purchase of treasury shares	0	0	(800,000)	(451,409)
Balance as at 31 December	<u>(5,802,400)</u>	<u>(2,209,815)</u>	<u>(5,802,400)</u>	<u>(2,209,815)</u>

- (i) When the Group repurchases its own shares, the shares repurchased would be accounted for using the treasury stock method.

Where the treasury stock method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently. It shall not be revalued for subsequent changes in the fair value or market price of the shares.

The carrying amount of the treasury shares shall be offset against equity in the statements of financial position.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sale consideration and the carrying amount is shown as a movement in equity.

- (ii) In the previous financial year, the Company repurchased a total of 800,000 of its issued ordinary shares from the open market at an average price of RM0.564 per share. The total consideration paid for the repurchased shares was RM451,409. The repurchase transactions were financed by internally generated funds. The shares repurchased were being held as treasury shares in accordance with Section 127 of the Companies Act 2016 in Malaysia.

As at 31 December 2022, 5,802,400 (2021: 5,802,400) out of the total 140,334,960 (2021: 140,334,960) issued and fully paid ordinary shares are held as treasury shares by the Company. The number of ordinary shares in issue and fully paid as at 31 December 2022 after excluding the treasury shares is 134,532,560 (2021: 134,532,560).

None of the treasury shares held were resold or cancelled during the financial year. Treasury shares have no rights to voting, dividends or participation in other distribution.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

13. RESERVES

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Non-distributable:				
Revaluation reserve	68,881,983	68,881,983	0	0
Distributable:				
Retained earnings	56,477,830	52,000,448	9,523,050	6,940,624
	<u>125,359,813</u>	<u>120,882,431</u>	<u>9,523,050</u>	<u>6,940,624</u>

The revaluation reserve arose from the revaluation of freehold land, leasehold land and buildings.

14. BORROWINGS

	Group	
	2022	2021
	RM	RM
Current		
<i>Secured</i>		
Bankers' acceptances	55,938,000	81,201,381
Bank overdrafts (Note 11)	54,899	293,447
Revolving credit	4,930,644	5,000,000
Term loans	480,000	480,000
	<u>61,403,543</u>	<u>86,974,828</u>
Non-current		
<i>Secured</i>		
Term loans	<u>280,000</u>	<u>760,000</u>
Total borrowings		
Bankers' acceptances	55,938,000	81,201,381
Bank overdrafts (Note 11)	54,899	293,447
Revolving credit	4,930,644	5,000,000
Term loans	<u>760,000</u>	<u>1,240,000</u>
	<u>61,683,543</u>	<u>87,734,828</u>

(a) All borrowings are denominated in Ringgit Malaysia.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

14. BORROWINGS (Cont'd)

- (b) The bank borrowings of the Group are secured by the following:
- (i) fixed charges over the property, plant and equipment, right-of-use assets and investment properties of the Group as disclosed in Note 5(d), Note 6(e) and Note 7(c) to the financial statements.
 - (ii) corporate guarantee of RM146,984,000 (2021: RM153,486,000) by the Company.
- (c) Information on financial risks of borrowings is disclosed in Note 28 to the financial statements.

15. DEFERRED TAX LIABILITIES

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

	Group	
	2022	2021
	RM	RM
Balance as at 1 January	15,086,580	15,653,165
Recognised in profit or loss (Note 23)	489,613	(566,585)
Balance as at 31 December	<u>15,576,193</u>	<u>15,086,580</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

15. DEFERRED TAX LIABILITIES (Cont'd)

(b) Deferred tax (assets)/liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2022	2021	2022	2021	2022	2021
	RM	RM	RM	RM	RM	RM
Property, plant and equipment	0	0	5,601,908	5,356,322	5,601,908	5,356,322
Provisions	(252,863)	(875,870)	0	0	(252,863)	(875,870)
Other deductible temporary differences	(497,827)	(481,849)	0	0	(497,827)	(481,849)
Revaluation of freehold and leasehold land and buildings	0	0	10,724,975	11,087,977	10,724,975	11,087,977
Deferred tax (assets)/liabilities	(750,690)	(1,357,719)	16,326,883	16,444,299	15,576,193	15,086,580
Set off	750,690	1,357,719	(750,690)	(1,357,719)	0	0
Net deferred tax liabilities	0	0	15,576,193	15,086,580	15,576,193	15,086,580

Group	Provisions	Other deductible temporary differences	Revaluation of freehold and leasehold land and buildings	Property, plant and equipment	Total
	RM	RM	RM	RM	RM
Balance as at 1 January 2022	(875,870)	(481,849)	11,087,977	5,356,322	15,086,580
Recognised in profit or loss	623,007	(15,978)	(363,002)	245,586	489,613
Balance as at 31 December 2022	(252,863)	(497,827)	10,724,975	5,601,908	15,576,193
Balance as at 1 January 2021	(228,555)	(500,271)	11,477,480	4,904,511	15,653,165
Recognised in profit or loss	(647,315)	18,422	(389,503)	451,811	(566,585)
Balance as at 31 December 2021	(875,870)	(481,849)	11,087,977	5,356,322	15,086,580

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

15. DEFERRED TAX LIABILITIES (Cont'd)

- (c) The estimated amount of net deferred tax assets calculated at the applicable tax rate, which is not recognised in the financial statements are as follows:

	Group	
	2022	2021
	RM	RM
Unabsorbed capital allowances	353,777	353,048
Unabsorbed tax losses		
- Expires by 31 December 2028/ 2025	355,250	355,250
	709,027	708,298

In Malaysia, with effective from 1 January 2022, any unused tax losses shall be deductible for a maximum period of ten consecutive years of assessment immediately following that year of assessment. Any amount which is not deducted at the end of period of ten years of assessment shall be disregarded.

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiaries will be available against which the deductible temporary differences can be utilised.

16. TRADE AND OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Trade payables				
Third parties	3,089,207	4,267,004	0	0
Related party	990	0	0	0
	3,090,197	4,267,004	0	0
Other payables				
Third parties	11,464,893	12,086,735	352,516	268,908
Amounts due to related parties	0	70,000	0	0
Accrued expenses	2,070,565	3,608,461	46,500	36,700
	13,535,458	15,765,196	399,016	305,608
	16,625,655	20,032,200	399,016	305,608

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 14 to 120 days (2021: 14 to 120 days).
- (c) Amounts due to related parties was unsecured, interest-free and payable upon demand in cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

16. TRADE AND OTHER PAYABLES (Cont'd)

(d) The currency exposure profile of trade and other payables is as follows:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Ringgit Malaysia	8,705,805	15,470,808	399,016	305,608
United States Dollar	627,927	608,603	0	0
Renminbi	7,291,923	3,952,789	0	0
	16,625,655	20,032,200	399,016	305,608

(e) Information on financial risks of trade and other payables is disclosed in Note 28 to the financial statements.

17. CONTINGENT LIABILITIES

- (a) The Group designates corporate guarantees given to financial institutions for credit facilities granted to subsidiaries and a third party as insurance contracts as defined in MFRS 4 Insurance Contracts. The Group recognises these corporate guarantees as insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.
- (b) (i) The Company has given corporate guarantees to financial institutions for credit facilities granted to its subsidiaries for a limit of up to RM171,470,000 (2021: RM154,490,000) of which RM61,683,543 (2021: RM87,734,828) was utilised at the end of reporting period.
- (ii) The Company had given corporate guarantees to financial institutions for credit facilities granted to a third party for a limit of up to RM14,900,000 (2021: RM14,900,000) of which RMNil (2021: RM14,900,000) was utilised.
- (iii) The Directors are of the view that the chances of the financial institutions calling upon the corporate guarantees are unlikely.

18. CAPITAL COMMITMENTS

	Group	
	2022	2021
	RM	RM

Capital expenditure in respect of purchase of property, plant and equipment:

Contracted but not provided for	6,303,634	15,333,120
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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

19. REVENUE

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM

Revenue from contracts with customers

Recognised at point in time:

- Sales of goods	221,789,475	231,681,393	0	0
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Other revenue:

- Dividend income	0	0	5,500,000	13,000,000
	221,789,475	231,681,393	5,500,000	13,000,000

(a) Sale of goods

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

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

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

(b) Dividend income

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

(c) Revenue from contract with customers is disaggregated in Note 4 to the financial statements.

20. FINANCE COSTS

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM

Interest expenses on:

Bank overdrafts	640	953	0	0
Term loans	40,839	56,060	0	0
Bankers' acceptances	1,722,165	1,662,798	0	0
Revolving credit	204,837	221,870	0	0
Lease liabilities	56,208	14,617	0	0
Amounts due to subsidiaries	0	0	36,504	10,703
Others	2,628	47	0	0
	2,027,317	1,956,345	36,504	10,703

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

21. EMPLOYEE BENEFITS

	Group	
	2022	2021
	RM	RM
Wages, salaries, bonuses and incentive	8,168,032	9,895,005
Contributions to defined contribution plan	954,579	1,075,804
Social security contributions	90,618	91,776
	<u>9,213,229</u>	<u>11,062,585</u>

22. DIRECTORS' REMUNERATION

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Directors of the Company				
Executive:				
- fees	108,000	90,000	108,000	90,000
- remuneration	1,609,687	1,969,465	0	0
- other emoluments	10,000	6,500	10,000	6,500
	<u>1,727,687</u>	<u>2,065,965</u>	<u>118,000</u>	<u>96,500</u>
Non-executive:				
- fees	210,536	132,000	210,536	132,000
- other emoluments	71,500	66,500	25,500	20,500
	<u>282,036</u>	<u>198,500</u>	<u>236,036</u>	<u>152,500</u>
Total Directors' remuneration	<u>2,009,723</u>	<u>2,264,465</u>	<u>354,036</u>	<u>249,000</u>

Estimated monetary value of benefits-in-kind provided to the Executive Directors of the Company is RM15,771 (2021: RM13,325).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

23. TAX EXPENSE

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Current tax expense based on profit for the financial year	2,289,931	9,704,590	0	0
(Over)/Underprovision in prior years	(194,193)	(98,332)	34,407	8,352
	2,095,738	9,606,258	34,407	8,352
Deferred tax (Note 15):				
Relating to origination and reversal of temporary differences	910,944	419,798	0	0
Crystallisation of deferred tax liability on revaluation surplus	(363,002)	(389,503)	0	0
Overprovision in prior years	(58,329)	(596,880)	0	0
	489,613	(566,585)	0	0
Tax expense for the financial year	2,585,351	9,039,673	34,407	8,352

The Malaysian income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the taxable profits for the fiscal year.

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Profit before tax	9,075,013	35,406,472	4,634,821	12,580,374
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	2,178,003	8,497,553	1,112,357	3,019,290
Tax effects in respect of:				
Non-allowable expenses	1,064,026	1,266,073	207,643	100,710
Non-taxable income	(404,885)	(52,771)	(1,320,000)	(3,120,000)
Deferred tax assets not recognised	729	24,030	0	0
	2,837,873	9,734,885	0	0
(Over)/Underprovision in prior years:				
- current tax	(194,193)	(98,332)	34,407	8,352
- deferred tax	(58,329)	(596,880)	0	0
	2,585,351	9,039,673	34,407	8,352

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

24. DIVIDEND

	Group and Company			
	2022		2021	
	Dividend per share RM	Amount of dividend RM	Dividend per share RM	Amount of dividend RM
In respect of the financial year ended 31 December 2022:				
First single-tier interim dividend	0.015	2,017,988	0	0
In respect of the financial year ended 31 December 2020:				
First single-tier interim dividend	0	0	0.015	2,017,988
	<u>0.015</u>	<u>2,017,988</u>	<u>0.015</u>	<u>2,017,988</u>

25. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares held by the Company.

	Group	
	2022	2021
Profit attributable to equity holders of the parent (RM)	<u>6,495,370</u>	26,400,734
Weighted average number of ordinary shares in issue (units)	<u>134,532,560</u>	130,118,304
Basic earnings per ordinary share (sen)	<u>4.83</u>	20.29

Diluted earnings per ordinary share is the same as basic earnings per ordinary share as there is no dilutive potential ordinary share outstanding during the financial year.

26. RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

The Company has controlling related party relationship with its direct and indirect subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

26. RELATED PARTY DISCLOSURES (Cont'd)

(a) Identities of related parties (Cont'd)

The Group has related parties relationship with the following:

Names of related parties	Relationship
Eonmetall Industries Sdn. Bhd.	A company in which certain Directors of the Company have substantial interest.
Eonmetall Technology Sdn. Bhd.	A company in which certain Directors of the Company have substantial interest.
Eonmetall Systems Sdn. Bhd.	A company in which certain Directors of the Company have substantial interest.
Lienteh Technology Sdn. Bhd.	A company in which certain Directors of the Company have substantial interest.

(b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Related parties:				
Purchase of property, plant and equipment	(9,130,476)	(390,000)	0	0
Sales of property, plant and equipment	0	319,720	0	0
Sales	1,577,183	2,095,813	0	0
Purchases	(576,880)	(875)	0	0
Rental income	4,070,333	0	0	0
Subsidiaries:				
Dividend income	0	0	5,500,000	13,000,000
Interest income	0	0	1,990	146,860
Interest expense	0	0	(36,504)	(10,703)

Balances with related parties at the end of the financial year are disclosed in Note 10 and Note 16 to the financial statements.

The above transactions were carried out on terms and rates as agreed between the Group and the related parties.

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

26. RELATED PARTY DISCLOSURES (Cont'd)

(c) Compensation of key management personnel (Cont'd)

The remuneration of Executive Directors, Non-Executive Directors and other members of key management personnel during the financial year are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
<u>Directors</u>				
Fees	318,536	222,000	318,536	222,000
Remuneration	1,609,687	1,969,465	0	0
Other emoluments	81,500	73,000	35,500	27,000
	2,009,723	2,264,465	354,036	249,000
<u>Other Key Management Personnel</u>				
Remuneration	1,562,908	1,052,700	0	0
Other emoluments	880,407	414,112	0	0
	2,443,315	1,466,812	0	0
	4,453,038	3,731,277	354,036	249,000

Estimated monetary value of benefits-in-kind provided to the Executive Directors and key management personnel of the Group is RM75,851 (2021: RM35,200).

27. FINANCIAL INSTRUMENTS

(a) Capital management

The overall capital management objective of the Group is to safeguard its ability to continue as a going concern so as to provide fair returns to owners and benefits to other stakeholders. In order to meet this objective, the Group always strives to maintain an optimal capital structure to reduce the cost of capital and sustain its business development.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

27. FINANCIAL INSTRUMENTS (Cont'd)

(a) Capital management (Cont'd)

The Group considers its total equity (including non-controlling interests), borrowings, lease liabilities and trade and other payables to be the key components of its capital structure and may, from time to time, adjust the dividend payouts, purchase own shares, issue new shares, sell assets, raise or redeem debts, where necessary, to maintain an optimal capital structure. The Group monitors capital using a debt-to-equity ratio, which is calculated as, total borrowings, lease liabilities and trade and other payables divided by total equity as follows:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Borrowings	61,683,543	87,734,828	0	0
Lease liabilities	1,774,933	229,817	0	0
Trade and other payables	16,625,655	20,032,200	399,016	305,608
Total loans and borrowings	80,084,131	107,996,845	399,016	305,608
Total equity	190,419,830	185,948,156	74,531,605	71,949,179
Debt-to-equity ratio	0.42 : 1	0.58 : 1	0.005 : 1	0.004 : 1

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities, the Group is required to maintain a consolidated shareholders' equity of more than twenty-five percent (25%) of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40.0 million. The Company has complied with this requirement for the financial years ended 31 December 2022 and 31 December 2021.

The Group and the Company have complied with these externally imposed capital requirements as at the end of reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

27. FINANCIAL INSTRUMENTS (Cont'd)

(b) Categories of financial instruments

	Group RM	Company RM
31 December 2022		
Financial assets		
Amortised cost		
Trade and other receivables, net of prepayments	57,354,344	3,529,464
Cash and bank balances	30,621,889	65,237
	<u>87,976,233</u>	<u>3,594,701</u>
Financial liabilities		
Amortised cost		
Borrowings	61,683,543	0
Trade and other payables	16,625,655	399,016
	<u>78,309,198</u>	<u>399,016</u>
31 December 2021		
Financial assets		
Amortised cost		
Trade and other receivables, net of prepayments	57,966,738	862,125
Cash and bank balances	8,483,419	57,245
	<u>66,450,157</u>	<u>919,370</u>
Financial liabilities		
Amortised cost		
Borrowings	87,734,828	0
Trade and other payables	20,032,200	305,608
	<u>107,767,028</u>	<u>305,608</u>

(c) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

- (i) Financial instruments that are not carried at fair values and whose carrying amounts are a reasonable approximation of fair values.

The carrying amounts of financial assets and financial liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

27. FINANCIAL INSTRUMENTS (Cont'd)

- (c) Methods and assumptions used to estimate fair value (Cont'd)

The fair values of financial assets and financial liabilities are determined as follows (cont'd):

- (ii) Long term borrowing

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the reporting period. At the end of the reporting period, these amounts are carried at amortised cost and the carrying amounts approximate fair value.

- (d) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Fair value of non-derivative financial liabilities, 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. In respect of the borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group is exposed mainly to credit risk, liquidity and cash flow risk, foreign currency risk and interest rate risk. Information on the management of the related exposures is detailed below.

- (a) Credit risk

Exposure to credit risk arises mainly from sales made on credit terms and deposits with licensed banks. The Group controls the credit risk on sales by ensuring that its customers have sound financial position and credit history. The Group also seeks to invest cash assets safely and profitably with approved financial institutions in line with the policy of the Group.

Exposure to credit risk

At the end of each reporting period, the maximum exposure to credit risk of the Group and of the Company is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(a) Credit risk (Cont'd)

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country and industry sector profiles of its trade receivables on an ongoing basis. The credit risk concentration profile of the trade receivables of the Group at the end of the reporting period are as follows:

	2022		2021	
	RM	% of total	RM	% of total
By countries				
Malaysia	11,794,400	61%	11,665,217	36%
China	7,466,538	39%	20,473,608	64%
	19,260,938	100%	32,138,825	100%
By industry sectors				
Minerals	7,466,538	39%	20,473,608	64%
Steel product and trading activity	11,794,400	61%	11,665,217	36%
	19,260,938	100%	32,138,825	100%

At the end of each reporting period, approximately one percent 1% (2021: 5%) of the trade receivables of the Group were due from related parties. The Company's receivables consist 100% (2021: 100%) of amounts due by subsidiaries.

(b) Liquidity and cash flow risk

Liquidity and cash flow risk is the risk that the Group will encounter difficulty in meeting their financial obligations due to shortage of funds. The exposure of the Group to liquidity and cash flow risk arises primarily from mismatches of maturities of financial assets and financial liabilities. The objective of the Group is to maintain a balance between continuity of funding and flexibility through the use of available credit facilities.

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities whilst maintaining sufficient cash and the availability of funding through standby credit facilities.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(b) Liquidity and cash flow risk (Cont'd)

The table below summarises the maturity profile of the liabilities of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations.

	On demand or within one (1) year RM	One (1) to five (5) years RM	Total RM
--	--	---------------------------------------	-------------

As at 31 December 2022

Group

Financial liabilities

Lease liabilities	1,097,775	754,708	1,852,483
Trade and other payables	16,625,655	0	16,625,655
Borrowings	61,424,873	283,687	61,708,560
Total undiscounted financial liabilities	<u>79,148,303</u>	<u>1,038,395</u>	<u>80,186,698</u>

As at 31 December 2021

Group

Financial liabilities

Lease liabilities	165,944	146,334	312,278
Trade and other payables	20,032,200	0	20,032,200
Borrowings	87,015,118	785,017	87,800,135
Financial guarantee contract	14,900,000	0	14,900,000
Total undiscounted financial liabilities	<u>122,113,262</u>	<u>931,351</u>	<u>123,044,613</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(b) Liquidity and cash flow risk (Cont'd)

The table below summarises the maturity profile of the liabilities of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations. (Cont'd)

	On demand or within one (1) year RM	One (1) to five (5) years RM	Total RM
--	--	---------------------------------------	-------------

As at 31 December 2022

Company

Financial liabilities

Other payables	399,016	0	399,016
Financial guarantee contracts	61,683,543	0	61,683,543
Total undiscounted financial liabilities	62,082,559	0	62,082,559

As at 31 December 2021

Company

Financial liabilities

Other payables	305,608	0	305,608
Financial guarantee contracts	102,634,828	0	102,634,828
Total undiscounted financial liabilities	102,940,436	0	102,940,436

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currency giving rise to this risk is primarily in United States Dollar ('USD') and Renminbi ('RMB').

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(c) Foreign currency risk (Cont'd)

The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the USD and RMB exchange rate against the respective functional currencies of the Group entities, with all other variables held constant:

	Group	
	2022	2021
	RM	RM
Profit after tax		
USD/RM - strengthen by 10% (2021: 10%)	1,050,260	633,085
- weaken by 10% (2021: 10%)	(1,050,260)	(633,085)
RMB/RM - strengthen by 10% (2021: 10%)	223,247	1,196,928
- weaken by 10% (2021: 10%)	(223,247)	(1,196,928)

Sensitivity analysis of other foreign currencies are not disclosed as they are not material to the Group.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates.

The exposure of the Group to interest rate risk arises primarily from their loans and borrowings. The Group borrows at both, floating and fixed rates of interest to generate the desired interest profile and to manage the exposure of the Group to interest rate fluctuations.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group if interest rates at the end of each reporting period changed by ten (10) basis points with all other variables held constant:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Profit after tax				
- Increase by 0.1% (2021: 0.1%)	(16,204)	(21,569)	13,412	3,241
- Decrease by 0.1% (2021: 0.1%)	16,204	21,569	(13,412)	(3,241)

The Group and the Company do not account for any fixed rate financial instruments at fair value through profit or loss, and the carrying amount of fixed rate financial instruments of the Group and of the Company are measured at amortised cost. Therefore, no sensitivity analysis for fixed rate instruments was prepared as the change in market interest rate at the end of the reporting period would not affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(d) Interest rate risk (Cont'd)

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the financial instruments of the Group and of the Company that are exposed to interest rate risk:

Group	Note	Weighted average effective interest rate %	Within one (1) year RM	One (1) to two (2) years RM	Two (2) to three (3) years RM	Three (3) to four (4) years RM	Four (4) to five (5) years RM	Total RM
As at 31 December 2022								
Fixed rates								
Lease liabilities	6	4.06*	59,091	33,401	0	0	0	92,492
Lease liabilities	6	3.46	986,767	680,163	15,511	0	0	1,682,441
Floating rates								
Bankers' acceptances	14	3.72	55,938,000	0	0	0	0	55,938,000
Revolving credit	14	4.89	4,930,644	0	0	0	0	4,930,644
Term loans	14	4.18	480,000	280,000	0	0	0	760,000
Bank overdrafts	14	7.90*	54,899	0	0	0	0	54,899

* Represents weighted average incremental borrowings rate per annum.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(d) Interest rate risk (Cont'd)

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the financial instruments of the Group and of the Company that are exposed to interest rate risk: (Cont'd)

Group	Note	Weighted average effective interest rate %	Within one (1) year RM	One (1) to two (2) years RM	Two (2) to three (3) years RM	Three (3) to four (4) years RM	Four (4) to five (5) years RM	Total RM
As at 31 December 2021								
Fixed rates								
Lease liabilities	6	3.78*	49,159	7,722	0	0	0	56,881
Lease liabilities	6	4.00	109,444	51,554	11,938	0	0	172,936
Floating rates								
Bankers' acceptances	14	2.40	81,201,381	0	0	0	0	81,201,381
Revolving credit	14	4.14	5,000,000	0	0	0	0	5,000,000
Term loans	14	3.95	480,000	480,000	280,000	0	0	1,240,000
Bank overdrafts	14	6.79*	293,447	0	0	0	0	293,447

* Represents weighted average incremental borrowings rate per annum.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(d) Interest rate risk (Cont'd)

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the financial instruments of the Group and of the Company that are exposed to interest rate risk: (Cont'd)

	Note	Weighted average effective interest rate %	Within one (1) year RM	One (1) to two (2) years RM	Two (2) to three (3) years RM	Three (3) to four (4) years RM	Four (4) to five (5) years RM	Total RM
Company								
As at 31 December 2022								
Floating rates								
Amounts due by subsidiaries	10	4.04	3,529,464	0	0	0	0	3,529,464
As at 31 December 2021								
Floating rates								
Amounts due by subsidiaries	10	3.44	862,125	0	0	0	0	862,125

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2022

29. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

29.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022

Adoption of the above Amendments did not have any material effect on the financial performance or position of the Group and of the Company.

29.2. New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2023

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been early adopted by the Group and the Company:

Title	Effective Date
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendment to MFRS 17 Initial Application	1 January 2023
Amendment to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 16 <i>Leases - Lease liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company is in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial years.

PROPERTIES OF THE GROUP

Location	Date of Revaluation/ Acquisition	Lot	Tenure	Approximate Age of Building	Area (Square Meters)	Description	Carrying Amount as at 31 December 2022 (RM'000)
Leader Steel Sdn. Bhd.							
Plot 85, Lorong Perusahaan Utama, Kawasan Perusahaan Bukit Tengah, 14000 Bukit Tengah, Seberang Perai Tengah, Pulau Pinang, Malaysia.	31.12.2019	Lot No. PT 2965, Mukim 11 District of Seberang Perai Tengah Pulau Pinang	Leasehold 60 years, expiring 21.12.2052	30 years	34,000	Factory	27,727
No. 6, Lorong Limau Manis 1, Taman Limau Manis, 14000 Bukit Mertajam, Seberang Perai Tengah, Pulau Pinang, Malaysia.	31.12.2019	Lot No.5582, Mukim 11 District of Seberang Perai Tengah Pulau Pinang	Freehold Double Storey Terrace house	28 years	111	Residential premise for factory workers	374
No. 8, Lorong Limau Manis 1, Taman Limau Manis, 14000 Bukit Mertajam, Seberang Perai Tengah, Pulau Pinang, Malaysia.	31.12.2019	Lot No. 5583, Mukim 11 District of Seberang Perai Tengah Pulau Pinang	Freehold Double Storey Terrace house	28 years	111	Residential premise for factory workers	374
Lot 841, Block 7 MTLD, Sejingkat Industrial Park, 93050 Kuching, Sarawak, Malaysia.	31.12.2019	Lot 841, Block 7 Muara Tebas Land District Sarawak	Leasehold 60 years, expiring 10.11.2053	29 years	33,600	Factory	17,416
Lot No. 1596, Title No. GRN 77765, Mukim 12, Daerah Seberang Perai Selatan, Pulau Pinang, Malaysia.	31.12.2019	Lot 1596, Mukim 12 District of Seberang Perai Selatan Pulau Pinang	Freehold Land & Building	10 years	39,250	Factory	30,945
Parcel No. 1572-2-11, First floor, Block I, Demak Laut Commercial Centre, off Jalan Bako, 93050, Kuching, Sarawak, Malaysia.	31.12.2019	Lot 1572, Block 7 Muara Tebas Land District Sarawak	Leasehold 60 years, expiring 07.12.2059	24 years	73	Residential premise for factory workers	85
Leader Steel Service Centre Sdn. Bhd.							
Geran 43145, Lot No. 6483, Kapar, Klang, Selangor, Malaysia.	22.03.2019	Lot 6483, Mukim of Kapar District of Klang Selangor	Freehold Land	19 years	52,483	Factory	27,595
Lot 6483, Jalan Sungai Puloh, KU5, 42100 Klang, Selangor, Malaysia.	22.03.2019	Lot 6483, Mukim of Kapar District of Klang Selangor	Freehold Building	14 years	17,000	Factory	15,330

PROPERTIES OF THE GROUP (CONT'D)

Location	Date of Revaluation/ Acquisition	Lot	Tenure	Approximate Age of Building	Area (Square Meters)	Description	Carrying Amount as at 31 December 2022 (RM'000)
Leader Steel Service Centre Sdn. Bhd. (Cont'd)							
No. 42A, Lorong Bayu Mutiara 8, Taman Bayu Mutiara, 14000 Bukit Mertajam, Pulau Pinang, Malaysia.	27.03.2019	Lot No.7764, Mukim 11 District of Seberang Perai Tengah Pulau Pinang	Freehold Double Storey Terrace house	16 years	130	Residential premise for rent	527
No. 48, Lorong Bayu Mutiara 8, Taman Bayu Mutiara, 14000 Bukit Mertajam, Pulau Pinang, Malaysia.	27.03.2019	Lot No. 7762, Mukim 11 District of Seberang Perai Tengah Pulau Pinang	Freehold Double Storey Terrace house	16 years	130	Residential premise for rent	521
No. 32A, Jalan Setia Impian, U13/5F Sek U13 Setia Alam, 40170 Shah Alam, Selangor, Malaysia.	26.03.2019	Lot No. 17575, Mukim of Bukit Raja District of Petaling Selangor	Freehold Double Storey Terrace house	15 years	130	Residential premise for factory workers	568
No. 32, Klang Central Industrial Park, Lorong 5, Di Lorong Sungai Puloh, Batu 5 ¾, Jalan Kapar, 41400 Klang, Selangor Darul Ehsan, Malaysia.	26.03.2019	Lot No.32948, Mukim of Kapar District of Klang Selangor	Freehold Double Storey Shophouse	13 years	186	Residential premise for factory workers	552
No.8, Jalan Setia Impian U13/8G, Setia Alam Seksyen U13, Setia Alam, 40170 Shah Alam, Selangor Darul Ehsan, Malaysia.	26.03.2019	Lot No. 28091 and 21547, all of Mukim of Bukit Raja District of Petaling Selangor	Freehold Double Storey Terrace house	14 years	130	Residential premise for factory workers	625
No.30, Klang Central Industrial Park, Lorong 5, Di Lorong Sungai Puloh, Batu ¾, Jalan Kapar, 41400 Klang, Selangor Darul Ehsan, Malaysia.	26.03.2019	Lot No. 32947, Mukim of Kapar District of Klang Selangor	Freehold Double Storey Shophouse	10 years	191	Residential premise for factory workers	574
Plot 9288, Kawasan Perindustrian Kelemak, 78000 Alor Gajah, Melaka.	07.01.2019	Mukim 273, Lot 2953, Tempat Kawasan Perindustrian Kelemak Mukim Kelemak Daerah Alor Gajah Melaka	Leasehold 99 years, expiring 27.09.2082	40 years	6,133	Factory	1,155

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2023

Issued Share Capital : 140,334,960 ordinary shares (including 5,802,400 treasury shares)
 Class of Share : Ordinary Shares
 No. of Shareholders : 2,366
 Voting Rights : One vote per ordinary share

Analysis by size of shareholdings

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares Held
LESS THAN 100	6	0.2536	215	0.0002
100 - 1,000	314	13.2714	211,808	0.1509
1,001 - 10,000	1,414	59.7633	8,034,569	5.7253
10,001 - 100,000	575	24.3026	17,224,494	12.2738
100,001 – 7,016,747*	55	2.3246	48,980,706	34.9027
7,016,748 – 140,334,960**	2	0.0845	65,883,168	46.9471
TOTAL:	2,366	100.00	140,334,960	100.00

* - Less than 5% of issued shares

** - 5% and above of issued shares

Substantial Shareholders

No.	Name of Substantial Shareholders	Direct		Indirect	
		No. of Shares	%	No. of Shares	%
1.	Dato' Goh Cheng Huat	12,047,894	8.96	[^] 56,622,974	[^] 42.09
2.	Datin Tan Pak Say	1,375,006	1.02	[^] 67,295,862	[^] 50.02
3.	Bischart Sdn. Bhd.	54,035,868	40.17	-	-

DIRECTOR'S INTEREST IN THE SHARE CAPITAL

No.	Name of Directors	Direct		Indirect	
		No. of Shares	%	No. of Shares	%
1.	Tan Sri Dato' Mohd Desa bin Pachi	-	-	-	-
2.	Dato' Goh Cheng Huat	12,047,894	8.96	[^] 56,622,974	[^] 42.09
3.	Datin Tan Pak Say	1,375,006	1.02	[^] 67,295,862	[^] 50.02
4.	Lim Leng Han	18,000	0.01	-	-
5.	Datuk Abdullah bin Haji Kumtom	-	-	-	-
6.	Mohd. Arif bin Mastol	-	-	-	-
7.	Goh Wan Jing	-	-	-	-
8.	Abdull Sukor Bin Ismail	-	-	-	-

[^] Deemed interested pursuant to Section 8 of the Companies Act, 2016 and direct and indirect shares via spouse and children pursuant to Section 59(11)(c) of the Act.

By virtue of their interests of more than 20% in the shares of the Company, Dato' Goh Cheng Huat and Datin Tan Pak Say are also deemed to have an interest in the shares of all the subsidiaries to the extent the Company has an interest.

ANALYSIS OF SHAREHOLDINGS (CONT'D)

AS AT 31 MARCH 2023

LIST OF TOP 30 HOLDERS AS AT 31 MARCH 2023

No.	Name	Holdings	%
1.	BISCHART SDN. BHD.	18,035,868	12.8520
2.	BISCHART SDN. BHD.	18,000,000	12.8265
3.	BISCHART SDN. BHD.	18,000,000	12.8265
4.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR GOH CHENG HUAT (SMART)	11,847,300	8.4422
5.	TAN HAN CHUAN	6,547,600	4.6657
6.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHING CHING	6,544,900	4.6638
7.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG HUEY PENG	6,488,800	4.6238
8.	LEADER STEEL HOLDINGS BERHAD SHARE BUY BACK ACCOUNT	5,802,400	4.1347
9.	ONG HAR HONG	3,678,900	2.6215
10.	POO CHOO @ ONG POO CHOI	3,000,000	2.1377
11.	IFAST NOMINEES (TEMPATAN) SDN BHD CHONG CHEE HOONG	1,255,400	0.8946
12.	GOH HONG KENT	1,212,100	0.8637
13.	TAN PHAIK HOON	1,160,000	0.8266
14.	TAN PAK SAY	1,155,006	0.8230
15.	LEE HENG WAI	850,000	0.6057
16.	CHEANG BENG CHEE	847,000	0.6035
17.	TAN AIK CHOON	639,300	0.4556
18.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEO BEE KIM	618,400	0.4406
19.	TAN KHENG HWA	500,000	0.3563
20.	TAN AIK CHOON	491,300	0.3501
21.	KUEH CHIAW BOON	380,000	0.2708
22.	SIM CHOH SANG @ SIM CHOH SHAN	336,000	0.2394
23.	LIM KIAN HUAT	310,900	0.2215
24.	LIM SOON HUAT	310,500	0.2213
25.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-R ES)	300,000	0.2138
26.	GOH KIM SIN	300,000	0.2138
27.	LIM PAY KAON	300,000	0.2138
28.	CHAN MEI YEE	261,100	0.1861
29.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEE CHENG TEOK	238,300	0.1698
30.	KOCK NAI SUAN	227,800	0.1623
Total:		109,638,874	78.1267

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**Thirtieth (30th)
Annual General Meeting**

CDS Account No.		No. of Shares Held	
-----------------	--	--------------------	--

I*/We* _____
(Full name in Block Letters and NRIC / Company No.)

of _____ and _____
(Address) (Tel. No.)

being a member*/members* of Leader Steel Holdings Berhad hereby appoint

Full Name (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholding

* and/or (*delete if not applicable)

Full Name (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholding

or failing *him/her, THE CHAIRMAN OF THE MEETING as my*/our* proxy, to vote for me*/us* and on my*/our* behalf at the 30th Annual General Meeting of the Company to be held virtually at 12th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim Seksyen 13, 46200 Petaling Jaya, Selangor and entirely via Remote Participation and Electronic Voting ("RPEV") facilities through meeting platform at <https://meeting.boardroomlimited.my> on Wednesday, 31 May 2023 at 12:30 pm or at any adjournment thereof.

	Ordinary Resolutions							
	1	2	3	4	5	6	7	8
FOR								
AGAINST								

(Please indicate with an "x" in the appropriate space(s) provided above on how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion)

Signed this _____ day of _____ 2023

Signature of Shareholder

Common Seal to be affixed here
if Shareholder is a Corporation

Notes:

- The AGM would be held entirely via RPEV facilities through meeting platform at <https://meeting.boardroomlimited.my>. Kindly refer to the Administrative Guide for the AGM in order to register, participate and vote remotely via the RPEV facilities.
- The online meeting platform 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 present at the main venue of the meeting. Shareholders / proxies from the public WILL NOT BE ALLOWED to be physically present. Shareholders who wish to participate in the AGM will have to register online and attend remotely. Kindly read and follow the procedures in the Administrative Guide for the AGM in order to participate remotely.
- A member of the Company entitled to attend and vote at a meeting of the Company, or at a meeting of any class of members of the Company, shall be entitled to appoint not more than two (2) proxies to attend and vote in his stead at the meeting, and that a proxy may but need not be a member. A proxy must be of full age. There shall be no restriction as to the qualification of the proxy. Where a member appoints more than one (1) proxy, he shall specify the proportion of his holdings to be represented by each proxy, failing which the appointment shall be invalid. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. The appointment of two (2) proxies in respect of any particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
- Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds. Where an Exempt Authorised Nominee appoints more than one (1) proxy in respect of each Omnibus Account, the appointment shall be invalid unless the Exempt Authorised Nominee specifies the proportion of its shareholding to be represented by each proxy. An Exempt Authorised Nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or, if the appointer is a corporation, either under its Common Seal, or under the hand of an officer or attorney duly authorised. An instrument appointing a proxy to vote shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointer. Members not resident in Malaysia may appoint and revoke proxies by cable.
- For the proxy to be valid, the Form of Proxy duly completed must be deposited / submitted via the following ways at least forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
 - By hardcopy form
The Form of Proxy must be deposited at the Registered Office at 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Pulau Pinang, Malaysia
 - By electronic form
The Form of Proxy can be electronically submitted through the Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>. Please refer to the Administrative Guide for the procedures on electronics lodgement of Form of Proxy.
- In respect of deposited securities, only a depositor whose name appears on the Record of Depositors on 22 May 2023 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

Personal Data Privacy

By submitting the duly executed Form of Proxy, the member and his/her proxy consent to the Company and/or its agents/service providers to collect, use and disclose the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the 30th Annual General Meeting of the Company and any adjournment thereof.

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Affix
Stamp

The Company Secretaries
LEADER STEEL HOLDINGS BERHAD
Registration No.: 199301012471 (267209-K)
170-09-01, Livingston Tower
Jalan Argyll, 10050 George Town
Pulau Pinang, Malaysia

Then fold here

Fold this flap for sealing

Leader Steel Holdings Berhad

199301012471 (267209-K)

Wisma Leader Steel,
Plot 85, Lorong Perusahaan Utama,
Kawasan Perusahaan Bukit Tengah,
14000 Bukit Tengah, Seberang Perai Tengah,
Pulau Pinang, Malaysia.

Tel : 604 507 1515 Hunting Line
Fax : 604 507 9527 & 507 9537

www.leadersteel.my