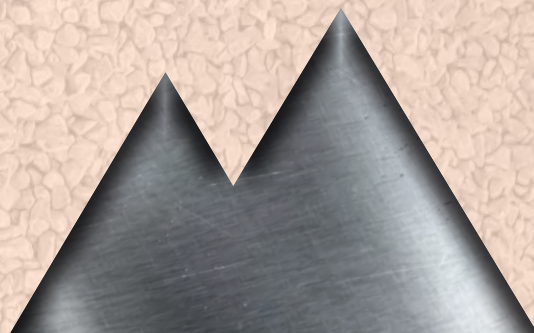




**LEADER STEEL HOLDINGS BERHAD**  
199301012471 (267209-K)

ANNUAL REPORT 2023



# CONTENTS

2	Notice of Annual General Meeting	
8	Corporate Information	
9	Group Structure and Principal Activities	
10	Financial Highlights	
11	Chairman's Statement	
12	Management Discussion and Analysis	
16	Directors' Profile	
20	Key Senior Management's Profile	
22	Corporate Governance Overview Statement	
38	Additional Information	
40	Audit Committee Report	
42	Statement on Risk Management and Internal Control	
45	Sustainability Report	
63	Directors' Responsibility Statement for the Audited Financial Statements	
64	Directors' Report	
71	Statement by Directors	
71	Statutory Declaration	
72	Independent Auditors' Report	
76	Statements of Financial Position	
78	Statements of Profit or Loss and Other Comprehensive Income	
79	Consolidated Statement of Changes In Equity	
81	Statement of Changes In Equity	
82	Statements of Cash Flows	
86	Notes to the Financial Statements	
142	Properties of the Group	
144	Analysis of Shareholdings	
	Form of Proxy	

## 31<sup>ST</sup> ANNUAL GENERAL MEETING

**Date:**  
Friday, 31 May 2024

**Time:**  
12:30 pm

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



# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Thirty-First (31<sup>st</sup>) Annual General Meeting (“AGM”) of the shareholders of Leader Steel Holdings Berhad (“LSH” or the “Company”) will be conducted on a fully virtual basis for the purpose of considering and if thought fit, passing with or without any modifications the resolutions set out in this notice:-

Day and Date	:	Friday, 31 May 2024
Time	:	12:30 p.m.
Online Meeting Platform	:	<a href="https://meeting.boardroomlimited.my">https://meeting.boardroomlimited.my</a> (Domain Registration No. with MYNIC – D6A357657)
Mode of Communication	:	i. Shareholders may type their questions in the chat box at any time during the live streaming of the AGM via the meeting platform. ii. Submit questions by logging into the Boardroom Smart Investor Portal at <a href="https://investor.boardroomlimited.com">https://investor.boardroomlimited.com</a> latest by Wednesday, 29 May 2024 at 12:30 p.m.

## AGENDA

### Ordinary Business

- To receive the Audited Financial Statements for the financial year ended 31 December 2023 and the Reports of the Directors and Auditors thereon.
- To re-elect the following Directors who are retiring pursuant to Clause 107 of the Company’s Constitution and who, being eligible, offer themselves for re-election:
  - Datin Tan Pak Say Ordinary Resolution 1
  - Lim Leng Han Ordinary Resolution 2
- To re-elect the following Directors who are retiring pursuant to Clause 114 of the Company’s Constitution and who, being eligible, offer themselves for re-election:
  - Soon Gim Wooi Ordinary Resolution 3
  - Datuk Dr Roslan Bin A. Ghaffar Ordinary Resolution 4
- 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 2025. Ordinary Resolution 5
- To re-appoint Messrs. BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. Ordinary Resolution 6

### As Special Business

- AUTHORITY UNDER SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES** Ordinary Resolution 7  
"THAT, subject always to the Companies Act 2016 (“Act”), the Constitution of the Company, the Main Market Listing Requirements (“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.

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 or the expiration of the period within which the next Annual General Meeting is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier.

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

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."

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

"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 8

- (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."

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

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

Ordinary Resolution 9

"THAT, subject to the Companies Act 2016 ("the Act"), 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 Directors of the Company be and are 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 (excluding treasury shares) of the Company at any given point in time and the amount of funds not exceeding the total retained profits of the Company based on the latest audited financial statements for the financial year ended 31 December 2023 be utilized by the Company for the Proposed Share Buy-Back.

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 2025 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."

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, 30 April 2024

### Notes:

1. The AGM of the Company will be conducted on a fully virtual basis through live streaming and online remote voting via Remote Participation and Electronic Voting ("RPEV") facilities. Please follow the procedures provided in the Administrative Guide of the AGM in order to register, participate and vote remotely via the RPEV facilities. The Administrative Guide of the AGM is also available for download at <https://leadersteel.my/investor-media/>.

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### Notes: (Cont'd)

2. This is in accordance with the Guidance Note and FAQs on the Conduct of General Meetings for listed issuers and all its subsequent revisions issued by the Securities Commission Malaysia ("SC Guidance"). This is also in line with Practice 13.1 of the Malaysian Code on Corporate Governance 2021 which recommends that listed companies leverage on technology to facilitate remote shareholders' participation at general meetings.
3. According to the SC Guidance, an online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Act, provided that the online platform is located in Malaysia. All meeting participants including the Chairman of the meeting, board members, senior management and shareholders / proxies / corporate representatives / attorneys are required to participate in the meeting online.
4. 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.
5. 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.
6. 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.
7. 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.
8. 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.
9. In respect of deposited securities, only a depositor whose name appears on the Record of Depositors on 23 May 2024 (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.

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

## Explanatory Notes:

1. The profiles of the Directors who are standing for re-election under items 2 and 3 of this Agenda are set out in the Directors' Profile of the Annual Report 2023. Based on the recommendation of the Nominating Committee, the Board of Directors ("Board") is satisfied with the performance and contributions of the retiring Directors and supports the re-election based on the following justifications. The retiring Directors do not have any conflict of interest with the Company and its subsidiaries ("Group") and had also abstained from deliberation and decision-making on their re-election.

### **Re-election of Datin Tan Pak Say**

Datin Tan Pak Say's tenure as Managing Director has been marked by a demonstrated commitment to excellence and a track record of driving the Company's growth. Her extensive experience in the steel industry, spanning over several decades since the mid-1980s, has been instrumental in steering LSH towards success. Under her leadership, LSH has achieved significant milestones and sustained its position in the market. Her strategic vision, coupled with her hands-on approach, has effectively guided the Group through challenges and capitalized on opportunities.

### **Re-election of Lim Leng Han**

Mr. Lim Leng Han's continued tenure as the non-independent non-executive chairman is justified by his extensive experience and valuable contributions to the Group. Throughout his tenure, he has provided strong leadership and guidance to the board, fostering effective decision-making processes and promoting transparency and accountability.

### **Re-election of Soon Gim Wooi as Independent Non-Executive Director**

Mr. Soon Gim Wooi's background is set out under Directors' Profile in this Annual Report 2023. He was appointed as Independent Non-Executive Director on 1 June 2023. He has fulfilled the requirements on independence as set out in the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and has provided confirmation of independence. He has demonstrated objectivity through his proactive engagements during meetings of the Board by sharing valuable, relevant, independent and impartial insights, views and opinions on issues tabled for discussion.

### **Re-election of Datuk Dr Roslan Bin A. Ghaffar as Independent Non-Executive Director**

Datuk Dr Roslan Bin A. Ghaffar's background is set out under Directors' Profile in this Annual Report 2023. He has fulfilled the requirements on independence as set out in the MMLR of Bursa Securities and the prescribed criteria under the Malaysian Code on Corporate Governance 2021. He was appointed on 27 March 2024 and subject to retirement pursuant to Clause 114 of the Constitution of the Company. The NC and the Board agreed that he should be given the opportunity to serve and contribute his skills sets, expertise and knowledge to the Board, Board Committees and the Group.

2. The proposed Ordinary Resolution 5, if passed, will facilitate the payment of the Directors' fees and benefits payable to the Directors for the period commencing one day after the 31<sup>st</sup> AGM through to the next AGM in 2025. Details of the Directors' fees and benefits payable to the Directors for the financial year ended 31 December 2023 are enumerated under the Corporate Governance Overview Statement in the Annual Report 2023.

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.

3. The proposed Ordinary Resolution 7, 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 31 May 2023 and which will lapse at the conclusion of this 31<sup>st</sup> 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.

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.

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### Explanatory Notes: (Cont'd)

4. The proposed Ordinary Resolution 8, 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 30 April 2024.
5. The proposed Ordinary Resolution 9, 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 2025.

## 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 31<sup>st</sup> AGM of the Company.



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### MR. LIM LENG HAN

*Chairman/Non-Independent  
Non-Executive Director*

### DATO' GOH CHENG HUAT

*Deputy Chairman/Executive Director*

### DATIN TAN PAK SAY

*Managing Director*

### MS. GOH WAN JING

*Executive Director*

### ENCIK ABDULL SUKOR BIN ISMAIL

*Independent Non-Executive Director*

### MR. SOON GIM WOUI

*Independent Non-Executive Director*

### DATUK DR. ROSLAN BIN A. GHAFFAR

*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. Soon Gim Woui

*Chairman*

### Encik Abdull Sukor Bin Ismail

*Member*

### Datuk Dr. Roslan Bin A. Ghaffar

*Member*

## NOMINATING COMMITTEE

### Datuk Dr. Roslan Bin A. Ghaffar

*Chairman*

### Encik Abdull Sukor Bin Ismail

*Member*

### Mr. Soon Gim Woui

*Member*

## REMUNERATION COMMITTEE

### Encik Abdull Sukor Bin Ismail

*Chairman*

### Mr. Soon Gim Woui

*Member*

### Datuk Dr. Roslan Bin A. Ghaffar

*Member*

## 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

## JOINT COMPANY SECRETARIES

Tai Yit Chan (MAICSA 7009143)

(SSM PC No. 202008001023)

Ong Tze-En (MAICSA 7026537)

(SSM PC No. 202008003397)

## REGISTRAR

Securities Services (Holdings)  
Sdn. Bhd. (Penang)

Suite 18.05, MWE Plaza

No. 8 Lebuhr Farquhar

10200 George Town

Pulau Pinang

Malaysia

Tel : 04-263 1966

Fax : 04-262 8544

## 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

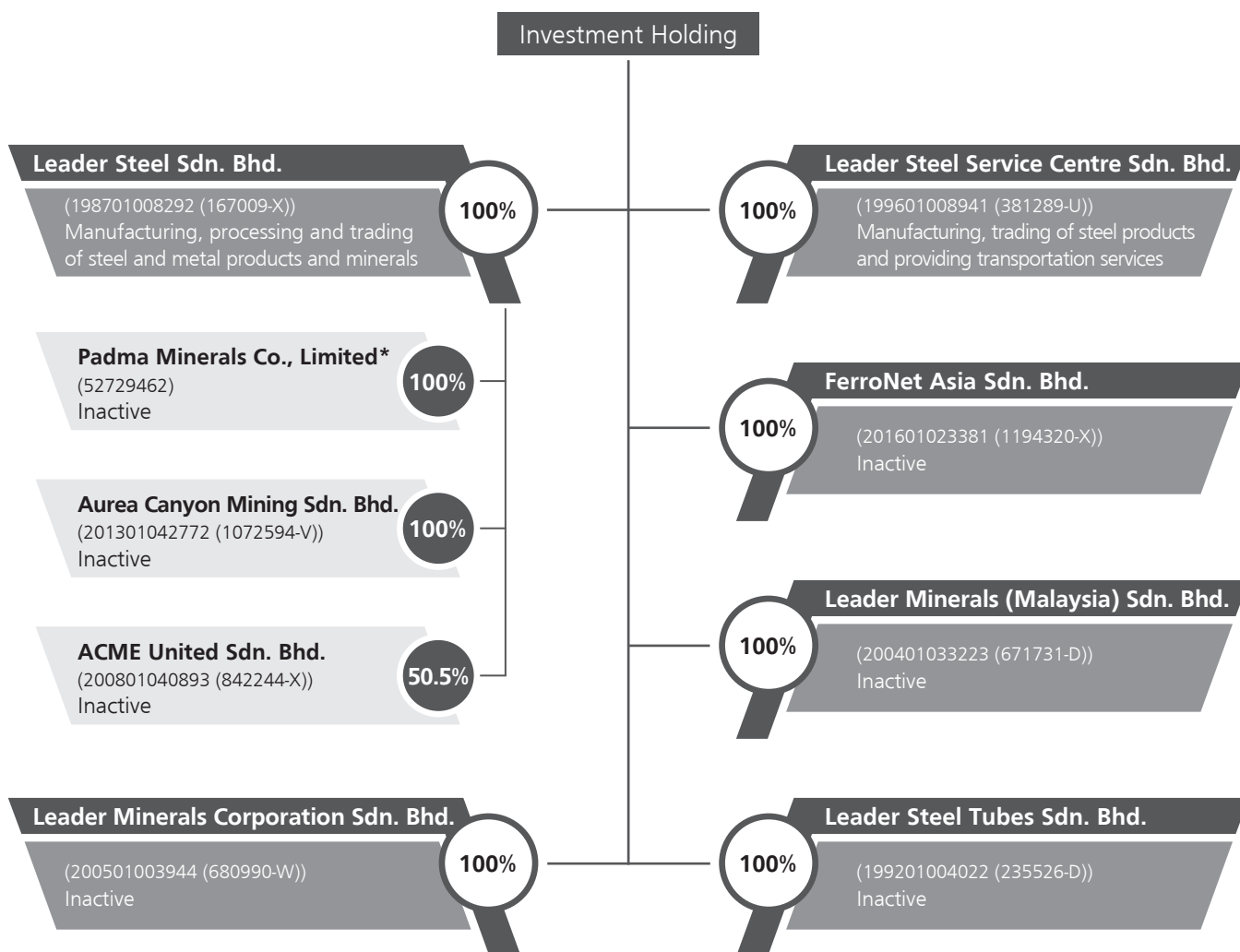
AS AT 31 DECEMBER 2023



## LEADER STEEL HOLDINGS BERHAD

199301012471 (267209-K)

Investment Holding



# FINANCIAL HIGHLIGHTS

	2018	2019	2020	2021	2022	2023
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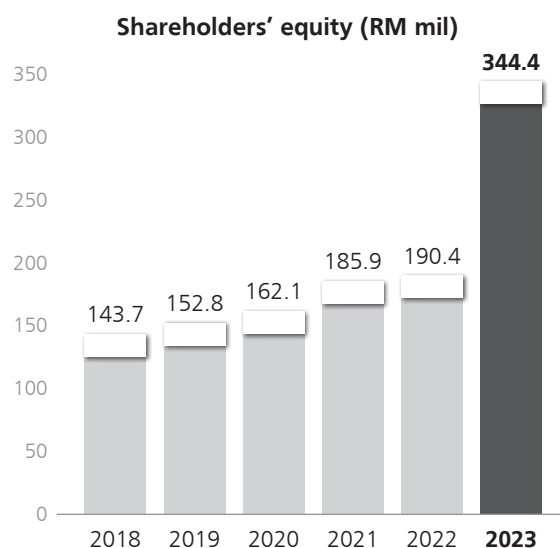
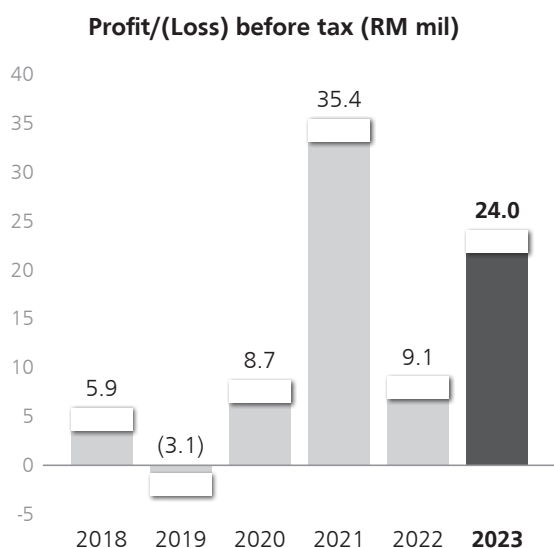
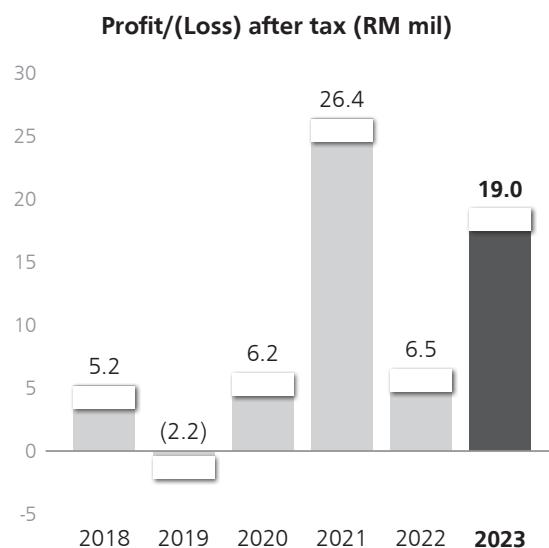
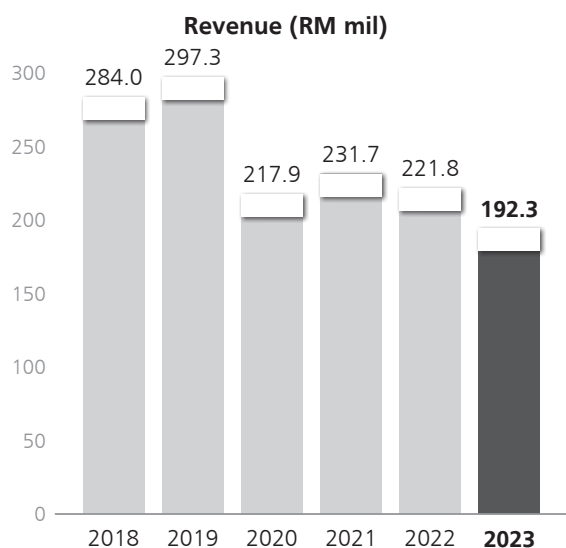
## 1 Financial Highlights of Statements of Profit or Loss

Revenue (RM mil)	284.0	297.3	217.9	231.7	221.8	<b>192.3</b>
EBITDA (RM mil)^	15.7	7.6	17.7	42.9	16.7	<b>32.0</b>
Profit/(Loss) before tax (RM mil)	5.9	(3.1)	8.7	35.4	9.1	<b>24.0</b>
Profit/(Loss) after tax (RM mil)	5.2	(2.2)	6.2	26.4	6.5	<b>19.0</b>

## 2 Financial Highlights of Statements of Financial Position

Total assets (RM mil)	288.0	277.9	257.2	311.4	286.1	<b>465.7</b>
Total borrowings (RM mil)	97.8	88.8	64.2	87.7	61.7	<b>68.8</b>
Shareholders' equity (RM mil)	143.7	152.8	162.1	185.9	190.4	<b>344.4</b>

^ Earnings before interest, taxes, depreciation and amortisation.



## 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 2023 ("FYE2023").

As Malaysia continues to transit to endemic phase of Covid-19 pandemic, economic activities in the country have 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 FYE2023.

### Performance Overview

The Group achieved a total revenue of RM192.3 million, reflecting a 13.3% decrease compared to RM221.8 million for the financial year ended 31 December 2022 ("FYE2022"). Additionally, the Group reported a profit before tax ("PBT") of RM24.0 million, marking a 163.7% increase compared to FYE2022 PBT of RM9.1 million. This increase in PBT was primarily attributed to an improved gross profit margin and gains on fair value adjustments on investment properties. However, it was offset by one-off expenses related to employees' share options granted during the year, a revaluation deficit of property, and changes in the impairment losses provision.

### 2024 Outlook

**The Malaysian steel industry faces a complex 2024, shaped by rising costs, global uncertainties, and geopolitical tensions.** Recent revisions to the Employment Act add to the challenges. However, the Group remains committed to navigating this environment through proactive measures, continuous monitoring, and a focus on cost optimization, operational efficiency, and strategic adaptation. We are confident in our ability to not only weather these headwinds but also identify and capitalize on potential opportunities, ensuring the Group's long-term viability and sustainable value for stakeholders.

### Dividend

On 8 August 2023, the Company paid an single tier interim dividend of 1.5 sen per ordinary share in respect of FYE2023.

### Words of appreciation

As the year unfolded, we bid farewell to Tan Sri Dato' Mohd Desa Bin Pachi, Encik Mohd. Arif Bin Mastol, and Datuk Abdullah Bin Haji Kuntom, our Independent Non-Executive Directors who retired from the Board. I want to convey deep appreciation to these esteemed individuals for their invaluable guidance and contributions during their tenure on the Board and Committees. The Board and I extend our heartfelt best wishes for their future endeavors.

On behalf of the Board of Directors, I express sincere gratitude to our management team, dedicated staff, banking partners, regulatory authorities, and esteemed business associates for their unwavering support of the Group. I also extend my thanks to my fellow directors for their wise counsel. Lastly, but certainly not least, I express profound appreciation to our shareholders for their enduring loyalty and support.

**MR. LIM LENG HAN**  
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 offer an in-depth analysis of the financial performance for the financial year ended 31 December 2023 (“FYE2023”). It provides insights into the overall performance of the Group and the Company, key business strategies, as well as the anticipated and known risks and prospects of the Group.

While comments on past performance are grounded in historical data, this MD&A incorporates forward-looking statements. Despite Management’s diligence in expressing these forward-looking statements, they inherently carry uncertainties and should be approached with caution. These statements are made based on the Management’s reasonable expectations and beliefs, considering the information available during the drafting of this MD&A and are subject to future uncertainty. Actual future performance may materially differ from the projections herein.

These statements reflect the Management’s expectations regarding future growth, the 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 “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 forward-looking statements.

The MD&A should be read in conjunction with the audited financial statements of the Group and the Company for FYE2023. This MD&A is the responsibility of the Management, and the Board of Directors of the Company (“Board”) has reviewed and approved it for inclusion in this Annual Report.

## Overview

The Group is primarily engaged in the manufacturing and distribution of steel products (“Steel Segment”) and the trading and processing of minerals (“Mineral Segment”). While steel products are predominantly sold domestically, mineral products are primarily exported to People’s Republic of China.

The Group’s vision is to emerge as a major player in the Malaysian steel industry and explore opportunities in neighboring countries. Steel products are manufactured at the Group’s facilities located in East and West Malaysia. We remain dedicated to continually enhancing the quality and processes to provide customers with high-quality steel products at competitive prices.

The Group is committed to meeting its customers’ quality requirements for the mineral products it sells.

In 2023, the Malaysian steel industry successfully navigated a complex environment, displaying significant resilience in the face of challenges. Despite growth driven by domestic economic activities, the industry encountered headwinds such as declining global steel prices, heightened competition, and economic uncertainties. Moreover, the depreciation of the Malaysian Ringgit (MYR) against the US Dollar (USD) adversely impacted the import costs of raw materials, potentially affecting industry profitability.

Despite these challenges, the industry’s inherent adaptability and increasing focus on environmental and social responsibility lay a promising foundation for future growth. Companies are actively pursuing strategies to enhance competitiveness and ensure long-term sustainability.

Looking forward, the industry’s outlook remains uncertain, influenced by a complex interplay of external factors: global economic conditions, geopolitical stability, government policies, the MYR-USD exchange rate, and potential revisions to the national minimum wage. However, the industry’s adaptability, ongoing modernization efforts, and heightened focus on environmental and social responsibility provide a promising foundation for adaptation and growth.

The Management will continue to vigilantly monitor the situation and exercise caution in managing operations during the upcoming financial year to safeguard the Group’s business interests and assets.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### Financial Performance of the Group

The financial result of the Group for FYE2023, as comparison to the preceding financial year are summarized as follows:

Item	FYE2023	FYE2022	Increase/ (Decrease)
Revenue (RM'000)	192,257	221,789	(29,532)
Gross profit ("GP") (RM'000)	21,996	17,660	4,336
Profit before taxation ("PBT") (RM'000)	23,973	9,075	14,898
Profit after taxation ("PAT") (RM'000)	18,975	6,490	12,485
Earnings before interest, taxes, depreciation and amortisation ("EBITDA") (RM'000)	32,004	16,667	15,337
Gross assets (RM'000)	465,739	286,086	179,653
Shareholders' equity (RM'000)	344,397	190,368	154,029
Total borrowings and lease liabilities (RM'000)	69,522	63,459	6,063
No. of shares in issue at year end, including treasury shares ('000)	160,335	140,335	20,000
Net assets per share (RM)	2.15	1.36	0.79
Earnings per share (Sen)			
- Basic	13.74	4.83	8.91
- Diluted	13.71	4.83	8.88
Debt/Equity ratio (times)	0.20	0.32	(0.12)

For FYE2023, the Group reported revenue of RM192.3 million, marking a 13.3% decrease compared to RM221.8 million in FYE2022. This decline in revenue can be attributed to reduced selling prices in the steel segment and a lower export quantity in the Mineral Segment.

Notwithstanding lower revenue, PBT and PAT increased to RM24.0 million and RM19.0 million from RM9.1 million and RM6.5 million, respectively in FYE2022, representing an increase of 163.7% and 192.31%, respectively.

#### Revenue

Revenue contribution from the respective segments are as follows:

	FYE2023 RM'000	FYE2022 RM'000	Increase/ (Decrease)
Steel Segment	176,471	182,039	(5,568)
Mineral Segment	15,786	39,750	(23,964)
<b>Total revenue</b>	<b>192,257</b>	<b>221,789</b>	<b>(29,532)</b>

In FYE2023, the Group experienced a 13.3% decrease in revenue, totalling RM192.3 million, compared to RM221.8 million in FYE2022. This decline in revenue can be attributed to reduced selling prices in the steel segment and a lower export quantity in the Mineral Segment.

The Group's Steel Segment is 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. The Mineral Segment primarily focuses on processing and exporting steel-related mineral products like manganese ore.

#### PBT

The Group's PBT amounted to RM24.0 million, reflecting an increase from RM9.1 million recorded in FYE2022. The increase in PBT was primarily attributed to improved gross profit margin and gains on fair value adjustment on investment properties amounting to RM17.26 million. However, these gains were offset by a one-off expense related to employees' share options granted during the year amounted to RM1.15 million, a revaluation deficit of property amounted to RM0.61 million, and changes in impairment losses on receivables.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### Financial Performance of the Group (Cont'd)

#### *PAT*

The Group's PAT increased to RM19.00 million from RM6.5 million in FYE2022, boosted by higher PBT recorded during the year.

#### *Gross Assets and Shareholders' Equity*

The Group's gross assets increased by RM180 million, primarily due to a revaluation exercise undertaken on the Group's properties during the year.

Consolidated shareholders' equity increased by RM154 million, mainly due to the issuance of new ordinary shares under the private placement exercise, surplus arising from revaluation of properties and improvement in PAT for FYE2023, which was partially offset by dividends paid.

#### *Borrowings*

Total borrowings for the Group increased to RM68.8 million from RM61.7 million in FYE2022. This increase in borrowings, particularly trade borrowings, was mainly due to higher inventory holdings as of 31 December 2023, driven by a higher inventory of trading items.

The debt/equity ratio improved to 0.20 times in FYE2023 from 0.32 times in FYE2022 due to the higher shareholders' equity.

#### *Dividends*

In FYE2023, the Company paid an interim tax exempt dividend of RM2,017,988, equivalent to 1.5 Sen per ordinary shares.

#### *Employee Share Option Scheme ("ESOS")*

During FYE2023, 6,407,300 ESOS options were granted at RM0.4510 each to eligible Directors and Employees of the Group.

As at 31 December 2023, the ESOS granted remained outstanding. An ESOS related expenses of RM1.15 million was recognised in profit and loss accounts during FYE2023.

#### *Issuance of Private Placement Shares*

On 27 October 2023, the Company implemented the Private Placement by issuing 20,000,000 new shares at RM0.3718 each, raising approximately RM7.44 million. The Company decided not to place out the remaining 20,359,700 Private Placement Shares.

### Key Business Risks

The Group is exposed to a wide range of business risks, and the management is constantly monitoring and implementing risk-mitigating strategies to address these challenges.

#### *Customer concentration risks*

The Group's revenue stream is diversified, with no single largest customer contributing to more than 15% of sales in FYE2023.

#### *Credit risks*

It is an industry practice to sell our products on credit terms, typically granting customers between 14 to 90 days, subject to a credit evaluation process. The management conducts an annual review of credit terms and limits for each customer, with monthly assessments using ageing reports to identify potential slow-paying customers. This allows the management to take appropriate action for debt recovery.

An evaluation of expected credit loss is performed at each financial year-end to ensure an adequate allowance has been made to account for potential doubtful debts. For details on debtors' ageing analysis and allowances for doubtful debts, please refer to Note 10(g) in the Notes to the Audited Financial Statements for FYE2023.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### Key Business Risks (Cont'd)

#### *Pricing risks*

The Group's businesses are exposed to the volatility in commodity prices, particularly steel prices. The cost of steel is influenced by the international supply and demand of the commodity and can be affected by geopolitical factors. The steel market experienced high volatility in 2023 due to supply chain disruptions and geopolitical events.

To mitigate the impact of adverse steel price movements, the Group consistently monitors international steel prices and assesses its inventory position.

#### *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 these foreign currencies. When appropriate, the Group enters into foreign currency contracts to lock in the exchange rates for these currencies.

#### *Liquidity and capital management risk*

The Group maintains a healthy level of cash and cash equivalents and holds committed credit facilities from financial institutions to fulfill its short-term and long-term obligations. Long-term assets will be financed through long-term loans, with any excess funds 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, via its wholly-owned subsidiary, FerroNet Asia Sdn. Bhd. ("FerroNet") completed the acquisition of an industrial land in Kapar, Selangor ("Kapar Land") in February 2023.

On 10 January 2024, FerroNet received and accepted a Notis Award dan Tawaran Pampasan ("Borang H") from the Pentadbir Tanah Klang invoking compulsory acquisition of a part of Kapar Land under Land Acquisition Act, 1960 ("Act 486") to acquire approximately 28,903 square meter in area for a cash consideration of RM42,558,627. The disposal was completed in the first quarter of FY2024.

For the remaining Kapar Land, the Group intends to develop it for its own use. However, management may also explore options to sell or lease parts of it in the future.

The Group also had investment in property which are currently tenanted.

These investments poses investment risks as they are not guaranteed to generate desired returns.

### Prospect

The Group anticipates a challenging operating environment in 2024 due to several macro and microeconomic factors. These include rising cost pressures, global economic uncertainty, ongoing geopolitical tensions, and foreign exchange fluctuations. Additionally, the potential revisions to minimum wages and changes to employment law in Malaysia are expected to impact labour availability and costs.

Despite these headwinds, the Management remains committed to proactive risk mitigation strategies. We will closely monitor market trends and implement prudent measures to navigate this complex landscape while capitalizing on potential opportunities. Our focus will continue to be on cost optimisation, operational efficiency, and strategic adaptation to ensure long-term sustainability.



## DIRECTORS' PROFILE

### MR. LIM LENG HAN

*Chairman/Non-Independent Non-Executive Director*

**MR. LIM LENG HAN**, aged 63, 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. However, on 1 June 2023, he resigned from all his positions on those Committees and assume the role of Non-Independent Non-Executive Chairman.

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 38 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 four (4) Board meetings held during the financial year ended 31 December 2023.

### DATO' GOH CHENG HUAT

*Deputy Chairman/Executive Director*

**DATO' GOH CHENG HUAT**, aged 63, 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 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 Maybulk Berhad (formerly known as 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 all four (4) Board meetings held during the financial year ended 31 December 2023.

## DIRECTORS' PROFILE (CONT'D)

### DATIN TAN PAK SAY

*Managing Director*

**DATIN TAN PAK SAY**, aged 62, 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 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 four (4) Board meetings held during the financial year ended 31 December 2023.

### MS. GOH WAN JING

*Executive Director*

**MS. GOH WAN JING**, aged 35, 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 four (4) Board meetings held during the financial year ended 31 December 2023.

## DIRECTORS' PROFILE (CONT'D)

### ENCIK ABDULL SUKOR BIN ISMAIL

*Independent Non-Executive Director*

**ENCIK ABDULL SUKOR BIN ISMAIL**, aged 63, Malaysian, is an Independent Non-Executive Director at LSH. He was appointed to the Board on 24 February 2022. On 1 June 2023, he was appointed as a member of Audit Committee, Nominating Committee and Remuneration Committee. He assumed to role of Chairman of Remuneration Committee on 27 March 2024.

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 2023.

### MR. SOON GIM WOOL

*Independent Non-Executive Director*

**MR. SOON GIM WOOL**, aged 56, Malaysian, was appointed to the Board of Directors of LSH on 1 June 2023. Simultaneously, he was appointed as the Chairman of the Audit Committee and as a member of both the Remuneration Committee and the Nominating Committee.

Mr. Soon Gim Wool is a Chartered Accountant registered with the Malaysian Institute of Accountants. He qualified under the Association of Chartered Certified Accountants (ACCA), United Kingdom in 1997 and is currently a fellow of ACCA. He has more than 25 years of extensive experience in audit as well as tax and management consulting.

Mr. Soon started his career in KPMG PLT (then KPMG) from 1994 until his departure in 2000 to set up GW Soon & Partners and GW Soon & Ken Consultancy Services Sdn. Bhd. in June 2000 upon receipt of approved company auditor license from the Ministry of Finance Malaysia in May 2000. His firms offer a full range of audit and tax related services in Penang and Kedah regions.

Mr. Soon is also an active volunteer in various community services, with a particular focus on education and social welfare. He serves as a director in Chung Ling High School and SJK (C) Chung Hwa 1. Additionally, his firm provides pro bono audit services to organizations including Eden Handicap Service Centre Berhad, Butterworth Nine Emperor Gods Temple (Butterworth Tow Boo Kong Temple), and Seberang Perai Hemodialysis Centre, all located in Penang.

He presently also holds directorship in Tong Herr Resources Berhad and See Hup Consolidated Berhad.

He attended all two (2) Board meetings held during the financial year ended 31 December 2023.

## DIRECTORS' PROFILE (CONT'D)

### DATUK DR. ROSLAN BIN A. GHAFAR

*Independent Non-Executive Director*

**DATUK DR. ROSLAN BIN A. GHAFAR**, aged 71, Malaysian, was appointed to the Board of the LSH on 27 March 2024. Concurrently, he was appointed as the Chairman of the Nominating Committee and as a member of both the Audit Committee and the Remuneration Committee.

He has over 30 years of experience in the areas of economics, finance and investment. He was the Head of Economics Department of Universiti Putra Malaysia (UPM) from 1985 to 2001. While with UPM, he provided consultancy services to various international and national organisations, which included the World Bank, Asian Development Bank, Winrock International and the Economic Planning Unit of the Prime Minister's Department.

In 1994, he was appointed as Director of Investment and Economic Research of the Malaysian Employees Provident Fund ("EPF"). He was promoted to the position of Senior Director in 1996 and later held the position of Deputy Chief Executive Officer of the Fund until his retirement in 2007.

During his tenure with EPF, he was instrumental in the formulation and implementation of investment strategies to meet the Fund's investment objectives.

He previously served in various positions in Kuala Lumpur Sentral Sdn Bhd, Straits International Education Group Sdn Bhd, Permodalan Felcra Sdn Bhd, Kumpulan Wang Simpanan Guru-Guru and Malaysian Rating Corporation Berhad.

He is currently the Chairman of the Investment Committee of Proven Venture Capital PLT and member of the Fund and Insurance Committee (Dana & Insurance) of PTPTN.

He holds the position of Chairman at both Box-Pak (Malaysia) Berhad and Mico Chipboard Berhad, both of which are listed on Bursa Malaysia Securities Berhad ("Bursa Securities"). Additionally, he serves as a director of Sentral REIT Management Sdn. Bhd., the Manager of publicly listed Sentral REIT.

#### 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, Mr. Soon Gim Wooi and Datuk Dr. Roslan Bin A. Ghaffar, 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*

Age: 54 | Gender: Male | Nationality: Malaysian

Date of Appointment : 25 November 2021

Academic/Professional Qualification(s) : Member of MICPA and MIA

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 Executive Director of Maybulk Berhad on 13 January 2023.

### MR. TAN YEW TEONG

*Senior Factory Manager*

Age: 60 | Gender: Male | Nationality: Malaysian

Date of Appointment : 01 February 1990

Academic/Professional Qualification(s) : Primary School

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*

Age: 53 | Gender: Female | Nationality: Malaysian

Date of Appointment : 01 July 1992

Academic/Professional Qualification(s) : LCCI

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

## KEY SENIOR MANAGEMENT'S PROFILE (CONT'D)

### MR. LEE ENG KEAT

*Senior Manager in Business Development*

Age: 56 | Gender: Male | Nationality: Malaysian

Date of Appointment : 12 October 2015

Academic/Professional Qualification(s) : MBA, University of Portsmouth

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

### MR. TAN HONG KIAT

*Deputy Branch Manager*

Age: 41 | Gender: Male | Nationality: Malaysian

Date of Appointment : 01 December 2008

Academic/Professional Qualification(s) : Executive Master in Industrial Engineering Technology  
Bachelor (Hons) of Engineering (Mechanical - Manufacturing)  
Member of IEM

Has more than ten (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 (the “Company”) is committed to upholding good governance practices within the Company and its subsidiaries (collectively known as “the Group”) in accordance with the recommendations set forth in the Malaysian Code on Corporate Governance (“the Code”), last revised in April 2021, issued by the Securities Commission Malaysia (“SC”).

Throughout the financial year ended 31 December 2023 (“FYE2023”), the Group had adhered to the best practices of corporate governance to achieve its long-term financial objectives while being accountable to shareholders and stakeholders in accordance with the Code.

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 the Main Market Listing Requirements by Bursa Malaysia Securities Berhad (“Bursa Securities”) (“MMLR”). The report can be accessed on the corporate website at [www.leadersteel.my](http://www.leadersteel.my) as well as the Company’s announcement made to Bursa Securities’ website.

The Board is pleased to report on the Group’s application of the three key principles of good governance under the Code during the financial year under review as follows:

- 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 current composition of the Company’s Board consists of seven (7) members. The individuals who have served as Directors on the Board are as follows:

Directorate	Director
Chairman/ Non-Independent Non-Executive Director (“Non-INED”)	Mr. Lim Leng Han (Appointed on 01.06.2023)
Chairman/ Independent Non-Executive Director (“INED”)	Tan Sri Dato’ Mohd Desa bin Pachi (Retired on 01.06.2023)
Deputy Chairman/ Executive Director (“ED”)	Dato’ Goh Cheng Huat
Managing Director (“MD”)	Datin Tan Pak Say
ED	Ms. Goh Wan Jing
INED	Encik Abdull Sukor Bin Ismail
INED	Mr. Soon Gim Wooi (Appointed on 01.06.2023)
INED	Datuk Dr. Roslan bin A. Ghaffar (Appointed on 27.03.2024)
INED	Datuk Abdullah bin Haji Kuntom (Retired on 31.12.2023)
INED	Encik Mohd Arif bin Mastol (Retired on 31.05.2023)

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

During FYE2023, four (4) 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:

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### 1. Board of Directors (Cont'd)

Director	Attendance
Mr. Lim Leng Han	4/4
Dato' Goh Cheng Huat	4/4
Datin Tan Pak Say	4/4
Ms. Goh Wan Jing	4/4
Encik Abdull Sukor Bin Ismail	4/4
Mr. Soon Gim Wooi (Appointed on 01.06.2023)	2/2*
Datuk Dr. Roslan bin A. Ghaffar (Appointed on 27.03.2024)	0/0*
Tan Sri Dato' Mohd Desa bin Pachi (Retired on 01.06.2023)	2/2*
Datuk Abdullah bin Haji Kuntom (Retired on 31.12.2023)	3/4*
Encik Mohd Arif bin Mastol (Retired on 31.05.2023)	2/2*

\* Being number of meetings held since date of appointment and/or until date of retirement

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

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 FYE2023:

Director	Subject
Mr. Lim Leng Han	<ol style="list-style-type: none"> <li>1. BDO Malaysia Tax Virtual Seminar on Budget 2023: Aligning your Business with recent changes</li> <li>2. Amendments to the Listing Requirements on Conflict of Interest ("COI") and other areas</li> <li>3. Bursa Malaysia Mandatory Accreditation Programme Part II: Leading for Impact ("MAP II")</li> <li>4. BDO Tax Seminar on Budget 2024</li> </ol>
Dato' Goh Cheng Huat	<ol style="list-style-type: none"> <li>1. Amendments to the Listing Requirements on COI and other areas</li> </ol>
Datin Tan Pak Say	<ol style="list-style-type: none"> <li>1. BDO Malaysia Tax Virtual Seminar on Budget 2023: Aligning your Business with recent changes</li> <li>2. Amendments to the Listing Requirements on COI and other areas</li> <li>3. MAP II</li> <li>4. BDO Tax Seminar on Budget 2024</li> </ol>
Ms. Goh Wan Jing	<ol style="list-style-type: none"> <li>1. Amendments to the Listing Requirements on COI and other areas</li> <li>2. MAP II</li> </ol>

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### 1. Board of Directors (Cont'd)

In compliance with Paragraph 15.08 of the MMLR, the Directors attended the following seminar, webinar, conference, training sessions in FYE2023: (Cont'd)

Director	Subject
Encik Abdull Sukor Bin Ismail	1. BDO Malaysia Tax Virtual Seminar on Budget 2023: Aligning your Business with recent changes 2. Amendments to the Listing Requirements on COI and other areas 3. MAP II
Mr. Soon Gim Wooi	1. Bursa Malaysia Mandatory Accreditation Programme 2. Amendments to the Listing Requirements on COI and other areas 3. MAP II

#### 1.1 Board responsibilities

The present Board comprises members with a wide range of skill sets and experiences 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:

- (a) Review and adopt a strategic plan for the Group and institute a regular and formal Board strategy review to ensure that the strategic plan supports long-term value creation and includes strategies on economic, environmental, and social considerations underpinning the sustainability of its business and Group operations;
- (b) 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 Boards of Directors;
- (c) Review, challenge, and decide on management's proposals for the Company and monitor their implementation by management;
- (d) Anticipate changes in the market and ensure that the Group's capabilities and resources are sufficient to manage uncertainties;
- (e) Identify principal risks and ensure the implementation of appropriate internal controls and mitigation measures;
- (f) Succession planning, including appointing, training, fixing the compensation of, and where appropriate, replacing Board members and senior management;
- (g) Review and update the Board Charter and Terms of Reference ("TOC") of various Board Committees;
- (h) Develop and review a Fit and Proper Policy for the appointment of Board members and senior management;
- (i) Develop and implement an investor relations program or shareholder communications policy for the Group;
- (j) 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;
- (k) Review and deliberated on conflict of interest and/or potential conflict of interest situation involving Directors and Senior Management of the Group;
- (l) Determine the remuneration of Directors and Senior Management, with the individuals concerned abstaining from discussions of their own remuneration;
- (m) Ensure that the Company's and the Group's financial statements are true and fair and conform with the laws; and
- (n) Ensure that the Group adheres to high standards of ethics and corporate behavior.

# 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)

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, conflict of interest and/or potential conflict of interest situation involving directors and senior management, risk management policies, appointment of auditors, financial statement reviews, financing and borrowing activities, compliance with statutory regulations, and a 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 AC Report in this Annual Report for details on the composition, TOR and activities of AC during FYE2023.

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 FYE2023.

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 FYE2023.

Each of the Board Committees operates within its TORs, which have been approved by the Board. These TORs 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 the Board Committee level are properly minuted. The Chairman of the Board Committees reports to the Board on the outcome and recommendations made during the meetings of Board Committees for further deliberation and approval.

The Board has adopted a Directors' Fit and Proper Policy in line with the requirements under Paragraph 15.01A of the MMLR of Bursa Securities. The Policy is available on the Company's website at [www.leadersteel.my](http://www.leadersteel.my) and serves as a guide to the NC and the Board in reviewing and assessing candidates for appointment as Directors, as well as for Directors 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"), a management level committee, oversees all risk management matters and advises the AC 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 EDs and Non-Executive Directors as well as the Senior Management team appropriately reflect the different roles and responsibilities and are comparable to industry benchmarks.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### 1. Board of Directors (Cont'd)

#### 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 timely 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 ("MD")

The Board enforces a clear separation of duties between the Chairman and the MD. This means the positions of Chairman and MD are never held by the same person. This separation enables the Chairman and the MD to dedicate sufficient time to their distinct responsibilities, ensuring the effective execution of their duties.

The former Board Chairman, Tan Sri Dato' Mohd Desa bin Pachi, an INED and the current Board Chairman, Mr. Lim Leng Han, a Non-INED, are responsible for overseeing Board matters and ensuring the Board's overall conduct during their respective tenure as Board Chairman.

Datin Tan Pak Say, the current MD, leads the management team alongside two Executive Directors. She oversees the daily operations of the Group's business affairs, implements corporate strategies, and regularly reports the Group's operational performance to the Board.

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

The former Board Chairman, Tan Sri Dato' Mohd Desa bin Pachi is not a member of any Board Committee during his chairmanship. He retired on 1 June 2023.

Concurrent with Mr. Lim Leng Han's appointment as Board Chairman on 1 June 2023, he resigned from his positions on all Board Committees effective the same date.

#### 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 affairs of the Board are conducted in accordance with applicable rules and regulations. They advise the Board on any changes to regulatory requirements, listing rules, and corporate governance matters as and when they arise.

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### 1. Board of Directors (Cont'd)

#### 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 meetings of the Board and Board Committees.

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

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 by 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, at the Group's expense, in furtherance of its duties.

### 2. Demarcation of Responsibilities

#### 2.1 Board Charter

The Board Charter defines the roles, duties, and responsibilities of the Chairman, MD, Executive Directors (EDs), the Board itself, and Board Committees. It also specifies matters reserved for the Board's collective decision.

The Board Charter serves as a key reference document and induction resource for prospective Board members and senior management.

The Board Charter was last updated in November 2023 to reflect the division of responsibilities and segregation of duties. It is available on the Company's website and is subject to periodic review and revision as needed.

### 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, subject to periodic review and available on the Company's website. These codes provide guidance to directors and employees to ensure that they uphold high ethical standards 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 offers 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.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### 3. Good Business Conduct and Corporate Culture (Cont'd)

#### 3.2 Whistleblowing Policy

The Company has a Whistleblowing Policy with the objective of providing an avenue for all employees of the Group, suppliers, customers, or members of the public to report 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 following manner:

- i. By way of email to [whistleblower@leadersteel.my](mailto:whistleblower@leadersteel.my)
- ii. By way of a sealed envelope addressed to the MD, Leader Steel Holdings Berhad, Wisma Leader Steel, Plot 85, Lorong Perusahaan Utama, Kawasan Perusahaan Bukit Tengah, 14000 Bukit Tengah, Pulau Pinang

The policies and procedures on whistleblowing are made available on the Company's website at [www.leadersteel.my](http://www.leadersteel.my).

### 4. Sustainable Practice

#### 4.1 Material Sustainability Matters

The Board recognizes that sustainable development is crucial for the Group's long-term success. They are responsible for developing the Group's sustainability strategies. The Risk Management Committee, primarily composed of senior management, drives the strategic management of material sustainability matters.

#### 4.2 Sustainability Strategies

Management has set sustainability targets and communicates them to key stakeholders. Implementation strategies are developed and continuously measured.

The Board is aware of the material sustainability matters and has scheduled discussions on key sustainability issues at least annually.

#### 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

Recognizing the importance of sustainability across all business operations, the Board has incorporated it as a performance evaluation criterion for board members.

#### 4.5 Sustainability strategically

The CFO is designated to strategically manage sustainability and ensure adherence to the Group's sustainability framework.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### 5 Board Composition

The Board is supported by the NC, which plays a vital role in ensuring the Board's composition is appropriate. The NC carefully selects individuals with the necessary caliber, knowledge, experience, integrity, reputation, competence, and capacity to serve as directors or senior management for the Group. The NC also performs an annual assessment of the performance of the Board, board committees, and senior management of the Group.

The TOR of the NC, formed on 26 August 2002, are available on the Company's website. The composition of the current NC comprises all INEDs and is as follows:

Chairman	Datuk Dr. Roslan bin A. Ghaffar	(Appointed on 27.03.2024)
Members	Encik Abdull Sukor Bin Ismail	(Appointed on 01.06.2023)
	Mr. Soon Gim Wooi	(Appointed on 01.06.2023)
	Encik Mohd Arif bin Mastol	(Retired on 31.05.2023)

The immediate past Chairman, Mr. Lim Leng Han was re-designated as member on 26 April 2023 following re-designation from INED to NINED. He subsequently resigned from the NC concurrent with his appointment as Chairman of the Board on 1 June 2023.

Datuk Abdullah bin Haji Kuntom was appointed as Chairman of the NC on 1 June 2023. Concurrent with his retirement on 31 December 2023, he ceased to be Chairman of the NC.

Encik Mohd Arif bin Mastol retired from the Board and also the NC upon conclusion of the AGM on 31 May 2023.

In FYE2023, the NC held two (2) meetings, with all previously appointed members before 1 June 2023, attending each meeting. The key activities undertaken by the NC during FYE2023 are summarized as follows:

- (a) Reviewed the composition, size, and structure of the Board;
- (b) Reviewed the required mix of skills, diversity of experience, and other qualities, including core competency, of members of the Board;
- (c) Assessed the effectiveness of the Board as a whole, the various board committees, and the contribution of each individual director;
- (d) 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;
- (e) Assessed the training needs of Directors;
- (f) Reviewed the level of independence of INEDs;
- (g) Reviewed the terms of office and performance of AC and each of its members annually to determine whether the AC and members have carried out their duties in accordance with their terms of reference;
- (h) Assessed Directors due for retirement by rotation and put forward their recommendation for re-election;
- (i) Reviewed and recommended INEDs who exceeded a consecutive or cumulative term of 12 years to be retained as INEDs for the ensuing year;
- (j) Reviewed suitability of candidates nominated to be appointed as director and recommend the same to the Board;
- (k) Reviewed composition of Board committees and recommended changes to the Board committees;
- (l) Reviewed the NC report on duties and responsibilities and main activities undertaken during the year for inclusion in the Annual Report; and
- (m) Deliberated on the skillset and expertise required for suitable candidates for directorship.

#### 5.1 Review of Board Composition

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

The NC also evaluates the performance of each director annually. Recommendations for the annual re-election of directors are made upon satisfactory evaluations of their performance and contributions to the Board.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### 5 Board Composition (Cont'd)

#### 5.2 Independent Directors

During FYE2023, there were 7 Board members with 3 being INEDs and this ratio fell short of the recommendation of at least 50% INEDs. The current Board of 7 members reflected same ratio of INEDs in its composition.

Although the Board has not met the composition recommended under the MCCG whereby at least half (50%) of the Board comprises INED, the Board believes that the three (3) INEDs are capable of ensuring that issues of strategies, performance and resources proposed by the Management are objectively evaluated, taking into consideration of the long-term interest of shareholders, other stakeholders and the communities in which the Group conducts its businesses. The Board, in fulfilling its fiduciary duties and responsibilities, has always acted on consensus of the entire Board. Any dissenting member will have his/her views heard and deliberated on until mutually resolved to arrive at objective decision taken in the best interest of the Company and the Group.

It must be noted that the Board composition complies with Paragraph 15.02 of the MMLR, which mandates that at least two (2) directors or one-third (1/3) of the Board of the Company, whichever is higher, must be INEDs.

The concept of independence as adopted by the Board is consistent with definition of INEDs outlined in para 1.01 and Practice Note 13 of the MMLR.

The key elements for fulfilling the criteria are the appointment of Directors who are not members of management and who are free of any relationship which could interfere with the exercise of independent judgment or the ability to act in the best interest of the Company and the Group.

The NC reviewed the independence of the Independent Directors annually based on the requirements and definition of "independent director" as set out in the MMLR, the confirmation of independence declared by INEDs as well as their objectivity in carrying out their duties and responsibilities objectively.

The Board adheres to the Code's recommendation regarding the nine-year tenure limit for INEDs. However, the Code allows INEDs who have served beyond nine years to remain on the Board as Non-Independent Non-Executive Directors.

As of the date of this Statement, none of the INEDs have served on the Board for a cumulative or consecutive term of nine (9) years.

#### 5.3 Limit of Tenure for INED

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

#### 5.4 Diversity of Board and Senior Management

The Board is committed to fostering diversity on the Board and within the senior management team. Appointments are based on objective criteria, merit, and a strong focus on achieving diversity in skills, experience, age, cultural background, and gender. This focus ensures the Board and senior management possess a well-rounded perspective to effectively lead the company.

The current Directors, with their diverse backgrounds and professional specializations, contribute a wealth of experience and expertise across various areas, including general management, operations, legal, commercial, engineering, finance and accounting, corporate affairs, manufacturing, information technology, sales, and marketing.

To ensure compliance with Paragraph 15.01A of the MMLR, the Board has adopted a Directors' Fit and Proper Policy. This policy is available on the Company's website at [www.leadersteel.my](http://www.leadersteel.my). The NC reviews the diversity of the Board and senior management annually.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### 5 Board Composition (Cont'd)

#### 5.5 Sources to Identify Candidate for Directorship

The NC utilises a variety of sources to identify potential candidates for Board positions. These sources include recommendations from independent sources and current Directors.

Before recommending a 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.

#### 5.6 Directors' Information

The Company provides comprehensive information about its directors to ensure transparency and facilitate informed shareholders' decisions. This information includes:

- (a) Detailed Profiles in Annual Report: The Annual Report publishes detailed profiles of each Director, including their age, gender, tenure, directorships in other companies, work experience, any potential conflicts of interest and/or shareholdings in the Company.
- (b) Meeting Agenda for Appointments/Re-appointments: To assist shareholders in deciding on director appointments and/or re-appointments, the meeting agenda will include a brief profile of the director who is seeking appointment and/or re-appointment in the Annual General Meeting ("AGM"). This profile will be accompanied by a statement from the Board supporting the appointment and/or re-appointment.

#### 5.7 Chairman of NC

Chairman of NC must be an INED.

Mr. Lim Leng Han stepped down as the Chairman of NC on 26 April 2023 following his redesignation from INED to Non-INED.

Datuk Abdullah Bin Haji Kuntom (INED) was appointed as Chairman of the NC on 1 June 2023. He retired from the Board on 31 December 2023, and consequently, ended his tenure as Chairman of the NC.

Datuk Dr. Roslan bin A. Ghaffar (INED) was appointed as Chairman of NC on 27 March 2024.

#### 5.8 Female Board Representation

Currently, the Board comprises two (2) female EDs out of seven (7) Directors, equivalent to 29% female representation on the Board. This reflects the Group's commitment to diversity and inclusivity, ensuring the Board composition aligns with the communities it serves.

#### 5.9 Gender Diversity

The Board is committed to fostering gender diversity on the Board and within its senior management team.

As of today, the Group has a 20% female representation in senior management positions. The Board is evaluating the need for a formal gender diversity policy.

### 6. Board Effectiveness

#### 6.1 Effectiveness of the Board and Individual Director

The Board, through the NC, conducted an annual board assessment and evaluation of the Board, Board Committees and each individual Director in respect of FYE2023 to assess the Board's overall effectiveness.

The evaluation process utilises a self-assessment format. Directors complete standardized evaluation forms. The NC then summarises and presents the results, along with any director comments, at its meeting. The Chairman of NC subsequently reports these findings and any discussions to the full Board.

The evaluation of the Board and Board Committees focuses on key criteria, including board composition and diversity, the quality of information and decision-making processes, boardroom dynamics, and the Board's relationship with management and other committees.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### 6. Board Effectiveness (Cont'd)

#### 6.1 Effectiveness of the Board and Individual Director (Cont'd)

The assessment of individual Directors focuses on contribution and performance, competence and personality, skill set, and independence.

Based on the assessments conducted for FYE2023, the NC is satisfied with the contribution and performance of each individual director, the Board as a whole, and the Board Committees, as well as the independence and objective judgments that the INEDs have brought to the Board.

### 7 Level and Composition of Remuneration

#### 7.1 Remuneration Policy

The Company's Remuneration Policy, available on our website, outlines the compensation structure for both Directors and Key Senior Management. This policy is subject to regular review.

The policy establishes the compensation levels for Executive Directors and the CFO. The components of their remuneration package are linked to the scope of their duties and responsibilities, considering their skills and experience, as well as the Group's performance. Both Executive Directors and CFO do not participate in deciding their own remuneration and abstain from all discussions related to it.

For Non-Executive Directors, the level of remuneration reflects their experience, expertise, contribution to the Group, duties, and level of responsibilities undertaken, including the number of Board meetings attended. Directors' fee for Non-Executive Directors (including Chairman) is determined by the Board as a whole.

#### 7.2 RC

The Board delegates the authority to the RC to review and make recommendations on matters related to the remuneration of the Board and senior management. The RC's TOR, established on 26 August 2002, are available along with the Company's Remuneration Policy on our website.

In FYE2023, the RC convened one meeting with full attendance from all members. At this meeting, the RC updated its TOR, reviewed the remuneration package (including bonus) for the executive management team, and considered directors fees for the Chairman and members of Board committees.

At present, the RC comprises exclusively of INEDs as follows:-

Chairman	Encik Abdull Sukor Bin Ismail	(Redesignated as Chairman on 27.03.2024)
Members	Mr. Soon Gim Wooi	(Appointed on 01.06.2023)
	Datuk Dr. Roslan bin A. Ghaffar	(Appointed on 27.03.2024)

The immediate past Chairman, Mr. Lim Leng Han was re-designated as member on 26 April 2023 following re-designation from INED to NINED. He subsequently resigned from the RC concurrent with his appointment as Chairman of the Board on 1 June 2023.

Datuk Abdullah bin Haji Kuntom was appointed as Chairman of the RC on 1 June 2023. Concurrent with his retirement on 31 December 2023, he ceased to be Chairman of the RC.

Encik Mohd Arif bin Mastol retired from the Board on 31 May 2023 and ceased to be a member of the RC as well.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### 8 Remuneration of Directors and Senior Management

#### 8.1 Details of Directors' Remuneration

The remuneration package for EDs and senior management includes salary, bonus, statutory contributions, directors' fees, and benefits-in-kind. Non-Executive Directors receive annual directors' fees, allowances, and meeting attendance fees.

The following table summarizes the annual directors' fee payable:

Type of fees	RM
Executive/Non-Executive Directors (per pax)	36,000
Chairman of AC, NC and RC (per pax)	6,000
Member of AC, NC and RC (per pax)	3,000

The fees and benefits payable to the Directors are endorsed by the Board for approval by the shareholders at the AGM before payment is made.

The remuneration received/receivable by the Directors of the Company for FYE2023 is as disclosed in the CG Report.

#### 8.2 Top Five (5) Senior Management's Remuneration

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

The Board opts not to disclose the remuneration of the top 5 senior management personnel (who are not directors of the Company) on a named basis, considering the information on the remuneration of these personnel to be sensitive and proprietary.

However, the Board has opted to disclose the remuneration of the top 5 senior management personnel in bands rather than on a named basis. The Board believes that this approach fulfills 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	1
Between RM250,001 to RM300,000	1
Between RM300,001 to RM350,000	-
Between RM350,001 to RM400,000	1
Between RM400,001 to RM450,000	-
Between RM450,001 to RM500,000	1
More than RM500,001	1

#### 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.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### 9 AC

#### 9.1 Chairman of the AC

Chairman of the AC must be an INED.

The AC is chaired by Mr. Soon Gim Wooi, an INED. He was appointed as Chairman of the AC on 1 June 2023.

The immediate past Chairman of the AC was Mr. Lim Leng Han who stepped down on 26 April 2023 following his redesignation from INED to Non-INED. Mr. Lim Leng Han subsequently resigned from the AC concurrent with his appointment as Chairman of the Board on 1 June 2023.

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

None of the AC members were former key audit partners.

The TOR of the AC require 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 Auditors

The Group's external auditors is BDO PLT. Prior to commencing the audit and upon completion, the AC invites BDO PLT to present their audit plans, findings, and any matters requiring the Committee's attention.

The AC evaluates annually the suitability, objectivity and independence of the 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 AC comprises solely of INEDs in line with Step-up Practice 9.4 of the Code. This structure helps to ensure the impartiality and objectivity of the Committee's oversight of the Group's financial reporting and auditing processes.

#### 9.5 Diversity in Skills of the AC

The AC currently comprises members with professional experience in finance and the public service sector. All members are financially literate and possess the ability to read, interpret, and understand financial statements. The diversity in skill sets, coupled with their financial literacy, equips the AC with 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 and risk management 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 of 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 an RMC within its Senior Management team. The RMC's function is to identify key business risks, formulate a risk management strategy, and implement a sound internal control system to manage each key risk.

When necessary, external professionals are engaged to assist the RMC in identifying key business risks and formulating a risk management strategy.

The Group's internal audit function provides independent assessments on the adequacy, efficiency and effectiveness of the Group's internal control framework and processes. The internal auditors will regularly report their findings to the AC. The risk-based internal audit plans are tabled to the AC for review and approval to ensure adequate coverage.

Risk assessment and management report is regularly presented to the AC by the management.

#### 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 solely of management personnel. The Group will review the composition of the RMC in the future.

### 11 Effective Governance, Risk Management and Internal Control

#### 11.1 Internal Audit Function

The Group has outsourced the internal audit function to an external professional service firm, Finfield Corporate Services Sdn. Bhd. ("Finfield").

The internal auditors report directly to the AC, who evaluates their competency, independence, and the quality of their work annually.

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

#### 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 internal audit function is independent of the operations of the Group and provides reasonable assurance that the Group's system of internal control and risk management is satisfactory and operating effectively.

Total fees of RM16,000 was incurred for internal audit services for FYE2023.

# 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 recognizes the importance of effective and timely communication with shareholders and investors to keep them informed about the latest financial performance and material corporate developments. This information is made available through various channels, including the Company's website at [www.leadersteel.my](http://www.leadersteel.my), annual reports, circulars to shareholders, general announcements, and quarterly reports announced on the Bursa Securities website.

Additionally, the Group utilises AGM and/or Extraordinary General Meeting ("EGM"), if any, as platforms for effective dialogue with shareholders. Question and answer sessions are held during these meetings, where Directors, senior management, Joint Company Secretaries, and external auditors are available to address any concerns or queries raised by shareholders.

All Annual Reports, announcements, Circulars to Shareholders, Notices of AGM, or other AGM-related documents will be made 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 28 April 2023 in compliance with the Companies Act 2016 to facilitate the convening of the AGM at the earliest possible time.

The notice of the AGM included detailed explanatory notes and background information on the proposed resolutions, where applicable. This approach enables shareholders to make informed decisions regarding the business agenda of the AGM.

The Board will ensure that the Notice of the upcoming 31<sup>st</sup> AGM is sent to shareholders at least twenty-eight (28) days prior to the said meeting. This will allow shareholders have sufficient time and opportunity to prepare for the discussions during the meeting. Additionally, it will be published in at least one major local newspaper. The notice of AGM will also be published on the Company's website and released to the public via Bursa LINK.

The Board is satisfied with the current programme at AGM and there have been no major contentious issues noted with shareholders/investors.

#### 13.2 Directors' Attendance

The Company convened an Extraordinary General Meeting (EGM) on 3 April 2023, followed by its 30<sup>th</sup> AGM on 31 May 2023.

All Directors were present at both the EGM and AGM. All queries and concerns raised by shareholders were duly addressed.

# 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)

#### 13.3 Leveraging on Technology

The Company has leveraged on technology to facilitate shareholders' participation as the EGM and 30<sup>th</sup> AGM in 2023 were held virtually using remote participation and voting ("RPV") facilities. This allowed shareholders to participate and vote during the EGM and AGM without having to be physically present at the meeting venue.

The Board believed that this arrangement will enhance the quality of engagement with its shareholders and facilitate further shareholders' participation in accordance with the Company's Constitution.

The Company will consider to hold its AGMs and EGMs on a virtual basis permanently in the future, allowing shareholders to actively participate and vote in absentia.

#### 13.4 Shareholders Engagement

The Board highly encourages shareholders' participation, making general meetings important events. The Board seizes 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, senior management, Joint Company Secretaries, and external auditors were present during AGM and EGM to engage with shareholders (both physically and virtually) and address any areas of interest or concerns raised by shareholders.

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

#### 13.5 Infrastructure for Virtual Meetings

The RPV system used to handle virtual EGM and 30<sup>th</sup> AGM in 2023 was tested prior to the meetings, and it had facilitated interactions between the Board, the senior management team, and shareholders. Questions raised by shareholders were posted on the meeting platform or read out by the host before the Board was invited to respond to the questions. The Board had given the assurance that in the event that an answer could be readily given at the meeting, the Board would include response in the minutes of said general meetings.

#### 13.6 Minutes of General Meeting

Minutes of the AGM and EGM detailing the meeting proceedings and outcome of the voting results were published on the Company's corporate website within 30 business days from the date of the convening of said meetings in 2023.

### Compliance with the Code

The Board is of the opinion that the Group has complied, in all material respects, with the provisions of the Code throughout FYE2023 apart from the exceptions disclosed in the relevant sections in this statement.

### Disclosure and Transparency

The Board believes this Corporate Governance Overview Statement provides shareholders with the necessary information to assess the Group's application of the Code during FYE2023.

### Approval

This Corporate Governance Overview Statement was approved by the Board on 29 April 2024.



## ADDITIONAL INFORMATION

### 1. Utilisation of Proceeds

The Company raised RM7,436,000 from issuance of 20,000,000 unit Private Placement shares at the issue price of RM0.3718 each during the financial year ended 31 December 2023.

The proceeds of RM7,436,000 from the Private Placement has been fully utilised in the following manner:

Purpose	Utilisation as at 31 December 2023 RM'000
Working Capital	7,086
Expenses in relation to issuance of Private Placement Shares	350
Total proceeds from issuance of Private Placement Shares	<u>7,436</u>

### 2. Non-audit Fees

Non-audit fees amounting to RM56,000 were paid and payable and to a firm or corporation affiliated to the external auditors for the financial year ended 31 December 2023.

### 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 2023

Details of recurrent related party transactions made during the financial year ended 31 December 2023 pursuant to the shareholders' mandate obtained by the Company at the Annual General Meeting held on 31 May 2023 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	3,211	Rental income	Interest Director and Major Shareholder
	Technology Sdn. Bhd.	9	Purchase of steel products	
		9	Purchase of machinery	Dato' Goh Cheng Huat
	Eonmetall Industries Sdn. Bhd.	2	Purchase of steel products	Datin Tan Pak Say
Leader Steel Service Centre Sdn. Bhd. ("LSSC")	Eonmetall Industries Sdn. Bhd.	2,146	Sale, purchase and servicing of steel products	Interested Major Shareholder Bischart Sdn. Bhd.
	Eonmetall Technology Sdn. Bhd.	18	Sale, purchase and servicing of steel products	

## ADDITIONAL INFORMATION (CONT'D)

### 5. Corporate Proposals

1. In Financial Year 2022, the Company has obtained the necessary approval from the relevant authorities and Shareholders of the Company to implement Private Placement and Employee' Share Option Scheme ("ESOS").

The Company implemented the ESOS on 26 August 2022 whereas approval was granted by Bursa Securities Malaysia Berhad ("Bursa Malaysia") to extend the implementation 28 April 2023.

On 3 April 2023, Shareholders of the Company waived their pre-emptive rights for the Private Placement and ESOS.

In Quarter 2 of Financial Year 2023, 6,509,700 ESOS options were granted at RM0.4510 each to eligible Directors and Employees of the Group.

On 18 May 2023, the Company was granted approval by Bursa Malaysia to extend the implementation date for the Private Placement to 28 October 2023.

On 27 October 2023, the Company implemented the Private Placement by issuing 20,000,000 new shares at RM0.3718 each, raising approximately RM7.44 million. The Company decided not to place out the remaining 20,359,700 Private Placement Shares.

2. On 10 January 2024, the Company announced that its wholly owned subsidiary, Ferronet Asia Sdn. Bhd. had, on 10 January 2024, received and accepted a Notis Award dan Tawaran Pampasan ("Borang H") from the Pentadbir Tanah Klang invoking compulsory acquisition under Land Acquisition Act, 1960 ("Act 486") to acquire approximately 28,903 square meter in area of land forming part of H.S.(D) 166444, No. PT85119 Mukim Kapar, Daerah Klang, Negeri Selangor for a cash consideration of RM42,558,627.

The transaction was completed in the first quarter of Financial Year 2024.

# 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:

Chairman	Mr. Soon Gim Wooi Mr. Lim Leng Han	(Appointed on 1 June 2023) (Redesignated as member on 26 April 2023)
Member	Encik Abdull Sukor Bin Ismail Datuk Dr. Roslan bin A. Ghaffar Datuk Abdullah bin Haji Kuntom Encik Mohd Arif bin Mastol Mr. Lim Leng Han	(Appointed on 1 June 2023) (Appointed on 27 March 2024) (Retired on 31 December 2023) (Retired on 31 May 2023) (Redesignated as member on 26 April 2023; Resigned on 01 June 2023)

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. Mr. Soon Gim Wooi and Encik Mohd Arif bin Mastol are members 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 2023 ("FYE2023") are as tabulated:

Director(s)	Attendance
Mr. Soon Gim Wooi	2/2*
Encik Abdull Sukor Bin Ismail	2/2*
Mr. Lim Leng Han	2/2*
Datuk Abdullah bin Haji Kuntom	3/4*
Encik Mohd Arif bin Mastol	2/2*

\* being number of meetings held after the appointment date and/or before resignation/retirement date

Summary of the key activities undertaken by the AC during FYE2023 is as follows:

- Reviewed and recommended for the Board's approval revision to the terms of reference of the AC;
- Reviewed and recommended the unaudited quarterly financial statement for the Group in FYE2023 to the Board for its deliberation and approval;
- Reviewed and recommended the audited financial statements of the Group and of the Company for FYE2023 to the Board for its deliberation and approval;
- 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;
- 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;
- Reviewed with the external auditors the results of external audit for FYE2023, the audit report and management letters (if any);
- Reviewed with the external auditors the scope of work and their audit plan in respect of their audit for FYE2023;
- Held two (2) private sessions with the external auditors without the presence of management and Executive Directors;
- Assessed the independence, evaluate the competency and quality of service of external auditors and recommended the Board their re-appointment;
- 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;

## AUDIT COMMITTEE REPORT (CONT'D)

### Summary of Activities (Cont'd)

Summary of the key activities undertaken by the AC during FYE2023 is as follows: (Cont'd)

- (k) Reviewed with the internal auditors their scope of work and audit plan for FYE2023;
- (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;
- (o) Held a private session with the internal auditors in the absence of management and Executive Directors;
- (p) Reviewed any conflict of interest or potential conflict of interest situation involving Directors or Senior Management and recommend measures to be taken to resolve, eliminate or mitigate such conflicts for Board's deliberation and approval; and
- (q) Reviewed the solvency statement prepared by the management for the declaration of interim dividend and recommend the payment of dividend to the Board for its deliberation and approval.

### 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 FYE2023, 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 FYE2023;
- (c) Reviewed the information technology risk;
- (d) Reviewed the sales, inventory and production;
- (e) Reviewed recurrent related party transactions; and
- (f) Reviewed risk management

Total costs incurred for the internal audit function for FYE2023 were RM16,000.

The Board has reviewed, deliberated and approved this Audit Committee Report for inclusion in the Annual Report for 2023 on 29 April 2024.

# 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 and risk management in the Company and its subsidiaries (collectively "the Group"). The Board is pleased to present the following Statement on Risk Management and Internal Control ("Statement") pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR"), Principle B of the Malaysian Code on Corporate Governance and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. This statement outlines the nature and scope of risk management and internal control systems of the Group during the year ended 31 December 2023 ("FYE2023").

## (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) MANAGEMENT RESPONSIBILITY

Management is responsible for implementing the Group's policies and procedures on risk management and internal control to identify, evaluate, measure, monitor and report on risks as well as the effectiveness of the internal control systems, taking appropriate remedial actions as required. Its roles include:

- Identify the risks that are relevant to the Group's business and the achievement of objectives and strategies;
- Design, implement, and oversee the Risk Management Framework ("Framework") to align with the Group's strategic vision and overall risk tolerance, while continuously monitoring its effectiveness; and
- Recognise any changes in risk or emerging risks, take necessary steps as appropriate, and promptly inform the Board.

## (C) RISK MANAGEMENT FRAMEWORK

The Board, with the assistance of an independent professional firm, had established a Framework aligned with the Group's risk appetite.

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 internal control process of the Group and reports to the AC. The RMC is aided by an independent professional firm.

During the financial year under review, 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 management presents Risk Management Reports to the Audit Committee for their review at least twice a year.

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

## (C) RISK MANAGEMENT FRAMEWORK (Cont'd)

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 at strategic, operation, reporting or compliance levels.

(ii) Evaluating Risks

The Management will perform risk analysis which involves the development of an understanding on the identified risks. The identified risks are then 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.

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

The Group's internal control framework is embedded within its operations, providing a structured approach to managing risks. 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;
- Review by the AC of the risk management report and deliberation on key risks affecting the Group by the AC;
- 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 covering health and safety, training and development, equal opportunity, staff performance, and disciplinary actions on serious misconduct.

## (E) INTERNAL AUDIT FUNCTION

The Group's internal audit function, which has been outsourced to an independent professional services firm, assists the Board and the AC by providing an independent assessment of the adequacy and effectiveness of the Group's internal control system.

Throughout the financial year under review, internal audit reviews were conducted in alignment with the risk-based internal audit plan endorsed by the AC. The methodology employed was risk-based internal auditing, emphasizing controls overseeing the Group's key risks and ensuring that Management effectively manages these risks within the defined risk appetite level.

The findings arising from internal audit reviews, along with recommended corrective actions, potential risks, implications, and Management's responses, were presented to the AC on a half-yearly basis.

The results of internal audit reviews, recommendations for enhancements, and implemented or planned corrective measures were discussed during the AC meetings. Subsequently, the minutes of these meetings, capturing the deliberations, were presented to the Board.



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

### (E) INTERNAL AUDIT FUNCTION (Cont'd)

During the FYE2023, the internal audit function carried out the following activities:

- Presented the internal audit plan to the AC for which approval was granted;
- Carried out internal audit reviews on the followings:
  - o information technology risk;
  - o sales, inventory and production; and
  - o 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.

Based on the internal audit reviews conducted during the year, none of the noted weaknesses had led to material losses, contingencies, or uncertainties necessitating separate disclosure in this annual report.

### (F) 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 FYE2023.

### (G) ASSURANCE FROM MANAGEMENT

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.

### (H) REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the MMLR, the external auditors had reviewed this Statement for inclusion in the annual report of the Company for the FYE2023 and reported to the Board that nothing has come to their attention that caused them to believe that this Statement is not prepared, in all material 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.

### (I) CONCLUSION

The Board is confident that the Group's risk management and governance framework, supported by a sound internal controls framework, has been effective in safeguarding the Group's assets, investments of shareholders, and the interests of customers, regulators, employees, and other stakeholders during FYE2023.

The Board remains committed to continuous improvement of the risk management, internal control and governance framework to ensure its ongoing effectiveness.

This statement was approved by the Board on 29 April 2024.

# SUSTAINABILITY REPORT

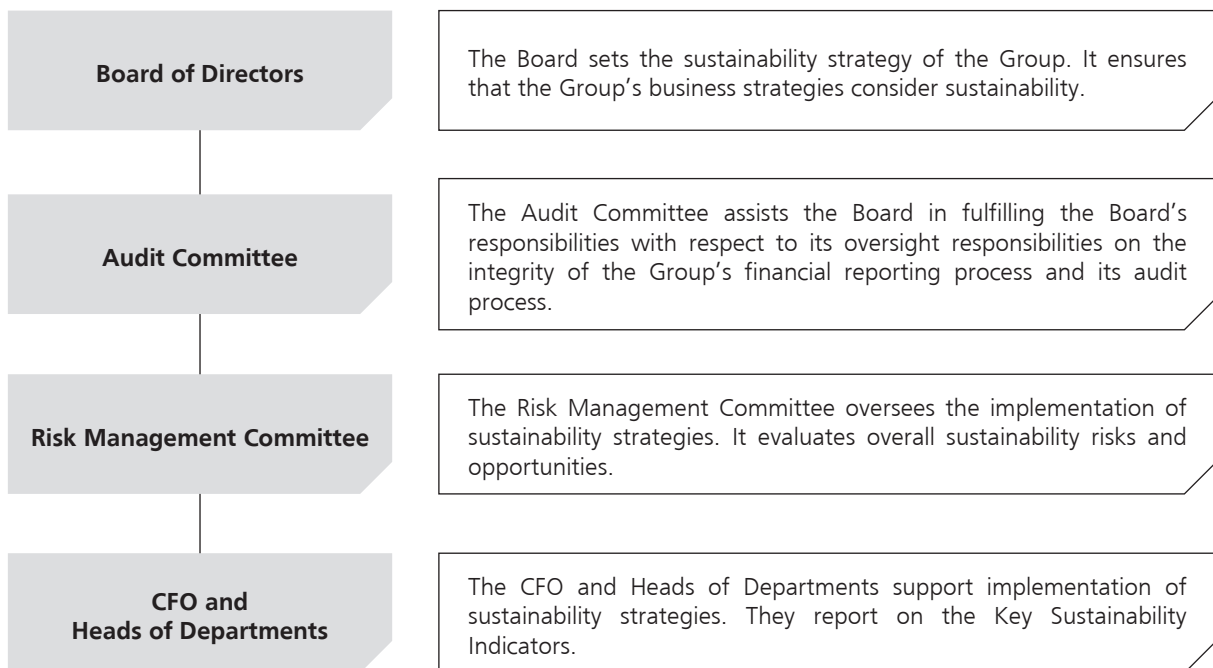
The Board of Directors of Leader Steel Holdings Berhad (“LSH” or “the Company”) is pleased to present the Sustainability Statement for the financial year ended 31 December 2023 (“FYE2023”). This Statement focuses on the Group’s economic, environmental, and social sustainability performance in FYE2023 and is prepared in accordance with the Bursa Malaysia Sustainability Reporting Guide and toolkits, adhering to the reporting principles outlined in Practice Note 9 issued by the Bursa Malaysia Securities Berhad. We encourage stakeholders to read the full report for detailed information on our sustainability efforts and to learn more about how we are contributing to a sustainable future.

In our ongoing commitment to transparency and accountability, Leader Steel Holdings Berhad adheres to the sustainability reporting guidelines outlined in Practice Note 9 (PN9) issued by the Bursa Malaysia Securities Berhad. This framework ensures a comprehensive and consistent approach to reporting our environmental, social, and economic impacts. We are further enhancing transparency by implementing a Data Summary section in our sustainability statements starting on or after December 2024, as required by PN9. This section will provide a clear overview of key data and performance targets related to our material sustainability matters.

To sustain its operations for the long-term, the Board recognizes that sustainable development is an important and integral part 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. Sustainability practices are embedded in the Group’s day-to-day operations. This report outlines 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 2024, the Group continues with this commitment as a good and responsible corporate citizen.

## SUSTAINABILITY REPORT (CONT'D)

### C. STAKEHOLDERS' ENGAGEMENT

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

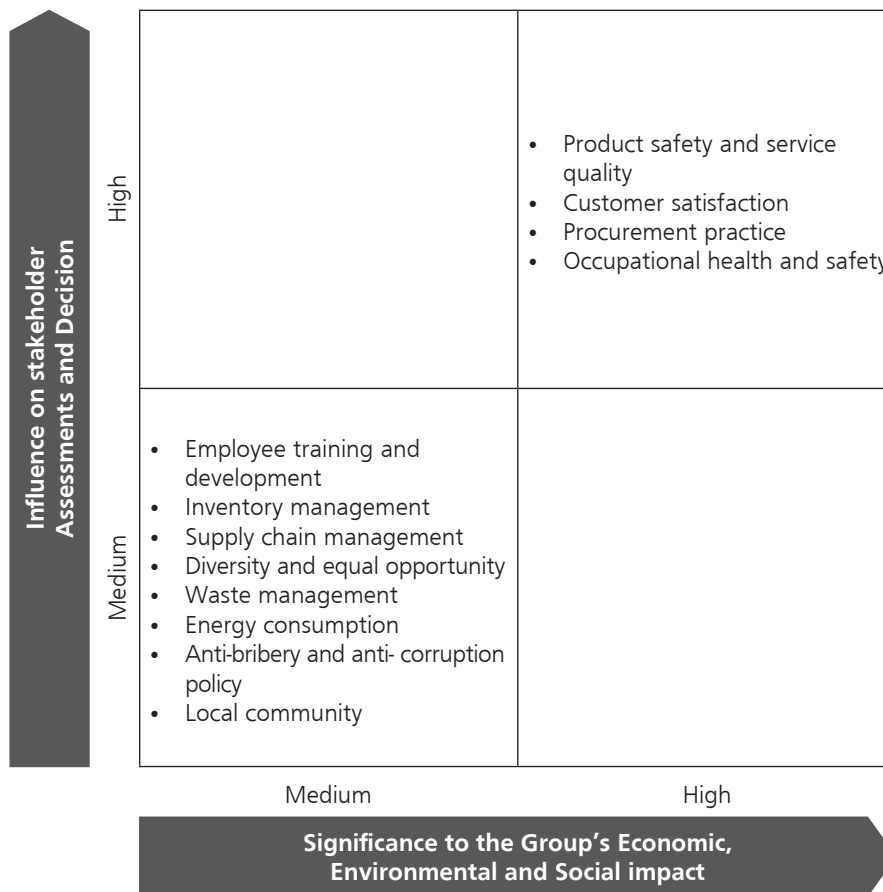
# SUSTAINABILITY REPORT (CONT'D)



## 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:



 <p><b>Economic</b></p> <ol style="list-style-type: none"> <li>Product safety and service quality</li> <li>Customer satisfaction</li> <li>Supply chain management</li> <li>Inventory management</li> </ol>	 <p><b>Environmental</b></p> <ol style="list-style-type: none"> <li>Waste management</li> <li>Energy consumption</li> <li>Water consumption</li> </ol>	 <p><b>Social</b></p> <ol style="list-style-type: none"> <li>Occupational health and safety</li> <li>Employee training and development</li> <li>Diversity and equal opportunity</li> <li>Local community</li> <li>Anti-bribery, anti-corruption, and Whistleblowing Policy</li> </ol>
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## SUSTAINABILITY REPORT (CONT'D)

### D. MATERIAL SUSTAINABILITY MATTERS (CONT'D)

#### Sustainability Management

The Sustainability efforts of the Group are set out below:

#### Economic

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

Steel is a widely used metal in various industries and in Malaysia, the Group's products play a significant 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 to ensure our customers are satisfied, not only with our products but also services.

#### 1. Product Acceptance and Customer Satisfaction

Our products are made to national and international standards and safe to be used in their intended applications. LSH is committed to upholding 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 FY2023. We ensure strict compliance with established quality standards and industry certifications and accreditations.

An annual customer survey is conducted to evaluate customer satisfaction, and we encourage all our clients to share their feedback regarding their experience with our products and services. Our primary goal is to consistently improve our ratings year after year and always maintain a high level of customer satisfaction.

In FY2023, no major customer rejections were reported. The product acceptance percentage is one of the key metrics that Management uses to gauge the Group's performance in meeting customer satisfaction.

#### Product Safety and Service Quality:

- **Target:** Achieve a 93% customer satisfaction rate on product quality and service delivery by FY2025.
- **Measure:** Conduct annual customer satisfaction surveys.

#### 2. Supply Chain Management

At Leader Steel, we recognize that our supply chain plays a crucial role in our overall sustainability efforts. We are committed to ensuring that our procurement practices not only support our business objectives but also contribute to the well-being of society and the environment.

#### Local Sourcing and Partnerships

While we strive to prioritize local sourcing to support our domestic economy, we also understand the importance of global partnerships to meet our business needs. In 2023, an average of 26% of our raw material suppliers were based in Malaysia, demonstrating our commitment to nurturing local businesses. However, we acknowledge the challenges, such as the absence of local mills for Hot Rolled coils, our main raw materials, which have led to an increase in overseas sourcing. Moving forward, we are actively exploring opportunities to diversify our local supplier base and strengthen partnerships with businesses that share our values of sustainability and ethical practices.

#### Responsible Procurement

Our procurement practices are guided by principles of sustainability, ethicality, and transparency. We carefully evaluate the sustainability practices and compliance records of all our suppliers, regardless of their location. This ensures that our supply chain is free from exploitation and environmental harm, aligning with our commitment to environmental and social well-being. Through responsible procurement, we not only mitigate risks but also contribute to a more sustainable value chain, meeting the evolving expectations of our customers and stakeholders.

# SUSTAINABILITY REPORT (CONT'D)

## D. MATERIAL SUSTAINABILITY MATTERS (CONT'D)

### Economic (Cont'd)

#### 2. Supply Chain Management: (Cont'd)

##### Engagement and Collaboration

We understand that sustainability is an ongoing journey, and we are committed to fostering engagement and collaboration within our supply chain. We actively engage with our suppliers, employees, and stakeholders to identify opportunities for improvement and innovation. By working together, we can drive positive change across our value chain and create a more sustainable future for all.

By integrating sustainability principles into our supply chain management and fostering collaboration, we are not only securing the long-term success of our business but also contributing to a more sustainable and equitable future for all.

#### 3. Inventory Management with Barcoding System

Leader Steel Holdings Berhad is addressing the limitations of our paper-based system by developing our inhouse barcoding solution. This system will modernize our inventory management practices, streamline processes, and improve inventory control. Real-time data insights will enable data-driven decision making, leading to significant cost reductions and ultimately, faster order fulfilment and enhanced customer satisfaction.

We are confident that this phased implementation of barcoding will contribute to a more efficient and responsive inventory management system, ultimately enhancing our ability to meet customer demands and optimize our operational performance.

### Environmental

We are committed to a holistic approach, integrating sustainable practices into our daily operations. Scrap metals from steel production are collected and sent to licensed waste disposal companies for recycling. Water used as coolant in production is responsibly treated and recycled. These environmentally friendly measures have significantly minimized wasted materials and water consumption. We also ensure strict compliance with the Environmental Quality Act 1994 (EQA). In FY2023, none of our subsidiaries faced penalties for EQA non-compliance.

#### 1. Waste Management

Reusing and recycling waste is essential for a sustainable environment and cost reduction, benefiting both the environment and our shareholders. Here's how we manage waste:

- **Dedicated Team:** A designated team ensures scheduled waste is handled in strict compliance with all regulations.
- **Pollution Prevention:** We identify scheduled waste for proper disposal through DOE-approved vendors to prevent pollution.
- **Compliance and Training:** We manage all industrial waste in accordance with the Environmental Quality (Scheduled Wastages) Regulation 2005. Additionally, we train our employees on proper waste handling practices.

##### Waste Management Indicators

As per PN9, we are committed to reporting the following common waste management indicators in our annual sustainability report:

- **Total Waste Generation:** This includes a breakdown of:
  - o **Total Waste Diverted from Disposal:** This refers to waste recycled or composted.
  - o **Total Waste Directed to Disposal:** This indicates the amount of waste sent to landfills.

Data Collection and Reporting:

We are currently collecting waste generation data. These figures will be reported in our annual sustainability report for the financial year ending on or after 31 December 2024.

# SUSTAINABILITY REPORT (CONT'D)

## D. MATERIAL SUSTAINABILITY MATTERS (CONT'D)

### Environmental (Cont'd)

#### 2. Energy Management

Leader Steel prioritizes responsible energy management to minimize our environmental footprint. Our industry is highly energy-intensive, and our factories and offices are significant consumers. We are committed to improving energy efficiency and invest in upgrading our plant and machinery with newer, energy-saving technologies. We monitor consumption diligently, analysing usage patterns, identifying areas for optimization, and implementing strategies like routine maintenance to enhance equipment performance. Efficient energy management reduces business operating costs, carbon emissions, and negative environmental impacts. The Group is committed to ongoing energy conservation.

Key Initiatives and Achievements:

- Our total energy consumption in FY2023 was 2,152.609 Megawatt (MWh). We are exploring ways to normalize this data (e.g. per tonne of steel produced) for future reporting to account for production output variations.
- We have upgraded all our lighting systems to LED technology and replaced older equipment with more energy-efficient models.
- We encourage employees' practices like switching off lights and unused electrical supplies.
- In our ongoing commitment to sustainability, we are pleased to report that a 566.80-kilowatt peak (kWp) photovoltaic (PV) solar system was installed on the rooftop of our Headquarters in October 2023. This investment in renewable energy is expected to generate an average of 800-megawatt hours (MWh) annually over the first 3 years.
  - o While we are still gathering data on the precise financial and environmental impact of the solar system, we are confident it will contribute to significant reductions in both areas. We will provide more specific figures in our next sustainability report.

Electricity Usage	FY2023	FY2022	FY2021
Electricity Consumption (MWh)	2,152.609	2,042.619	2,151.140

Future Goals:

We will continue to closely monitor our energy consumption, explore further efficiency improvements, and implement additional renewable energy solutions like the proposed solar system to further reduce our environmental footprint. We are committed to collecting and reporting more granular data on energy efficiency in future reports.

#### 3. Water Consumption

We are dedicated to the responsible utilization of water resources by improving our efficiency in water consumption. Our efforts to conserve water encompass monitoring and regularly evaluating our water expenditure to manage usage. If any irregular consumption patterns emerge, we promptly implement corrective measures. We consistently promote responsible water usage among our staff.

Water Usage	FY2023	FY2022	FY2021
Water Consumption (Megaliter)	10.523	8.204	6.759

The increase in water consumption during FY2023 and FY2022 was primarily attributed to water leakage issues at our Kuching plant. Despite our best efforts in conserving water through monitoring and staff training, the 28% increase in water consumption between FY2022 and FY2023 reflects the challenges posed by the water leakage incidents. These incidents led to heightened water usage, resulting in the observed increase in consumption. We will step up our efforts to prevent the recurrence of water leakage incidents in the future.



# SUSTAINABILITY REPORT (CONT'D)

## D. MATERIAL SUSTAINABILITY MATTERS (CONT'D)

### Environmental (Cont'd)

#### 4. Boundary Noise Monitoring

Noise is an inevitable byproduct of the manufacturing industry. Leader Steel acknowledges the potential health risks associated with prolonged exposure to loud noises. Therefore, we conduct regular Boundary Noise Monitoring following the Guidelines for Environmental Noise Limits and Control set forth by the Department of Environment (DOE) Malaysia.

This commitment to noise monitoring reflects our dedication to creating a harmonious and comfortable environment for our workers and the surrounding community. By minimizing noise pollution, we contribute to the overall well-being of our employees and neighbours. Our employees are also subject to annual audiometric test as required by DOSH.

#### 5. Carbon Emission

Aligned with PN9 and Bursa Malaysia guidelines, we collect and refine emissions data. This covers direct (Scope 1), purchased energy (Scope 2), and other indirect emissions (Scope 3). Despite challenges, we prioritize transparent reporting and improvement. Adhering to the GHG Protocol ensures consistency. Our goal: comprehensive emissions data in FY2025, with ongoing refinement.

#### 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:

- Go digital campaign to promote a paperless office culture by encouraging the use of electronic documents instead of hard copies;
- Recycling program for paper, plastic, glass, and metal waste; 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 to 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

At LSH, we prioritise our employees as our most valuable asset. The Group has ensured that laws and regulations relating to labour are fully complied with.

##### i. Health and Safety at the Workplace

Safeguarding the health and safety of employees is a top priority at LSH. We are committed to protecting our employees from any potential workplace hazards. It is not only a fundamental right for our workers to operate in a safe environment, but also, when our employees' well-being is ensured, our productivity increases, and we can provide our best service to our customers. By implementing safety guidelines, we establish a hazard-free workplace for the benefit of our employees and the environment.

Each of the Group's facilities complies fully with all local Occupational Safety and Health ("OSH") regulations and no breaches have been identified in FY2023.

# SUSTAINABILITY REPORT (CONT'D)

## D. MATERIAL SUSTAINABILITY MATTERS (CONT'D)

### Social (Cont'd)

#### 1. Employees (Cont'd)

##### i. Health and Safety at the Workplace (Cont'd)

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 maintained an ESH monthly report during the reporting year.
- (d) Throughout the year, regular health and safety training was offered to all relevant employees. This training prepares employees with the knowledge, expertise, and skills to discharge their duties safely and efficiently.

In FY2023, the trainings and activities attended by employees included:

#### 1. Committee and Conference Training:

- ESH Committee Training
- Safety and Health Conference 2023
- KKP Seminar: Self-Regulation for Employer and Employee

#### 2. Emergency Response Training:

- ERT Training
- Emergency Response Plan (ERP) Training

#### 3. Environmental Management Training:

- CePSWaM FTR assessment and interview
- Guidance on Environmental Aspects and Impacts and Environmental Audit
- Scheduled Wastes (SW) introduction
- Basic Schedule Waste Management

#### 4. Health and Safety Training:

- Ergonomic and Manual Handling Training
- Basic Fire Fighting using the fire extinguisher
- Electrical Safety Awareness
- Workplace Safety Training for Pipeline Machine Area
- Working At Height Training
- Safety & Health Induction Training
- Safety & Health Refresher Training 2023

# SUSTAINABILITY REPORT (CONT'D)

## D. MATERIAL SUSTAINABILITY MATTERS (CONT'D)

### Social (Cont'd)

#### 1. Employees (Cont'd)

##### i. Health and Safety at the Workplace (Cont'd)

In FY2023, the trainings and activities attended by employees included: (Cont'd)

##### 5. Skills and Compliance Training:

- Working in Iron and Metal Industry
- Basic Handling of Crane and Forklift
- Basic How to Reply Corrective Action Request (ISO 9001:2015)
- Knowledge Transfer Program for Malaysian Brand

This table summarizes our commitment to a safe work environment. We're proud to report zero work-related fatalities for the past three fiscal years (FY2021-FY2023). The Lost Time Incident Rate will offer further perspective on workplace safety. We consistently train employees in health and safety standards, demonstrating our dedication to prevention. While corruption risk assessments are currently not conducted, we're exploring their implementation to strengthen our ethical framework.

Health and Safety	FY2023	FY2022	FY2021
Number of work-related fatalities	-	-	1
Lost time incident Rate	247.64	0.0	42.61
Number of employees trained on health and safety standards	36	42	40

##### ii. Workforce Diversity

Leader Steel Holdings Berhad is committed to building a diverse and inclusive workforce that reflects the communities we serve. We value and respect the unique contributions of all individuals, regardless of their gender, age, race, ethnicity, religion, sexual orientation, disability, or any other protected characteristic. We strive to create an inclusive work environment where everyone feels welcome, valued, and empowered to reach their full potential. This includes ongoing training for our managers and employees on unconscious bias and fostering a culture of respect. To further our efforts, we aim to increase the representation of women in leadership positions by 20% within the next three years. We acknowledge that achieving true diversity and inclusion is an ongoing process, and we are committed to continuously learning and evolving our practices to create a workplace where everyone thrives.

In FY2023, the overall composition of the Group's workforce is detailed as follows:

##### Gender Group by Employee Category

Employee Category	Male (%)			Female (%)		
	FY2023	FY2022	FY2021	FY2023	FY2022	FY2021
<b>Management</b>	66.67	63.16	66.67	33.33	36.84	33.33
<b>Executive</b>	41.67	41.03	41.46	58.33	58.97	58.54
<b>Non-executive/ Technical Staff</b>	82.35	79.59	81.63	17.65	20.41	18.37
<b>General Workers</b>	95.92	90.91	91.11	4.08	9.09	8.89

# SUSTAINABILITY REPORT (CONT'D)

## D. MATERIAL SUSTAINABILITY MATTERS (CONT'D)

### Social (Cont'd)

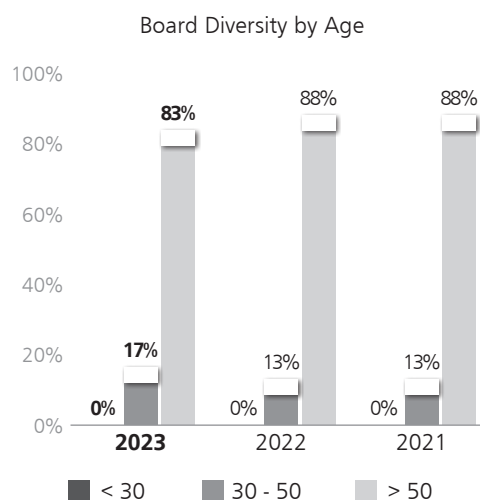
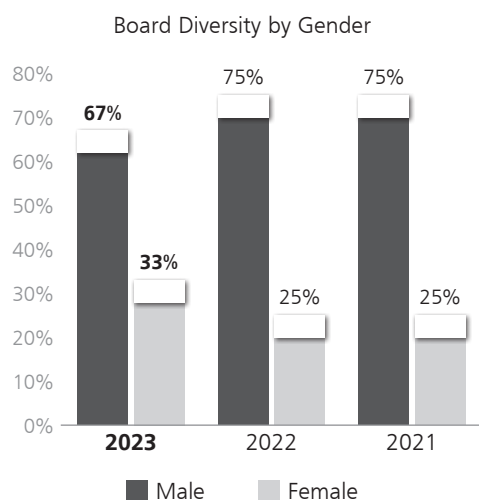
#### 1. Employees (Cont'd)

##### ii. Workforce Diversity (Cont'd)

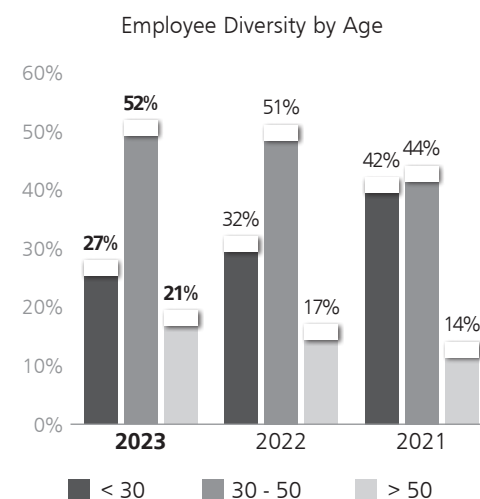
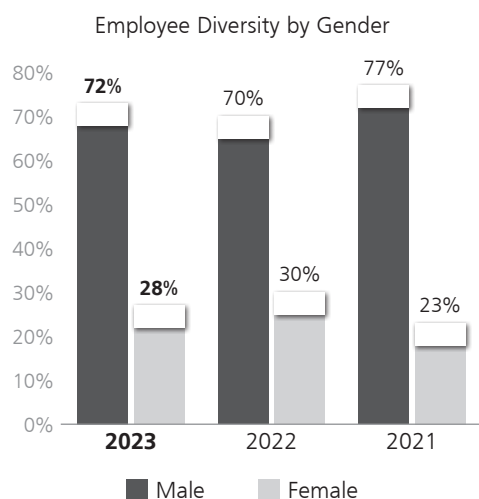
#### Age Group by Employee Category

Employee Category	Below 30 years (%)			31 - 50 years (%)			Above 51 years (%)		
	FY2023	FY2022	FY2021	FY2023	FY2022	FY2021	FY2023	FY2022	FY2021
Management	-	-	-	61.90	55.56	52.94	38.10	44.44	47.06
Executive	5.56	5.13	4.88	75.00	79.49	80.49	19.44	15.38	14.63
Non-executive/ Technical Staff	29.41	27.45	29.41	47.06	49.02	49.02	23.53	23.53	21.57
General Workers	71.43	74.42	75.00	22.45	20.93	20.45	6.12	4.65	4.55

#### Board of Directors (%)



#### Employee (%)



## SUSTAINABILITY REPORT (CONT'D)

### D. MATERIAL SUSTAINABILITY MATTERS (CONT'D)

#### Social (Cont'd)

#### 1. Employees (Cont'd)

##### ii. Workforce Diversity (Cont'd)

##### Turnover by Employee Category FY2023

Category	Total number of employee turnover*
Management	-
Executives	3
Non-Executives	6
General Workers	15

\* Turnover numbers refer to employees who leave the company voluntarily.

##### iii. Training and Learning

We are committed to competency development, which is essential for employee retention, enhancement of our human capital and customer satisfaction. We encourage our staff to attain relevant technical certifications and provide relevant employees with opportunities to attend external training courses covering areas such as quality control, service quality and skills development to promote professional development in technical competencies, functional competencies, and personal effectiveness.

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

- Corporate Governance
- Digital Transformation
- Financial Reporting Standards and Accounting
- Leadership
- Safety and Health
- Sustainability and Climate Changes
- Taxation
- Tax Seminar on Budget
- Transfer Pricing
- Waste Management

Labour practices and standards	FY 2023	FY2022	FY2021
Total Training Hours	1,144.8	1,554.0	473.8
Percentage of employees that are contractors or temporary staff (%)			
- Permanent Employee	96.2	98.0	98.7
- Contract Employee	3.8	2.0	1.3
Number of substantiated complaints concerning human rights violations	-	-	-

## SUSTAINABILITY REPORT (CONT'D)

### D. MATERIAL SUSTAINABILITY MATTERS (CONT'D)

#### Social (Cont'd)

##### 1. Employees (Cont'd)

###### iii. Training and Learning (Cont'd)

Employee Category	Total Hours Training of Employees		
	FY2023	FY2022	FY2021
Management	154.5	164.0	57.0
Executive	258.5	317.0	202.0
Non-executive/ Technical Staff	282.5	322.0	94.8
General Workers	449.3	751.0	120.0
<b>Total Hours</b>	<b>1,144.8</b>	<b>1,554.0</b>	<b>473.8</b>

We continue to assess specific training needs for all employees and improve the training program for FY2024.

###### iv. Employee Welfare and Motivational Activities

Our employees are provided with welfare benefits such as free lunch meals, cozy rest area with reading corner, and various gatherings and celebration activities. Additionally, in order to express gratitude to our dedicated, long-serving employees and strengthen staff unity, the company hosts a Long Service Award dinner.

##### 2. Society

###### (i) Contribution to the Community

As good corporate citizens, we acknowledge our responsibilities towards the local society. We embrace the philosophy of giving back by encouraging proactive involvement in various corporate social responsibility (CSR) initiatives.

Our CSR activities encompass a diverse range of programs aimed at fostering positive societal impact. This includes initiatives like the student artwork program, which nurtures young talent, and financial support for local charities and educational institutions. While quantifying the total number of beneficiaries for all initiatives is currently challenging, we are confident that our efforts positively impact a broad spectrum of individuals and communities.

###### (ii) Donations

We are committed to transparent reporting in accordance with Practice Note 9. While we actively support various local charities and educational institutions through cash and in-kind donations, quantifying the total amount invested in the community remains a challenge due to the diverse nature of our recipients.

We are pleased to announce that in FY2023, RM13,800 were invested in the community where the target beneficiaries are external to the listed issuer. This investment directly benefited a total of six beneficiaries, amplifying our impact and reach within the communities we serve.

We are currently working on establishing mechanisms to better track and report on the specific amounts and beneficiary data associated with our cash and in-kind donations. This will allow for more transparent reporting in future disclosures.

In the meantime, we can confirm that in FY2023, the Group made considerable contributions to a diverse range of organizations working to improve the lives of people in our communities. This dedication to corporate social responsibility underscores our commitment to creating positive change beyond our business operations.

# SUSTAINABILITY REPORT (CONT'D)

## D. MATERIAL SUSTAINABILITY MATTERS (CONT'D)

### Social (Cont'd)

#### 3. Cultivating a Culture of Integrity

Leader Steel is dedicated to fostering a culture of integrity characterized by the highest ethical standards. We maintain a zero-tolerance policy towards bribery and corruption, underpinned by our comprehensive Anti-Bribery and Corruption Policy. This policy provides clear guidelines for all employees, directors, and business partners to identify and report any suspected wrongdoing.

We carried out assessment of corruption related risks in FY2022 and will conduct the assessment again in FY2024. We did not carry out such assessment in FY2023. We are pleased to declare a nil number of confirmed incidents of corruption, reflecting our commitment to swift action whenever suspicions arise. As part of our dedication to this policy, all staff and directors underwent external training in the previous year, in compliance with Section 17A of the Anti-Corruption Act. We will continue to reinforce this commitment through internal briefing sessions for both new and existing staff members.

#### Encouraging Open Communication

To further strengthen our commitment to ethical conduct, we established a robust **Whistleblowing Policy**. This policy provides a safe and confidential avenue for employees and stakeholders to report any unethical business practices, suspected violations of our Anti-Bribery and Corruption Policy, or other concerns. We offer multiple reporting channels to ensure accessibility, including a dedicated hotline, online portal, and email address.

#### Responding to Reports

We take all reported concerns seriously and investigate them thoroughly and transparently. In FY2023, we received one (1) whistleblowing disclosure, which was promptly investigated. We are committed to using all reports to continuously improve our internal controls and ethical culture.

While we may not be able to share the specific details of every investigation due to confidentiality or legal reasons, we strive to provide whistleblowers with a timely acknowledgement of their report and an update on the status of the investigation.

#### Continuous Improvement

We regularly review our Anti-Bribery and Corruption Policy and Whistleblowing Policy to ensure their effectiveness and alignment with best practices. A robust compliance framework fosters trust with our stakeholders and ensures the integrity of our business operations.

#### Data Privacy and Security

We are committed to protecting the privacy and security of our customers' data. We implement robust measures to safeguard personal information in accordance with all applicable data privacy regulations.

#### Customer Data Protection

- We have established comprehensive data security policies and procedures to minimize the risk of data breaches.
- We regularly monitor and update our security infrastructure to stay ahead of evolving threats.
- We provide training to our employees on data privacy best practices.

#### Incident Reporting

We are transparent in our approach to data privacy. We maintain a system for recording and investigating any incidents involving potential breaches of customer privacy or losses of customer data.



## SUSTAINABILITY REPORT (CONT'D)

### D. MATERIAL SUSTAINABILITY MATTERS (CONT'D)

#### Social (Cont'd)

#### 3. Cultivating a Culture of Integrity (Cont'd)

##### Zero Data Breaches Reported

We are pleased to report that we have not received any substantiated complaints concerning breaches of customer privacy or losses of customer data in FY2023 (as of 31.12.2023). This reflects our ongoing commitment to data security and responsible data management.

##### Continuous Improvement

We are continually reviewing and improving our data privacy and security practices. We remain vigilant in protecting our customers' data and will promptly disclose any future incidents in accordance with legal and regulatory requirements.

##### Climate-Related Disclosures and Data Consistency for New Indicators:

We are developing a dedicated section on climate-related disclosures aligned with the Task Force on Climate-Related Financial Disclosures (TCFD) Recommendations. This section will be included in our Sustainability Statement for the financial year ending December 31, 2025, and beyond.

To ensure comprehensive and transparent reporting, we plan to include the following specific elements in the TCFD section:

- **Governance:** Describe the board of directors and managements roles and responsibilities regarding climate-related risks and opportunities.
- **Strategy:** Outline our strategy for managing climate-related risks and opportunities, including our transition plan to a low-carbon economy.
- **Risk Management:** Detail our climate-related risk identification, assessment, and mitigation processes.
- **Metrics and Targets:** Disclose quantitative metrics and qualitative information on our greenhouse gas emissions (aligned with the GHG Protocol), along with specific and measurable targets for emission reduction.

In line with PN9 guidelines and Section 6.5 of the Bursa Malaysia Sustainability Reporting Guide, we diligently gather and refine data on emissions across all scopes. This includes direct emissions (Scope 1), purchased electricity and energy (Scope 2), and other indirect emissions like business travel and purchased goods (Scope 3). While we recognize the challenges associated with quantifying emissions data, we are committed to transparent reporting and continuous improvement. Adherence to the GHG Protocol framework ensures consistency in our reporting practices. Our objective is to incorporate comprehensive emissions data into our FY2025 report, with a commitment to further refinement in subsequent reporting periods.

##### Statement of Assurance

In strengthening the creditability of the Sustainability Report, selected parts of this Sustainability Report have been subjected to an internal review by the Group's internal auditors.

## SUSTAINABILITY REPORT (CONT'D)

### D. MATERIAL SUSTAINABILITY MATTERS (CONT'D)

#### Social (Cont'd)

#### 3. Cultivating a Culture of Integrity (Cont'd)

##### Statement of Assurance (Cont'd)

The Scope and Subject Matters covered in the review are as follows:

Material Matter	Subject Matters
Supply chain management	Proportion of spending on local suppliers
Energy management	Total energy consumption
Water	Total volume of water used
Health and safety	Number of work fatalities Lost time incident rate ("LTIR") Number of employees trained on health and safety standards
Diversity	Percentage of employees by gender and age group, for each employee category Percentage of directors by gender and age group
Labour practices and standards	Total hours of training by employee category Total number of employee turnover by employee category Percentage of employees that are contractors or temporary staff Number of substantiated complaints concerning human rights violation
Community/ society	Total amount invested in the community where the target beneficiaries are external to the listed issuer Total number of beneficiaries of the investment in communities
Anti-corruption	Percentage of employees who have received training on anti-corruption by employee category Percentage of operations assessed for corruption-related risks Confirmed incidents of corruption and action taken
Data privacy and security	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data

Recognizing the importance of external validation in bolstering stakeholder trust, we pledge to seek reasonable assurance from an independent third party for our future sustainability reports.

#### 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.

#### Engaging with Stakeholders for a Sustainable Future

Leader Steel Holdings Berhad (LSH) and its subsidiaries (collectively, "LSH Group") are committed to building a sustainable future through responsible and transparent business practices. To understand stakeholder perspectives and enhance our sustainability efforts, we conducted a comprehensive Sustainability Engagement Survey in FY2023.

## SUSTAINABILITY REPORT (CONT'D)

### D. MATERIAL SUSTAINABILITY MATTERS (CONT'D)

#### Social (Cont'd)

#### 3. Cultivating a Culture of Integrity (Cont'd)

##### Key Findings:

The survey yielded valuable insights from a diverse range of stakeholders, highlighting their key concerns regarding Environmental, Social, and Governance (ESG) factors. The top priorities identified were:

- **Environmental Matters:**
  - Water resource management
  - Energy efficiency and emissions reduction
  - Sustainable waste management practices
  - Supply chain sustainability.
- **Social Matters:**
  - Ethical labor practices
  - Diversity, equity, and inclusion (DE&I) within the workforce
  - Safe and healthy working conditions
  - Community engagement and social responsibility
- **Governance Matters:**
  - Strong corporate governance practices
  - Transparency and accountability in decision-making and reporting
  - Ethical conduct and compliance with relevant laws and regulations

##### Action and Impact:

Based on the feedback received, we shape our sustainability strategy. This includes:

- Reviewing and strengthening existing policies related to identified matters, including environmental policies, labour practices, and social responsibility initiatives.
- Developing new initiatives to address specific concerns raised, such as expanding responsible sourcing practices, and fostering a more inclusive work environment.
- Continuing open communication and engagement with stakeholders through regular updates on our progress and further opportunities for dialogue.

##### Commitment & Looking Forward:

LSH Group is committed to continuously refining our sustainability practices based on stakeholder feedback. We believe that by working together, we can create a positive impact on our environment, society, and the communities we serve.

##### Call to Action:

We encourage stakeholders to learn more about our existing LSH Group Initiatives and explore relevant policies, including the Anti-bribery Policy, Whistleblowing Policy, Code of Conduct, and Code of Ethics, available on our website at [www.leadersteel.my](http://www.leadersteel.my).

LSH Group remains dedicated to continuously evolving our sustainability practices based on valuable stakeholder feedback. We are seeing positive outcomes from our ongoing efforts, including demonstrably reducing water consumption. Additionally, we are actively exploring exciting initiatives like energy audit across our production facilities. Through ongoing collaboration, we firmly believe in fostering a positive impact on our environment, society, and the communities within which we operate.

# SUSTAINABILITY REPORT (CONT'D)

## PERFORMANCE DATA TABLE

Indicator	Measurement Unit	2023
<b>Bursa (Community/Society)</b>		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	13,800.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	6
<b>Bursa (Anti-corruption)</b>		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Management	Percentage	0.00
Executive	Percentage	0.00
Non-executive/Technical Staff	Percentage	0.00
General Workers	Percentage	0.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	0.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
<b>Bursa (Diversity)</b>		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Management Under 30	Percentage	0.00
Management Between 30-50	Percentage	61.90
Management Above 50	Percentage	38.10
Executive Under 30	Percentage	5.56
Executive Between 30-50	Percentage	75.00
Executive Above 50	Percentage	19.44
Non-executive/Technical Staff Under 30	Percentage	29.41
Non-executive/Technical Staff Between 30-50	Percentage	47.06
Non-executive/Technical Staff Above 50	Percentage	23.53
General Workers Under 30	Percentage	71.43
General Workers Between 30-50	Percentage	22.45
General Workers Above 50	Percentage	6.12
Gender Group by Employee Category		
Management Male	Percentage	66.67
Management Female	Percentage	33.33
Executive Male	Percentage	41.67
Executive Female	Percentage	58.33
Non-executive/Technical Staff Male	Percentage	82.35
Non-executive/Technical Staff Female	Percentage	17.65
General Workers Male	Percentage	95.92
General Workers Female	Percentage	4.08
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	66.67
Female	Percentage	33.33
Under 30	Percentage	0.00
Between 30-50	Percentage	16.67
Above 50	Percentage	83.33
<b>Bursa (Energy management)</b>		
Bursa C4(a) Total energy consumption	Megawatt	2,152.61
<b>Bursa (Health and safety)</b>		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	247.64
Bursa C5(c) Number of employees trained on health and safety standards	Number	36
<b>Bursa (Labour practices and standards)</b>		
Bursa C6(a) Total hours of training by employee category		
Management	Hours	155
Executive	Hours	259
Non-executive/Technical Staff	Hours	283
General Workers	Hours	449
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	3.82
Bursa C6(c) Total number of employee turnover by employee category		
Management	Number	0
Executive	Number	3
Non-executive/Technical Staff	Number	6
General Workers	Number	15
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
<b>Bursa (Supply chain management)</b>		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	26.00
<b>Bursa (Data privacy and security)</b>		

Internal assurance

External assurance

No assurance

(\*)Restated

# SUSTAINABILITY REPORT (CONT'D)

## PERFORMANCE DATA TABLE

Indicator	Measurement Unit	2023
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
<b>Bursa (Water)</b>		
Bursa C9(a) Total volume of water used	Megalitres	10.520000

Internal assurance External assurance No assurance

(\*)Restated

## 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"), International Financial Reporting Standards ("IFRSs"), 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 2023.

## 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	<u>18,974,730</u>	<u>3,490,119</u>
Attributable to:		
Owners of the parent	18,981,339	3,490,119
Non-controlling interests	<u>(6,609)</u>	<u>0</u>
	<u>18,974,730</u>	<u>3,490,119</u>

## DIVIDEND

Dividend 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 2023:	
First single-tier interim dividend of RM0.015 per ordinary share, paid on 8 August 2023	<u>2,017,988</u>

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

## RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the year have been disclosed in the financial statements.

## ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and fully paid-up ordinary share capital of the Company was increased from 140,334,960 ordinary shares to 160,334,960 ordinary shares by way of issuance of 20,000,000 new ordinary shares pursuant to Private Placement at exercise price of RM0.3718 per ordinary share for cash totalling RM7,436,000.

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

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



## DIRECTORS' REPORT (CONT'D)

### 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 apart from the issue of options pursuant to the Employees' Share Option Scheme ("ESOS").

The establishment of ESOS was approved by the shareholders at an Extraordinary General Meeting held on 30 May 2022. During the financial year, the Company has granted an option under the ESOS and the option is exercisable within a period of five (5) years from the date commencing from 31 May 2023.

The ESOS is administered in accordance with the By-Laws by the ESOS Committee.

The salient features of the ESOS are as follows:

- (a) The aggregate maximum number of shares which may be made available under the ESOS, shall not exceed fifteen percent (15%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time over the duration of the ESOS;
- (b) Only eligible directors and employee ("Eligible Persons") who fulfil the following conditions on the date of offer shall be eligible to participate in the ESOS:
  - (i) The director/employee is at least eighteen (18) years of age and is not undischarged bankrupt or subject to any bankruptcy proceedings;
  - (ii) The employee is employed on the date of offer on a full time basis and is on the payroll of any company in the Group for a continuous period of at least one (1) year and employment has been confirmed by any company in the Group on the date of offer;
  - (iii) The employee is employed on the date of offer under an employment contract for a continuous fixed period of at least one (1) year as may be determined by the ESOS Committee; and
  - (iv) The director/employee fulfils any other criteria as may be determined by the ESOS Committee from time to time at its sole discretion, whose decision shall be final and binding.
- (c) The number of new shares to be allocated to any Eligible Person who, either singly or collectively through persons connected with such Eligible Person, holds twenty percent (20%) or more of the total number of issued shares of the Company (excluding treasury shares, if any), shall not exceed ten percent (10%) of the total number of new shares to be issued under ESOS;
- (d) Not more than eighty percent (80%) of the total number of shares available under ESOS will be allocated in aggregate to the Director(s) and senior management personnel of the companies in the Group;
- (e) The aggregate maximum number of shares that may be offered to an Eligible Person shall be determined at the sole and absolute discretion of the ESOS Committee after taking into consideration, amongst others, the provisions of the Listing Requirements or other applicable regulatory requirements prevailing under the duration of the scheme relating to employees' and/or Directors' share issuance schemes and after taking into consideration the performance, targets position, annual appraised performance, seniority and length of service, contribution, category or grade of employment of the Eligible Persons or such other matters which the ESOS Committee may in its sole and absolute discretion deem fit;
- (f) The exercise price of each new share to be determined by the Board upon recommendation of the ESOS Committee based on the volume weighted average market price of the shares for the five (5) market days immediately preceding date of the offer with a discount of not more than ten percent (10%) during the duration of the scheme;
- (g) The exercise price to be determined by the Board upon recommendation of the ESOS Committee shall be conclusive and binding on the grantees and shall be subject to any amendments with By-Laws;

## DIRECTORS' REPORT (CONT'D)

### OPTIONS GRANTED OVER UNISSUED SHARES (CONT'D)

The salient features of the ESOS are as follows (Cont'd):

- (h) The ESOS Committee shall have full discretion to determine whether any vesting condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the ESOS Committee shall have the right to make reference to, amongst others, the audited financial results of the Company of the Group (as the case may be) and to take into account such factors as the ESOS Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend and/or waive any vesting condition if the ESOS Committee decides that a changed performance target would be a fairer measure of performance; and
- (i) The ESOS Committee may cancel any ESOS options awarded under this scheme that has not been exercised and any unvested ESOS options awarded under this scheme in the event of any such cancellation, the ESOS Committee may, at its discretion, authorise the granting of new ESOS options (which may or may not cover the same number of Shares that had been subject of any prior ESOS option) in such manner, at such exercise price and subject to such terms, conditions and discretion as would have been applicable under the scheme had the cancelled ESOS options had not been awarded.

Details of the options over ordinary shares of the Company are as follows:

	Number of options over ordinary shares			
	Balance as at 1.1.2023	Granted	Balance as at 31.12.2023	Exercisable as at 31.12.2023
<b>Date of grant</b>				
31 May 2023	0	6,407,300	6,407,300	6,407,300

### 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

Dato' Goh Cheng Huat\*

Datin Tan Pak Say\*

Lim Leng Han

Goh Wan Jing\*

Abdull Sukor bin Ismail

Soon Gim Wooi

(Appointed on 1 June 2023)

Datuk Dr. Roslan Bin A. Ghaffar

(Appointed on 27 March 2024)

Mohd Arif Bin Mastol

(Retired on 31 May 2023)

Tan Sri Dato' Mohd Desa Bin Pachi

(Retired on 1 June 2023)

Datuk Abdullah Bin Haji Kuntom

(Retired on 31 December 2023)

\* 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)

## DIRECTORS' REPORT (CONT'D)

### DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2023 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	Number of ordinary shares			Balance as at 31.12.2023
	Balance as at 1.1.2023	Bought	Sold	

#### Shares in the Company

##### Direct interests:

Dato' Goh Cheng Huat	12,047,894	0	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^	67,295,862	0	0	67,295,862

	Number of options over ordinary shares			Balance as at 31.12.2023
	Balance as at 1.1.2023	Granted	Exercised	

#### Shares options in the Company

##### Direct interests:

Dato' Goh Cheng Huat	0	350,000	0	350,000
Datin Tan Pak Say	0	500,000	0	500,000
Lim Leng Han	0	250,000	0	250,000
Goh Wan Jing	0	350,000	0	350,000
Abdull Sukor bin Ismail	0	100,000	0	100,000

# 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.

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.

Other than those disclosed above, none of the other Directors holding office at the end of the financial year held any interest in ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year.

## DIRECTORS' REPORT (CONT'D)

### DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than 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 2023 were as follows:

	<b>Group</b>	<b>Company</b>
	<b>RM</b>	<b>RM</b>
Director's fees	302,145	302,145
Salaries, bonuses and allowances	1,755,000	0
Contribution to defined contribution plans	100,775	0
Social security contribution	1,804	0
Share options granted under ESOS	351,000	279,000
Other emoluments	176,067	98,082
	<u>2,686,791</u>	<u>679,227</u>

Estimated monetary value of benefits-in-kind provided to the Executive Directors of the Company is RM28,000.

### 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)

### SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 10 January 2024, a subsidiary of the Company had received and accepted a Notis Award and Tawaran Pampasan ("Borang H") from the Pentadbir Tanah Klang invoking compulsory acquisition under Land Acquisition Act, 1960 ("act 486") to acquire approximately 28,903 square meter in area of land forming part of H.S.(D) 166444, No PT85119 Mukim Kapar, Daerah Klang, Negeri Selangor for a cash consideration of RM42,558,627.

As at the date of this report, the disposal has been completed.

### 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 2023 amounted to RM88,500 and RM128,500 respectively.

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

**Datin Tan Pak Say**

Director

Penang

29 April 2024

**Lim Leng Han**

Director

## STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 76 to 141 have been drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting 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 2023 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

**Datin Tan Pak Say**

Director

Penang

29 April 2024

**Lim Leng Han**

Director

## STATUTORY DECLARATION

I, Ooi Teik Huat (CA 21851) (I/C No.: 691005-07-5243), being the officer primarily responsible for the financial management of Leader Steel Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 76 to 141 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 29 April 2024

**Ooi Teik Huat**

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 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a material accounting policy information, as set out on pages 76 to 141.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ('MFRSs'), IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ('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 2023, the Group had trade receivables amounted to RM32,997,282, which were net of impairment losses of RM1,025,039. The details of trade receivables and their credit risks have been disclosed in Note 10 and Note 29 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 2023, the Group had carrying amount of inventories amounted to RM46,753,594, 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, IFRS Accounting Standards, and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

## 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)

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### 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

29 April 2024

#### **Goh Chee Beng**

03535/11/2024 J

Chartered Accountants

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	<b>278,951,294</b>	106,027,396	<b>0</b>	0
Right-of-use assets	6	<b>38,369,471</b>	24,328,191	<b>0</b>	0
Investment properties	7	<b>52,000,000</b>	30,944,917	<b>0</b>	0
Investments in subsidiaries	8	<b>0</b>	0	<b>72,031,661</b>	71,310,347
Goodwill		<b>58,426</b>	58,426	<b>0</b>	0
		<b>369,379,191</b>	161,358,930	<b>72,031,661</b>	71,310,347
<b>Current assets</b>					
Inventories	9	<b>46,753,594</b>	34,429,850	<b>0</b>	0
Trade and other receivables	10	<b>43,181,519</b>	58,764,262	<b>13,046,559</b>	3,544,774
Current tax assets		<b>465,864</b>	910,636	<b>0</b>	10,263
Cash and bank balances	11	<b>5,958,742</b>	30,621,889	<b>50,646</b>	65,237
		<b>96,359,719</b>	124,726,637	<b>13,097,205</b>	3,620,274
<b>TOTAL ASSETS</b>		<b>465,738,910</b>	286,085,567	<b>85,128,866</b>	74,930,621
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	12	<b>74,654,370</b>	67,218,370	<b>74,654,370</b>	67,218,370
Treasury shares, at cost	12	<b>(2,209,815)</b>	(2,209,815)	<b>(2,209,815)</b>	(2,209,815)
Reserves	13	<b>271,952,436</b>	125,359,813	<b>12,148,495</b>	9,523,050
		<b>344,396,991</b>	190,368,368	<b>84,593,050</b>	74,531,605
Non-controlling interests	8	<b>44,853</b>	51,462	<b>0</b>	0
<b>TOTAL EQUITY</b>		<b>344,441,844</b>	190,419,830	<b>84,593,050</b>	74,531,605

## STATEMENTS OF FINANCIAL POSITION (CONT'D)

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	14	0	280,000	0	0
Lease liabilities	6	113,144	729,075	0	0
Deferred tax liabilities	15	32,574,063	15,576,193	0	0
		<u>32,687,207</u>	<u>16,585,268</u>	<u>0</u>	<u>0</u>
<b>Current liabilities</b>					
Trade and other payables	16	18,738,428	16,625,655	517,616	399,016
Current tax liabilities		463,323	5,413	18,200	0
Borrowings	14	68,776,465	61,403,543	0	0
Lease liabilities	6	631,643	1,045,858	0	0
		<u>88,609,859</u>	<u>79,080,469</u>	<u>535,816</u>	<u>399,016</u>
<b>TOTAL LIABILITIES</b>		<u>121,297,066</u>	<u>95,665,737</u>	<u>535,816</u>	<u>399,016</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>465,738,910</u>	<u>286,085,567</u>	<u>85,128,866</u>	<u>74,930,621</u>

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 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Revenue	18	<b>192,256,894</b>	221,789,475	<b>4,500,000</b>	5,500,000
Cost of sales		<b>(170,260,794)</b>	(204,129,088)	<b>0</b>	0
Gross profit		<b>21,996,100</b>	17,660,387	<b>4,500,000</b>	5,500,000
Other income		<b>22,998,863</b>	6,440,549	<b>221,277</b>	1,990
Distribution expenses		<b>(3,452,744)</b>	(2,766,656)	<b>0</b>	0
Administrative expenses		<b>(13,984,090)</b>	(12,972,898)	<b>(1,180,125)</b>	(830,665)
Impairment losses on trade receivables	10(h)	<b>(951,258)</b>	(1,353)	<b>0</b>	0
Reversal of impairment losses on:					
- trade receivables	10(h)	<b>1,619</b>	2,311,147	<b>0</b>	0
- other receivables	10(i)	<b>0</b>	431,154	<b>0</b>	0
Finance costs	19	<b>(2,635,787)</b>	(2,027,317)	<b>0</b>	(36,504)
Profit before tax		<b>23,972,703</b>	9,075,013	<b>3,541,152</b>	4,634,821
Tax expense	23	<b>(4,997,973)</b>	(2,585,351)	<b>(51,033)</b>	(34,407)
Profit for the financial year		<b>18,974,730</b>	6,489,662	<b>3,490,119</b>	4,600,414
<b>Other comprehensive income</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
Gross revaluation increase of properties		<b>144,007,778</b>	0	<b>0</b>	0
Deferred tax relating to revalued properties		<b>(15,531,820)</b>	0	<b>0</b>	0
Other comprehensive income, net of tax		<b>128,475,958</b>	0	<b>0</b>	0
Total comprehensive income		<b>147,450,688</b>	6,489,662	<b>3,490,119</b>	4,600,414
Profit attributable to:					
Owners of the parent		<b>18,981,339</b>	6,495,370	<b>3,490,119</b>	4,600,414
Non-controlling interests	8(d)	<b>(6,609)</b>	(5,708)	<b>0</b>	0
		<b>18,974,730</b>	6,489,662	<b>3,490,119</b>	4,600,414
Total comprehensive income attributable to:					
Owners of the parent		<b>147,457,297</b>	6,495,370	<b>3,490,119</b>	4,600,414
Non-controlling interests	8(d)	<b>(6,609)</b>	(5,708)	<b>0</b>	0
		<b>147,450,688</b>	6,489,662	<b>3,490,119</b>	4,600,414
Earnings per ordinary share attributable to equity holders of the Company (sen):					
- Basic	25(a)	<b>13.74</b>	4.83		
- Diluted	25(b)	<b>13.71</b>	4.83		

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Group	Note	Share capital RM	Treasury shares RM	Revaluation reserve RM	Share options reserve RM	Retained earnings RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
Balance as at 1 January 2023		67,218,370	(2,209,815)	68,881,983	0	56,477,830	190,368,368	51,462	190,419,830
Profit for the financial year		0	0	0	0	18,981,339	18,981,339	(6,609)	18,974,730
Gross revaluation increase of properties		0	0	144,007,778	0	0	144,007,778	0	144,007,778
Deferred tax relating to revalued properties	15	0	0	(15,531,820)	0	0	(15,531,820)	0	(15,531,820)
Other comprehensive income, net of tax		0	0	128,475,958	0	0	128,475,958	0	128,475,958
Total comprehensive income		0	0	128,475,958	0	18,981,339	147,457,297	(6,609)	147,450,688
<b>Transaction with owners</b>									
Ordinary shares issued pursuant to private placement	12	7,436,000	0	0	0	0	7,436,000	0	7,436,000
Share options granted under ESOS		0	0	0	1,153,314	0	1,153,314	0	1,153,314
Dividend paid	24	0	0	0	0	(2,017,988)	(2,017,988)	0	(2,017,988)
Total transaction with owners		7,436,000	0	0	1,153,314	(2,017,988)	6,571,326	0	6,571,326
Balance as at 31 December 2023		74,654,370	(2,209,815)	197,357,941	1,153,314	73,441,181	344,396,991	44,853	344,441,844



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Group	Note	Share capital	Treasury shares	Revaluation reserve	Retained earnings	Total attributable to owners of the parent	Non-controlling interests	Total equity
		RM	RM	RM	RM	RM	RM	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
<b>Transaction with owners</b>								
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.

## STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Company	Note	Share capital RM	Treasury shares RM	Share options reserve RM	Retained earnings RM	Total equity RM
Balance as at 1 January 2023		67,218,370	(2,209,815)	0	9,523,050	74,531,605
Profit for the financial year		0	0	0	3,490,119	3,490,119
Other comprehensive income, net of tax		0	0	0	0	0
Total comprehensive income		0	0	0	3,490,119	3,490,119
<b>Transaction with owners</b>						
Issuance of ordinary shares pursuant to private placement	12	7,436,000	0	0	0	7,436,000
Share options granted under ESOS		0	0	1,153,314	0	1,153,314
Dividend paid	24	0	0	0	(2,017,988)	(2,017,988)
Total transaction with owners		7,436,000	0	1,153,314	(2,017,988)	6,571,326
Balance as at 31 December 2023		74,654,370	(2,209,815)	1,153,314	10,995,181	84,593,050
Balance as at 1 January 2022		67,218,370	(2,209,815)	0	6,940,624	71,949,179
Profit for the financial year		0	0	0	4,600,414	4,600,414
Other comprehensive income, net of tax		0	0	0	0	0
Total comprehensive income		0	0	0	4,600,414	4,600,414
<b>Transactions with owners</b>						
Dividend paid	24	0	0	0	(2,017,988)	(2,017,988)
Total transactions with owners		0	0	0	(2,017,988)	(2,017,988)
Balance as at 31 December 2022		67,218,370	(2,209,815)	0	9,523,050	74,531,605

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

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before tax		<b>23,972,703</b>	9,075,013	<b>3,541,152</b>	4,634,821
Adjustments for:					
Depreciation of:					
- property, plant and equipment	5	<b>4,191,294</b>	4,489,209	<b>0</b>	0
- right-of-use assets	6	<b>1,203,843</b>	1,075,949	<b>0</b>	0
Dividend income from subsidiaries	18	<b>0</b>	0	<b>(4,500,000)</b>	(5,500,000)
Gain on fair value adjustment on investment properties	7	<b>(17,255,670)</b>	0	<b>0</b>	0
Gain on disposal of property, plant and equipment		<b>0</b>	(457,578)	<b>0</b>	0
Impairment losses on trade receivables	10(h)	<b>951,258</b>	1,353	<b>0</b>	0
Interest expense	19	<b>2,635,787</b>	2,027,317	<b>0</b>	36,504
Interest income		<b>(80,178)</b>	0	<b>(219,957)</b>	(1,990)
Revaluation deficit of property, plant and equipment		<b>614,461</b>	0	<b>0</b>	0
Reversal of impairment losses on:					
- trade receivables	10(h)	<b>(1,619)</b>	(2,311,147)	<b>0</b>	0
- other receivables	10(i)	<b>0</b>	(431,154)	<b>0</b>	0
Unrealised (gain)/loss on foreign exchange		<b>(524,185)</b>	643,549	<b>0</b>	0
Share options granted under ESOS		<b>1,153,314</b>	0	<b>432,000</b>	0
Operating profit/(loss) before changes in working capital carried forward		<b>16,861,008</b>	14,112,511	<b>(746,805)</b>	(830,665)

## STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)</b>					
Operating profit/(loss) before changes in working capital brought forward		<b>16,861,009</b>	14,112,511	<b>(746,805)</b>	(830,665)
(Increase)/Decrease in inventories		<b>(12,323,744)</b>	48,831,244	<b>0</b>	0
(Increase)/Decrease in trade and other receivables		<b>(33,918,967)</b>	9,096,364	<b>(4,781,828)</b>	2,834,649
Increase/(Decrease) in trade and other payables		<b>1,184,180</b>	(3,186,859)	<b>118,600</b>	56,904
Cash (used in)/generated from operations		<b>(27,497,523)</b>	68,853,260	<b>(5,410,033)</b>	2,060,888
Interest paid		<b>(2,578,920)</b>	(1,971,109)	<b>0</b>	0
Interest income		<b>80,178</b>	0	<b>0</b>	0
Tax paid		<b>(2,629,241)</b>	(5,311,255)	<b>(22,570)</b>	(34,908)
Net cash (used in)/from operating activities		<b>(32,625,506)</b>	61,570,896	<b>(5,432,603)</b>	2,025,980
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from disposal of property, plant and equipment		<b>0</b>	598,700	<b>0</b>	0
Purchase of property, plant and equipment	5(e)	<b>(4,240,907)</b>	(9,813,317)	<b>0</b>	0
Purchase of right-of-use assets	6(d)	<b>0</b>	(342,937)	<b>0</b>	0
Net cash used in investing activities		<b>(4,240,907)</b>	(9,557,554)	<b>0</b>	0

## STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividend paid	24	<b>(2,017,988)</b>	(2,017,988)	<b>(2,017,988)</b>	(2,017,988)
Payments of lease liabilities	6	<b>(1,107,666)</b>	(1,010,360)	<b>0</b>	0
Proceeds from short-term borrowings		<b>68,551,364</b>	55,868,644	<b>0</b>	0
Repayments of short-term borrowings		<b>(60,923,543)</b>	(81,201,381)	<b>0</b>	0
Repayments of term loans		<b>(480,000)</b>	(480,000)	<b>0</b>	0
Proceed from issuance of ordinary shares pursuant to private placement	12(a)	<b>7,436,000</b>	0	<b>7,436,000</b>	0
Net cash from/(used in) financing activities		<b>11,458,167</b>	(28,841,085)	<b>5,418,012</b>	(2,017,988)
Net (decrease)/increase in cash and cash equivalents		<b>(25,408,246)</b>	23,172,257	<b>(14,591)</b>	7,992
Effect of exchange rate changes on cash and cash equivalents		<b>799,998</b>	(795,239)	<b>0</b>	0
Cash and cash equivalents at beginning of financial year		<b>30,566,990</b>	8,189,972	<b>65,237</b>	57,245
Cash and cash equivalents at end of financial year	11(b)	<b>5,958,742</b>	30,566,990	<b>50,646</b>	65,237

## STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities (Note 6) RM	Short-term borrowings* (Note 14) RM	Term loans (Note 14) RM
<b>Group</b>			
Balance as at 1 January 2023	1,774,933	60,868,644	760,000
Cash flows	(1,107,666)	7,627,821	(480,000)
Non-cash flows:			
- unwinding of interest	56,867	0	0
- additions	20,653	0	0
Balance as at 31 December 2023	<u>744,787</u>	<u>68,496,465</u>	<u>280,000</u>
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	<u>1,774,933</u>	<u>60,868,644</u>	<u>760,000</u>

\* 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 2023

## 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 2023 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 29 April 2024.

## 2. 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.

## 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'), IFRS Accounting Standards 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 31.1 to the financial statements.

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

## 4. OPERATING SEGMENTS

The Group has two (2) reportable segments as described below, which are the strategic business units of the Group. The strategic business units offer different products and are separately evaluated by the Directors in deciding how to allocate resources and in assessing performance of the Group.

The reportable segments of the Group are as follows:

- (i) Steel segment - Manufacturing and distribution of steel products.
- (ii) Mineral segment - Trading and processing of minerals.
- (iii) Others - Investment holdings.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

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## 4. OPERATING SEGMENTS (CONT'D)

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

The accounting policies of operating segments are the same as those described in the respective notes to the financial statements.

Segment assets exclude goodwill on consolidation and current tax assets.

Segment liabilities exclude current tax liabilities and deferred tax liabilities.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

## 4. OPERATING SEGMENTS (CONT'D)

(a) Reportable segments

2023	Steel segment RM	Mineral segment RM	Others RM	Elimination RM	Total RM
Revenue from external customers	176,470,960	15,785,934	0	0	192,256,894
Inter-segment revenue	0	0	4,500,000	(4,500,000)	0
Total revenue	<u>176,470,960</u>	<u>15,785,934</u>	<u>4,500,000</u>	<u>(4,500,000)</u>	<u>192,256,894</u>
Interest income	82,354	0	219,957	(222,133)	80,178
Finance costs	<u>(2,526,728)</u>	<u>(390,905)</u>	0	281,846	<u>(2,635,787)</u>
Net finance expense	<u>(2,444,374)</u>	<u>(390,905)</u>	<u>219,957</u>	<u>59,713</u>	<u>(2,555,609)</u>
Tax expense	(4,729,185)	(217,755)	(51,033)	0	(4,997,973)
<b>Segment profit/(loss)</b>	<b>17,476,905</b>	<b>(666,937)</b>	<b>3,490,118</b>	<b>(1,325,356)</b>	<b>18,974,730</b>
Other material non-cash items:					
- Depreciation of property, plant and equipment	(3,992,250)	(199,044)	0	0	(4,191,294)
- Depreciation of right-of-use asset	(1,117,468)	(86,375)	0	0	(1,203,843)
- Impairment losses in trade receivables	(295,635)	(655,623)	0	0	(951,258)
- Revaluation deficit of property, plant and equipment	(614,461)	0	0	0	(614,461)
- Reversal of impairment losses on trade receivables	(6,567)	8,186	0	0	1,619
- Gain on fair value adjustment on investment properties	17,255,670	0	0	0	17,255,670
- Unrealise (loss)/gain on foreign exchange	(149,083)	673,268	0	0	524,185
- Share options granted under ESOS	(721,314)	0	(432,000)	0	(1,153,314)
Additions to non-current assets other than financial instruments, goodwill on consolidation and deferred tax assets	52,745,758	20,653	0	0	52,766,411
<b>Segment assets</b>	<b>445,502,905</b>	<b>38,010,618</b>	<b>13,097,205</b>	<b>(31,396,108)</b>	<b>465,214,620</b>
<b>Segment liabilities</b>	<b>94,757,468</b>	<b>1,706,626</b>	<b>517,616</b>	<b>(8,722,030)</b>	<b>88,259,680</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

## 4. OPERATING SEGMENTS (CONT'D)

(a) Reportable segments (Cont'd)

	2022	Steel segment RM	Mineral segment RM	Others RM	Elimination RM	Total RM
Revenue from external customers	182,039,429	39,750,046	0	0	0	221,789,475
Inter-segment revenue	0	0	5,500,000	(5,500,000)	0	0
Total revenue	182,039,429	39,750,046	5,500,000	(5,500,000)	0	221,789,475
Finance costs	(1,988,912)	(245,465)	(36,504)	243,564	0	(2,027,317)
Net finance expense	(1,988,912)	(245,465)	(36,504)	243,564	0	(2,027,317)
Tax expense	(2,267,790)	(283,154)	(34,407)	0	0	(2,585,351)
<b>Segment profit/(loss)</b>	4,204,566	2,398,359	4,600,414	(4,713,677)	0	6,489,662
Other material non-cash items:						
- Depreciation of property, plant and equipment	(4,304,363)	(184,846)	0	0	0	(4,489,209)
- Depreciation of right-of-use asset	(997,962)	(77,987)	0	0	0	(1,075,949)
- Impairment losses in trade receivables	(1,353)	0	0	0	0	(1,353)
- Reversal of impairment losses on trade receivables	281,459	2,029,688	0	0	0	2,311,147
- Reversal of impairment losses on other receivables	431,154	0	0	0	0	431,154
- Unrealised gain/(loss) on foreign exchange	25,378	(668,927)	0	0	0	(643,549)
Additions to non-current assets other than financial instruments, goodwill on consolidation and deferred tax assets	12,329,957	325,563	2	0	0	12,655,522
<b>Segment assets</b>	236,386,264	48,675,724	3,610,011	(3,555,494)	0	285,116,505
<b>Segment liabilities</b>	68,750,567	14,479,345	399,016	(3,544,797)	0	80,084,131

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

31 DECEMBER 2023

### 4. OPERATING SEGMENTS (CONT'D)

(b) Reconciliations

Reconciliations of reportable segment profit or loss to the corresponding amounts of the Group are as follows:

Group	2023 RM	2022 RM
<b>Profit for the financial year</b>		
Total profit for reportable segments	23,972,703	9,075,013
Tax expense	<u>(4,997,973)</u>	<u>(2,585,351)</u>
Profit for the financial year	<u>18,974,730</u>	<u>6,489,662</u>
<b>Assets</b>		
Segment assets	465,214,620	285,116,505
Goodwill on consolidation	58,426	58,426
Current tax assets	<u>465,864</u>	<u>910,636</u>
Total assets	<u>465,738,910</u>	<u>286,085,567</u>
<b>Liabilities</b>		
Segment liabilities	88,259,680	80,084,131
Deferred tax liabilities	32,574,063	15,576,193
Current tax liabilities	<u>463,323</u>	<u>5,413</u>
Total liabilities	<u>121,297,066</u>	<u>95,665,737</u>

(c) 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	
	2023	2022	2023	2022
	RM	RM	RM	RM
Malaysia	176,470,960	182,039,429	369,379,191	161,358,930
China	9,504,231	16,487,161	0	0
Others	<u>6,281,703</u>	<u>23,262,885</u>	<u>0</u>	<u>0</u>
	<u>192,256,894</u>	<u>221,789,475</u>	<u>369,379,191</u>	<u>161,358,930</u>

#### Major customers

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

## 5. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.1.2023 RM	Additions RM	Transfer to investment property (Note 7) RM	Revaluation RM	Depreciation charge for the financial year RM	Balance as at 31.12.2023 RM
<b>Carrying amount</b>						
<u>At Valuation</u>						
Buildings	44,225,866	542,727	0	5,078,698	(1,442,291)	48,405,000
Freehold land	27,595,000	48,504,851	0	123,090,149	0	199,190,000
<u>At Cost</u>						
Plant and machinery	26,270,240	531,975	(3,799,413)	0	(2,257,752)	20,745,050
Furniture, fittings and office equipment	819,921	164,673	0	0	(166,004)	818,590
Electrical and other installations	4,504	1,179,811	0	0	(18,270)	1,166,045
Tools and equipment	61,584	29,930	0	0	(13,693)	77,821
Motor vehicles	546,068	0	0	0	(293,284)	252,784
Capital work-in-progress	6,504,213	1,791,791	0	0	0	8,296,004
	<u>106,027,396</u>	<u>52,745,758</u>	<u>(3,799,413)</u>	<u>128,168,847</u>	<u>(4,191,294)</u>	<u>278,951,294</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

## 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	2023				
	Cost RM	Valuation RM	Accumulated depreciation RM	Accumulated impairment losses RM	Carrying amount RM
<b>Group</b>					
Buildings	0	48,405,000	0	0	48,405,000
Freehold land	0	199,190,000	0	0	199,190,000
Plant and machinery	131,552,908	0	(110,807,858)	0	20,745,050
Furniture, fittings and office equipment	4,943,807	0	(4,125,217)	0	818,590
Electrical and other installations	4,550,007	0	(3,383,962)	0	1,166,045
Tools and equipment	2,178,514	0	(2,100,693)	0	77,821
Motor vehicles	3,795,728	0	(3,542,944)	0	252,784
Capital work-in-progress	8,785,096	0	0	(489,092)	8,296,004
	<u>155,806,060</u>	<u>247,595,000</u>	<u>(123,960,674)</u>	<u>(489,092)</u>	<u>278,951,294</u>

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

31 DECEMBER 2023

### 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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
<b>Carrying amount</b>						
<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
	<u>131,789,327</u>	<u>9,813,317</u>	<u>(141,122)</u>	<u>(30,944,917)</u>	<u>(4,489,209)</u>	<u>106,027,396</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

## 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	2022				
	Cost RM	Valuation RM	Accumulated depreciation RM	Accumulated impairment losses RM	Carrying amount RM
<b>Group</b>					
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 2023

### 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 11 September 2023, 4 December 2023 and 31 December 2023, based on valuations carried out by external independent valuers using cost approach and comparison approach.

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

	Group	
	2023	2022
	RM	RM
Buildings	<b>16,581,015</b>	17,301,549
Freehold land	<b>56,135,120</b>	7,630,269
	<b><u>72,716,135</u></b>	<u>24,931,818</u>



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

31 DECEMBER 2023

### 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	
	2023	2022
	RM	RM
<b>Level 3</b>		
Buildings	48,405,000	44,225,866
Freehold land	<u>199,190,000</u>	<u>27,595,000</u>
	<u><b>247,595,000</b></u>	<u><b>71,820,866</b></u>

(i) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 December 2023 and 31 December 2022.

(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 cost and 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.

Appropriate adjustments are then made for certain buildings for the factors of obsolescences, optimisation and existing physical condition of the buildings by reference to its depreciated replacement costs.

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 2023, freehold land and buildings of the Group with carrying amount of RM59,200,000 (2022: RM54,237,711) have been charged to banks for credit facilities granted to the Group as disclosed in Note 14(c) to the financial statements.

(e) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	Group	
	2023	2022
	RM	RM
Additions of property, plant and equipment	52,745,758	9,813,317
Reclassification from deposits and prepayments	<u>(48,504,851)</u>	0
Cash payments on purchase of property, plant and equipment	<u><b>4,240,907</b></u>	<u><b>9,813,317</b></u>

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

31 DECEMBER 2023

### 6. LEASES

#### The Group as lessee

#### Right-of-use assets

	Balance as at 1.1.2023 RM	Revaluation RM	Additions RM	Depreciation charge for the financial year RM	Balance as at 31.12.2023 RM
<b>Carrying amount</b>					
<u>At Valuation</u>					
Leasehold land	21,498,919	15,224,470	0	(703,389)	36,020,000
<u>At Cost</u>					
Land	67,218	0	0	(42,454)	24,764
Buildings	24,353	0	20,653	(21,866)	23,140
Motor vehicles	2,737,701	0	0	(436,134)	2,301,567
	<u>24,328,191</u>	<u>15,224,470</u>	<u>20,653</u>	<u>(1,203,843)</u>	<u>38,369,471</u>

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

31 DECEMBER 2023

### 6. LEASES (CONT'D)

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

#### Right-of-use assets (Cont'd)

	Balance as at 1.1.2022 RM	Additions RM	Depreciation charge for the financial year RM	Balance as at 31.12.2022 RM
<b>Carrying amount</b>				
<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 2023

### 6. LEASES (CONT'D)

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

#### Lease liabilities

	Balance as at 1.1.2023	Additions	Lease payments	Interest expense	Balance as at 31.12.2023
	RM	RM	RM	RM	RM
<b>Carrying amount</b>					
Land	67,821	0	(44,400)	2,109	25,530
Buildings	24,672	20,653	(22,800)	1,060	23,585
Motor vehicles	1,682,440	0	(1,040,466)	53,698	695,672
	<u>1,774,933</u>	<u>20,653</u>	<u>(1,107,666)</u>	<u>56,867</u>	<u>744,787</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

## 6. LEASES (CONT'D)

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

#### Lease liabilities (Cont'd)

	Balance as at 1.1.2022	Additions	Lease payments	Interest expense	Balance as at 31.12.2022
	RM	RM	RM	RM	RM
<b>Carrying amount</b>					
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
	<u>229,817</u>	<u>2,499,268</u>	<u>(1,010,360)</u>	<u>56,208</u>	<u>1,774,933</u>

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

31 DECEMBER 2023

### 6. LEASES (CONT'D)

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

	2023 RM	2022 RM
Represented by:		
Current liabilities	<b>631,643</b>	1,045,858
Non-current liabilities	<b>113,144</b>	729,075
	<b>744,787</b>	<b>1,774,933</b>
Lease liabilities owing to financial institutions	<b>49,115</b>	1,682,441
Lease liabilities owing to non-financial institutions	<b>695,672</b>	92,492
	<b>744,787</b>	<b>1,774,933</b>

- (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 30 years to 59 years (2022: 31 years to 60 years).

- (b) The leasehold land was revalued on 04 December 2023 and 31 December 2023 based on valuations carried out by an external independent valuer using cost approach and comparison approach.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

## 6. LEASES (CONT'D)

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

(b) (Cont'd)

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

	Group	
	2023	2022
	RM	RM
Leasehold land	<u>3,019,933</u>	<u>3,118,177</u>

(c) The fair value of leasehold land (at valuation) of the Group are categorised as follows:

	Group	
	2023	2022
	RM	RM
<b>Level 3</b>		
Leasehold land	<u>36,020,000</u>	<u>21,498,919</u>

(i) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 December 2023 and 31 December 2022.

(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	
	2023	2022
	RM	RM
Addition of right-of-use assets	20,653	2,842,205
Financed by lease liabilities	<u>(20,653)</u>	<u>(2,499,268)</u>
Cash payments on purchase of right-of-use assets	<u>0</u>	<u>342,937</u>

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

31 DECEMBER 2023

### 6. LEASES (CONT'D)

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

- (e) The leasehold land of the Group with carrying amount of RM8,612,295 (2022: RM6,104,717) have been charged to banks for credit facilities granted to the Group as disclosed in Note 14(c) 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	
	2023	2022
	RM	RM
Depreciation charge of right-of-use assets (included in cost of sales)	767,709	770,938
Depreciation charge of right-of-use assets (included in administrative expenses)	436,134	305,011
Interest expense on lease liabilities (included in finance costs)	56,867	56,208
	<u>1,260,710</u>	<u>1,132,157</u>

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

	Group	
	2023	2022
	RM	RM
Included in net cash from investing activities:		
Purchase of right-of-use assets	0	342,937
Included in net cash from financing activities:		
Payments of lease liabilities	1,107,666	1,010,360
Total cash outflows for leases	<u>1,107,666</u>	<u>1,353,297</u>

- (i) Information on financial risks of lease liabilities is disclosed in Note 29 to the financial statements.



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

31 DECEMBER 2023

### 6. LEASES (CONT'D)

#### 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	
	2023	2022
	RM	RM
Less than one (1) year	2,408,399	1,606,547
One (1) to two (2) years	1,793,144	0
	<u>4,201,543</u>	<u>1,606,547</u>

### 7. INVESTMENT PROPERTIES

	Balance as at 1.1.2023	Transfer from property, plant and equipment (Note 5)	Gain on fair value adjustment	Balance as at 31.12.2023
	RM	RM	RM	RM
Building	11,944,917	3,799,413	4,605,670	20,350,000
Freehold land	19,000,000	0	12,650,000	31,650,000
	<u>30,944,917</u>	<u>3,799,413</u>	<u>17,255,670</u>	<u>52,000,000</u>

	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>

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

31 DECEMBER 2023

### 7. INVESTMENT PROPERTIES (CONT'D)

- (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 obsolescence, 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 RM52,000,000 (2022: RM30,944,917) have been charged to a bank for credit facilities granted to fellow subsidiaries as disclosed in Note 14(c) to the financial statements.
- (d) Rental income generated from rental of investment properties of the Group during the financial year amounted to RM3,210,591 (2022: RM2,007,934).
- (e) Direct operating expenses from investment properties which generated rental income to the Group during the financial year amounted to RM17,433 (2022: RM15,558).

### 8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2023	2022
	RM	RM
At cost:		
Unquoted shares, at cost		
- ordinary shares	34,538,493	34,538,493
- redeemable convertible preference shares	41,411,000	41,411,000
Fair value of share options allocated to subsidiaries	2,405,849	1,684,535
Less: Impairment loss	(6,323,681)	(6,323,681)
	<u>72,031,661</u>	<u>71,310,347</u>

- (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.

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

31 DECEMBER 2023

### 8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(b) Details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective ownership interest		Principal activities
		2023 %	2022 %	
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
<b>Subsidiaries of Leader Steel Sdn. Bhd.</b>				
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.

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

31 DECEMBER 2023

### 8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(c) In the previous financial year, a wholly-owned subsidiary of the Company, Leader Steel Service Centre Sdn. Bhd., had transferred 2 ordinary shares in FerroNet Asia Sdn. Bhd. to Leader Steel Holdings Berhad for a total consideration of RM2.

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

	ACME United Sdn. Bhd.	
	2023	2022
NCI percentage of ownership interest and voting interest	49.5%	49.5%
Carrying amount of NCI (RM)	<u>44,853</u>	<u>51,462</u>
Loss allocated to NCI (RM)	<u>(6,609)</u>	<u>(5,708)</u>
Total comprehensive loss allocated to NCI (RM)	<u>(6,609)</u>	<u>(5,708)</u>

(e) 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.	
	2023	2022
	RM	RM
<b>Assets and liabilities</b>		
Current assets	4,391	4,421
Current liabilities	<u>(31,035)</u>	<u>(17,714)</u>
Net liabilities	<u>(26,644)</u>	<u>(13,293)</u>
<b>Results</b>		
Revenue	0	0
Loss for the financial year	(13,350)	(11,531)
Total comprehensive loss	<u>(13,350)</u>	<u>(11,531)</u>
Cash flows used in non-operating activities	<u>(30)</u>	<u>(51)</u>
Net decrease in cash and cash equivalents	<u>(30)</u>	<u>(51)</u>

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

31 DECEMBER 2023

### 9. INVENTORIES

	Group	
	2023	2022
	RM	RM
<b>At cost</b>		
Raw materials	15,302,679	7,230,088
Manufactured inventories	7,850,170	8,906,271
Trading inventories	21,771,575	15,755,117
	<u>44,924,424</u>	<u>31,891,476</u>
<b>At net realisable value</b>		
Raw materials	323,908	134,901
Manufactured inventories	111,882	991,347
Trading inventories	1,393,380	1,412,126
	<u>1,829,170</u>	<u>2,538,374</u>
<b>Total</b>	<u>46,753,594</u>	<u>34,429,850</u>

- (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 RM170,260,794 (2022: RM204,129,088).

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

31 DECEMBER 2023

### 10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Trade receivables</b>				
Third parties	<b>32,577,748</b>	19,570,284	<b>0</b>	0
Related parties	<b>1,444,573</b>	195,193	<b>0</b>	0
	<b>34,022,321</b>	19,765,477	<b>0</b>	0
Less: Impairment losses				
- third parties	<b>(672,266)</b>	(500,838)	<b>0</b>	0
- related parties	<b>(352,773)</b>	(3,701)	<b>0</b>	0
	<b>(1,025,039)</b>	(504,539)	<b>0</b>	0
	<b>32,997,282</b>	19,260,938	<b>0</b>	0
<b>Other receivables</b>				
Third parties	<b>9,739,882</b>	8,247,361	<b>0</b>	0
Subsidiaries	<b>0</b>	0	<b>13,031,249</b>	3,529,464
	<b>9,739,882</b>	8,247,361	<b>13,031,249</b>	3,529,464
Less: Impairment losses				
- third parties	<b>(979,691)</b>	(979,691)	<b>0</b>	0
	<b>8,760,191</b>	7,267,670	<b>13,031,249</b>	3,529,464
<b>Total receivables</b>	<b>41,757,473</b>	26,528,608	<b>13,031,249</b>	3,529,464
<b>Deposits</b>	<b>274,413</b>	30,825,736	<b>0</b>	0
<b>Prepayments</b>	<b>1,149,633</b>	1,409,918	<b>15,310</b>	15,310
	<b>43,181,519</b>	58,764,262	<b>13,046,559</b>	3,544,774

- (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 (2022: 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 4.97% to 5.49% (2022: 3.44% to 4.80%) per annum and payable within next twelve (12) months.
- (d) Included in other receivables are advance payment made to suppliers amounting to RM6,329,014 (2022: RM7,096,056).
- (e) In the previous financial year, included in deposits was an amount of RM30,573,148 representing deposits paid in relation to the acquisition of land.

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

31 DECEMBER 2023

### 10. TRADE AND OTHER RECEIVABLES (CONT'D)

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

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Ringgit Malaysia	<b>29,166,356</b>	49,887,806	<b>13,031,249</b>	3,529,464
United States Dollar	<b>0</b>	4,640,045	<b>0</b>	0
Renminbi	<b>12,865,530</b>	2,826,493	<b>0</b>	0
	<b>42,031,886</b>	57,354,344	<b>13,031,249</b>	3,529,464

- (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 trade receivables past due more than three (3) months, 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 trade receivables past due more than three (3) months, other receivables and amounts due by subsidiaries are 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 2023

### 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 2023 and 31 December 2022:

	Current	1 to 90 days past due	More than 90 days past due	Credit impaired-individually impaired	Total RM
<b>31 December 2023</b>					
Expected loss rate	0.092%	4.072%	10.721%	0%	
Gross carrying amount (RM)	20,641,464	6,446,193	6,934,664	0	34,022,321
Impairment (RM)	19,089	262,490	743,460	0	1,025,039
<b>31 December 2022</b>					
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

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 loss for trade receivables are as follows:

	Group	
	2023	2022
	RM	RM
Balance as at 1 January	504,539	2,814,333
Charge for the financial year	951,258	1,353
Reversal of impairment losses	(1,619)	(2,311,147)
Written off	(429,139)	0
Balance as at 31 December	1,025,039	504,539



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

31 DECEMBER 2023

### 10. TRADE AND OTHER RECEIVABLES (CONT'D)

- (i) Movements in the impairment loss 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 2023/ 31 December 2023	<b>0</b>	<b>979,691</b>	<b>979,691</b>
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	<u>0</u>	<u>979,691</u>	<u>979,691</u>

\* 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 29 to the financial statements.

### 11. CASH AND BANK BALANCES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	<b>5,958,742</b>	30,621,889	<b>50,646</b>	65,237

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

31 DECEMBER 2023

### 11. CASH AND BANK BALANCES (CONT'D)

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

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Ringgit Malaysia	<b>4,336,412</b>	13,401,814	<b>50,646</b>	65,237
United States Dollar	<b>20,371</b>	9,807,070	<b>0</b>	0
Singapore Dollar	<b>1,010</b>	952	<b>0</b>	0
Renminbi	<b>1,598,246</b>	7,402,886	<b>0</b>	0
Hong Kong Dollar	<b>2,703</b>	9,167	<b>0</b>	0
	<b>5,958,742</b>	30,621,889	<b>50,646</b>	65,237

- (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	
	2023	2022	2023	2022
	RM	RM	RM	RM
Cash and bank balances	<b>5,958,742</b>	30,621,889	<b>50,646</b>	65,237
Bank overdrafts included in borrowings (Note 14)	<b>0</b>	(54,899)	<b>0</b>	0
	<b>5,958,742</b>	30,566,990	<b>50,646</b>	65,237

- (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 29 to the financial statements.

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

31 DECEMBER 2023

### 12. SHARE CAPITAL

(a) Share capital

	Group and Company			
	2023		2022	
	Number of ordinary shares	RM	Number of ordinary shares	RM
<b>Issued and fully paid with no par value:</b>				
Balance as at 1 January	140,334,960	67,218,370	140,334,960	67,218,370
Issuance of ordinary shares pursuant to privat placement	20,000,000	7,436,000	0	0
Balance as at 31 December	160,334,960	74,654,370	140,334,960	67,218,370

During the financial year, the issued and fully paid-up ordinary shares of the Company was increased from 140,334,960 to 160,334,960 by way of issuance of 20,000,000 new ordinary shares pursuant to the private placement of 20,000,000 new ordinary shares of RM0.3718 each for cash totalling RM7,436,000.

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

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 31 May 2023, renewed the approval for the Company to repurchase its own shares.

	Group and Company			
	2023		2022	
	Number of shares	RM	Number of shares	RM
Balance as at 1 January/ 31 December	(5,802,400)	(2,209,815)	(5,802,400)	(2,209,815)

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

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

31 DECEMBER 2023

### 12. SHARE CAPITAL (CONT'D)

(b) Treasury shares (Cont'd)

(i) (Cont'd)

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) As at 31 December 2023, 5,802,400 (2022: 5,802,400) out of the total 160,334,960 (2022: 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 2023 after excluding the treasury shares is 154,532,560 (2022: 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.

### 13. RESERVES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
<b>Non-distributable:</b>				
Revaluation reserve	197,357,941	68,881,983	0	0
Share options reserve	1,153,314	0	1,153,314	0
<b>Distributable:</b>				
Retained earnings	73,441,181	56,477,830	10,995,181	9,523,050
	<u>271,952,436</u>	<u>125,359,813</u>	<u>12,148,495</u>	<u>9,523,050</u>

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

31 DECEMBER 2023

### 13. RESERVES (CONT'D)

(a) Revaluation reserve

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

The revaluation reserve which is non-distributable as cash dividend represents the surplus arising on the revaluation of the freehold land, leasehold land and buildings of the Group.

	Group	
	2023 RM	2022 RM
Balance as at 1 January	<b>68,881,983</b>	68,881,983
Gross revaluation increase of properties	<b>144,007,778</b>	0
Transfer to deferred tax liabilities (Note 15)	<b>(15,531,820)</b>	0
Balance as at 31 December	<b><u>197,357,941</u></b>	<u>68,881,983</u>

(b) Share options reserve

Share options reserve represents the effect of equity-settled share options granted to employees. This reserve comprises the cumulative value of services received from employees for the issue of share options. Whenever options are exercised, an amount from the share options reserve is transferred to share capital. Whenever the share options expire, an amount from the share options reserve is transferred to retained earnings.

### 14. BORROWINGS

	Group	
	2023 RM	2022 RM
<b>Current</b>		
<i>Secured</i>		
Bankers' acceptances	<b>63,592,728</b>	55,938,000
Bank overdrafts (Note 11)	<b>0</b>	54,899
Revolving credit	<b>4,903,737</b>	4,930,644
Term loans	<b>280,000</b>	480,000
	<b>68,776,465</b>	61,403,543
<b>Non-current</b>		
<i>Secured</i>		
Term loans	<b>0</b>	280,000
<b>Total borrowings</b>		
Bankers' acceptances	<b>63,592,728</b>	55,938,000
Bank overdrafts (Note 11)	<b>0</b>	54,899
Revolving credit	<b>4,903,737</b>	4,930,644
Term loans	<b>280,000</b>	760,000
	<b><u>68,776,465</u></b>	<u>61,683,543</u>

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

31 DECEMBER 2023

### 14. BORROWINGS (CONT'D)

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) All borrowings are denominated in Ringgit Malaysia.
- (c) 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 RM212,490,000 (2022: RM171,470,000) by the Company.
- (d) Borrowings are not measured at fair value and are categorised as Level 3 in fair value hierarchy.
- (e) Information on financial risks of borrowings is disclosed in Note 29 to the financial statements.

### 15. DEFERRED TAX LIABILITIES

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

	Group	
	2023	2022
	RM	RM
Balance as at 1 January	15,576,193	15,086,580
Recognised in:		
- profit or loss (Note 23)	1,466,050	489,613
- other comprehensive income (Note 13(a))	15,531,820	0
Balance as at 31 December	<u>32,574,063</u>	<u>15,576,193</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

## 15. DEFERRED TAX LIABILITIES (CONT'D)

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

### Group

	Assets		Liabilities		Net	
	2023 RM	2022 RM	2023 RM	2022 RM	2023 RM	2022 RM
Property, plant and equipment	0	0	5,345,125	5,601,908	5,345,125	5,601,908
Provisions	(527,570)	(252,863)	0	0	(527,570)	(252,863)
Other deductible temporary differences	(464,727)	(497,827)	0	0	(464,727)	(497,827)
Revaluation of freehold and leasehold land and buildings	0	0	28,221,235	10,724,975	28,221,235	10,724,975
Deferred tax (assets)/liabilities	(992,297)	(750,690)	33,566,360	16,326,883	32,574,063	15,576,193
Set off	992,297	750,690	(992,297)	(750,690)	0	0
Net deferred tax liabilities	0	0	32,574,063	15,576,193	32,574,063	15,576,193

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

## 15. DEFERRED TAX LIABILITIES (CONT'D)

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

### Group

	Provisions RM	Other deductible temporary differences RM	Revaluation of freehold and leasehold land and buildings RM	Property, plant and equipment RM	Total RM
Balance as at 1 January 2023	(252,863)	(497,827)	10,724,975	5,601,908	15,576,193
Recognised in profit or loss	(274,707)	33,100	1,964,440	(256,783)	1,466,050
Recognised in other comprehensive income	0	0	15,531,820	0	15,531,820
Balance as at 31 December 2023	(527,570)	(464,727)	28,221,235	5,345,125	32,574,063
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



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

31 DECEMBER 2023

### 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	
	2023	2022
	RM	RM
Unabsorbed capital allowances	353,876	353,780
Unabsorbed tax losses		
- Expires by 31 December 2028	<u>355,250</u>	<u>355,250</u>
	<u>709,126</u>	<u>709,030</u>

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	
	2023	2022	2023	2022
	RM	RM	RM	RM
<b>Trade payables</b>				
Third parties	610,736	3,089,207	0	0
Related party	<u>0</u>	<u>990</u>	<u>0</u>	<u>0</u>
	610,736	3,090,197	0	0
<b>Other payables</b>				
Third parties	15,353,504	11,464,893	310,579	352,516
Subsidiary	0	0	154,287	0
Accrued expenses	2,774,188	2,070,565	52,750	46,500
	18,127,692	13,535,458	517,616	399,016
	<u>18,738,428</u>	<u>16,625,655</u>	<u>517,616</u>	<u>399,016</u>

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

31 DECEMBER 2023

### 16. TRADE AND OTHER PAYABLES (CONT'D)

- (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 (2022: 14 to 120 days).
- (c) Amount due to a subsidiary is unsecured, bear interest rates ranging from 4.97% to 5.49% per annum and payable within next twelve (12) months.
- (d) The currency exposure profile of trade and other payables are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	14,181,209	8,705,805	517,616	399,016
United States Dollar	651,900	627,927	0	0
Renminbi	3,905,319	7,291,923	0	0
	<u>18,738,428</u>	<u>16,625,655</u>	<u>517,616</u>	<u>399,016</u>

- (e) Information on financial risks of trade and other payables is disclosed in Note 29 to the financial statements.

### 17. CAPITAL COMMITMENTS

	Group	
	2023 RM	2022 RM

Capital expenditure in respect of purchase of property, plant and equipment:  
Contracted but not provided for

10,485,200      6,303,634

### 18. REVENUE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM

#### *Revenue from contracts with customers*

#### **Recognised at point in time:**

- Sales of goods      **192,256,894**      221,789,475      **0**      0

#### **Other revenue:**

- Dividend income      **0**      0      **4,500,000**      5,500,000

192,256,894      221,789,475      4,500,000      5,500,000

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

31 DECEMBER 2023

### 18. REVENUE (CONT'D)

- (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.

### 19. FINANCE COSTS

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Interest expenses on:				
- bank overdrafts	65	640	0	0
- term loans	26,687	40,839	0	0
- bankers' acceptances	2,304,289	1,722,165	0	0
- revolving credit	247,879	204,837	0	0
- lease liabilities	56,867	56,208	0	0
- amounts due to subsidiaries	0	0	0	36,504
Others	0	2,628	0	0
	<u>2,635,787</u>	<u>2,027,317</u>	<u>0</u>	<u>36,504</u>

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

31 DECEMBER 2023

### 20. EMPLOYEE BENEFITS

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Wages, salaries, bonuses and incentive	<b>8,222,219</b>	8,168,032	<b>0</b>	0
Contributions to defined contribution plan	<b>915,936</b>	954,579	<b>0</b>	0
Social security contributions	<b>98,888</b>	90,618	<b>0</b>	0
Share options granted under ESOS	<b>802,314</b>	0	<b>153,000</b>	0
	<b>10,039,357</b>	9,213,229	<b>153,000</b>	0

### 21. DIRECTORS' REMUNERATION

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
<b>Directors of the Company</b>				
Executive:				
- fees	<b>108,000</b>	108,000	<b>108,000</b>	108,000
- remuneration	<b>1,857,579</b>	1,609,687	<b>0</b>	0
- share options granted under ESOS	<b>288,000</b>	0	<b>216,000</b>	0
- other emoluments	<b>16,485</b>	10,000	<b>9,000</b>	10,000
	<b>2,270,064</b>	1,727,687	<b>333,000</b>	118,000
Non-executive:				
- fees	<b>194,145</b>	210,536	<b>194,145</b>	210,536
- share options granted under ESOS	<b>63,000</b>	0	<b>63,000</b>	0
- other emoluments	<b>159,582</b>	71,500	<b>89,082</b>	25,500
	<b>416,727</b>	282,036	<b>346,227</b>	236,036
Total Directors' remuneration	<b>2,686,791</b>	2,009,723	<b>679,227</b>	354,036

Estimated monetary value of benefits-in-kind provided to the Executive Directors of the Company is RM28,000 (2022: RM15,771).

### 22. EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The establishment of ESOS was approved by the shareholders at an Extraordinary General Meeting held on 30 May 2022. During the financial year, the Company has granted an option under the ESOS and the option is exercisable within a period of five (5) years from the date commencing from 31 May 2023.

The ESOS is administered in accordance with the By-Laws by the ESOS Committee.

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

31 DECEMBER 2023

### 22. EMPLOYEES' SHARE OPTION SCHEME (CONT'D)

The salient features of the ESOS are as follows:

- (a) The aggregate maximum number of shares which may be made available under the ESOS, shall not exceed fifteen percent (15%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time over the duration of the ESOS;
- (b) Only eligible directors and employee ("Eligible Persons") who fulfil the following conditions on the date of offer shall be eligible to participate in the ESOS:
  - (i) The director/employee is at least eighteen (18) years of age and is not undischarged bankrupt or subject to any bankruptcy proceedings;
  - (ii) The employee is employed on the date of offer on a full time basis and is on the payroll of any company in the Group for a continuous period of at least one (1) year and employment has been confirmed by any company in the Group on the date of offer;
  - (iii) The employee is employed on the date of offer under an employment contract for a continuous fixed period of at least one (1) year as may be determined by the ESOS Committee; and
  - (iv) The director/employee fulfils any other criteria as may be determined by the ESOS Committee from time to time at its sole discretion, whose decision shall be final and binding.
- (c) The number of new shares to be allocated to any Eligible Person who, either singly or collectively through persons connected with such Eligible Person, holds twenty percent (20%) or more of the total number of issued shares of the Company (excluding treasury shares, if any), shall not exceed ten percent (10%) of the total number of new shares to be issued under ESOS;
- (d) Not more than eighty percent (80%) of the total number of shares available under ESOS will be allocated in aggregate to the Director(s) and senior management personnel of the companies in the Group;
- (e) The aggregate maximum number of shares that may be offered to an Eligible Person shall be determined at the sole and absolute discretion of the ESOS Committee after taking into consideration, amongst others, the provisions of the Listing Requirements or other applicable regulatory requirements prevailing under the duration of the scheme relating to employees' and/or Directors' share issuance schemes and after taking into consideration the performance, targets position, annual appraised performance, seniority and length of service, contribution, category or grade of employment of the Eligible Persons or such other matters which the ESOS Committee may in its sole and absolute discretion deem fit;
- (f) The exercise price of each new share to be determined by the Board upon recommendation of the ESOS Committee based on the volume weighted average market price of the shares for the five (5) market days immediately preceding date of the offer with a discount of not more than ten percent (10%) during the duration of the scheme;
- (g) The exercise price to be determined by the Board upon recommendation of the ESOS Committee shall be conclusive and binding on the grantees and shall be subject to any amendments with By-Laws;

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

31 DECEMBER 2023

### 22. EMPLOYEES' SHARE OPTION SCHEME (CONT'D)

The salient features of the ESOS are as follows: (Cont'd)

- (h) The ESOS Committee shall have full discretion to determine whether any vesting condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the ESOS Committee shall have the right to make reference to, amongst others, the audited financial results of the Company of the Group (as the case may be) and to take into account such factors as the ESOS Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend and/or waive any vesting condition if the ESOS Committee decides that a changed performance target would be a fairer measure of performance; and
- (i) The ESOS Committee may cancel any ESOS options awarded under this scheme that has not been exercised and any unvested ESOS Options awarded under this scheme in the event of any such cancellation, the ESOS Committee may, at its discretion, authorise the granting of new ESOS options (which may or may not cover the same number of Shares that had been subject of any prior ESOS option) in such manner, at such exercise price and subject to such terms, conditions and discretion as would have been applicable under the scheme had the cancelled ESOS options had not been awarded.

The details of the share options of the Company are as follows:

	Number of options over ordinary shares				
	Exercise price	Balance as at 1.1.2023	Granted	Balance as at 31.12.2023	Exercisable as at 31.12.2023
<b>Date of grant</b>					
31 May 2023	<b>RM0.451</b>	<b>0</b>	<b>6,407,300</b>	<b>6,407,300</b>	<b>6,407,300</b>
Remaining contractual life (months)		<b>0</b>			<b>53</b>

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

	Granted on 31 May 2023
Fair value of share options at the following grant dates (RM)	0.180
Share price at grant date (RM)	0.450
Exercise price (RM)	0.451
Expected volatility (%)	39.86
Expected life (years)	5
Risk free rate (%)	3.51

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

31 DECEMBER 2023

### 23. TAX EXPENSE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current tax expense based on profit for the financial year	<b>3,533,507</b>	2,289,931	<b>50,625</b>	0
(Over)/Underprovision of tax expense in prior year	<b>(1,584)</b>	(194,193)	<b>408</b>	34,407
	<b>3,531,923</b>	2,095,738	<b>51,033</b>	34,407
Deferred tax (Note 15):				
Relating to origination and reversal of temporary differences	<b>(450,637)</b>	910,944	<b>0</b>	0
Crystallisation of deferred tax liabilities on revaluation surplus	<b>(405,921)</b>	(363,002)	<b>0</b>	0
Effect of income subject to real property gain tax	<b>2,370,360</b>	0	<b>0</b>	0
Overprovision of deferred tax in prior years	<b>(47,752)</b>	(58,329)	<b>0</b>	0
	<b>1,466,050</b>	489,613	<b>0</b>	0
Tax expense for the financial year	<b>4,997,973</b>	2,585,351	<b>51,033</b>	34,407

The Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 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	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit before tax	<b>23,972,703</b>	9,075,013	<b>3,541,152</b>	4,634,821
Tax at Malaysian statutory tax rate of 24% (2022: 24%)	<b>5,753,449</b>	2,178,003	<b>849,876</b>	1,112,357
Tax effects in respect of:				
Non-allowable expenses	<b>2,160,167</b>	1,064,026	<b>280,749</b>	207,643
Non-taxable income	<b>(5,236,763)</b>	(404,885)	<b>(1,080,000)</b>	(1,320,000)
Effect of income subject to real property gain tax	<b>2,370,360</b>	0	<b>0</b>	0
Deferred tax assets not recognised	<b>96</b>	729	<b>0</b>	0
	<b>5,047,309</b>	2,837,873	<b>50,625</b>	0
(Over)/Underprovision in prior years:				
- current tax	<b>(1,584)</b>	(194,193)	<b>408</b>	34,407
- deferred tax	<b>(47,752)</b>	(58,329)	<b>0</b>	0
	<b>4,997,973</b>	2,585,351	<b>51,033</b>	34,407

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

31 DECEMBER 2023

### 24. DIVIDEND

	Group and Company			
	2023		2022	
	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 2023:				
First single-tier interim dividend	0.015	2,017,988	0	0
In respect of the financial year ended 31 December 2022:				
First single-tier interim dividend	<u>0</u>	<u>0</u>	<u>0.015</u>	<u>2,017,988</u>
	<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

#### (a) Basic

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

	Group	
	2023	2022
Profit attributable to equity holders of the parent (RM)	<u>18,981,339</u>	<u>6,495,370</u>
Weighted average number of ordinary shares in issue (unit)	<u>138,148,998</u>	<u>134,532,560</u>
Basic earnings per ordinary share (sen)	<u>13.74</u>	<u>4.83</u>

#### (b) Diluted

Diluted earnings per ordinary share for the financial year has been calculated based on the consolidated profit for the financial year attributable to owners of the parents and the weighted average number of ordinary shares in issue excluding treasury shares during the financial year adjusted for the effects of dilutive potential ordinary shares.



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

31 DECEMBER 2023

### 25. BASIC AND DILUTED EARNINGS PER SHARE (CONT'D)

#### (b) Diluted (Cont'd)

	Group	
	2023	2022
Profit attributable to equity holders of the parent (RM)	<b>18,981,339</b>	6,495,370
Weighted average number of ordinary shares in issue applicable to basic earning per ordinary share (unit)	<b>138,148,998</b>	134,532,560
Effect of dilution due to:		
- ESOS	<b>269,900</b>	0
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share (unit)	<b>138,418,898</b>	134,532,560
Diluted earnings per ordinary share (sen)	<b>13.71</b>	4.83

### 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.

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.

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

31 DECEMBER 2023

### 26. RELATED PARTY DISCLOSURES (CONT'D)

- (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	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Related parties:</b>				
Purchase of property, plant and equipment	(9,620)	(9,130,476)	0	0
Sales	2,106,218	1,577,183	0	0
Purchases	(68,587)	(576,880)	0	0
Rental income	3,210,591	4,070,333	0	0
<b>Subsidiaries:</b>				
Dividend income	0	0	4,500,000	5,500,000
Interest income	0	0	219,957	1,990
Interest expense	0	0	0	(36,504)

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.

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Directors</b>				
Fees	302,145	318,536	302,145	318,536
Remuneration	1,857,579	1,609,687	0	0
Share options granted under ESOS	351,000	0	279,000	0
Other emoluments	176,067	81,500	98,082	35,500
	2,686,791	2,009,723	679,227	354,036

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

31 DECEMBER 2023

### 26. RELATED PARTY DISCLOSURES (CONT'D)

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

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
<b><u>Other Key Management Personnel</u></b>				
Remuneration	<b>1,366,640</b>	1,562,908	<b>0</b>	0
Share options granted under ESOS	<b>34,740</b>	0	<b>0</b>	0
Other emoluments	<b>487,474</b>	880,407	<b>0</b>	0
	<b>1,888,854</b>	2,443,315	<b>0</b>	0
	<b>4,575,645</b>	4,453,038	<b>679,227</b>	354,036

Estimated monetary value of benefits-in-kind provided to the Executive Directors and key management personnel of the Group is RM95,400 (2022: RM75,851).

### 27. FINANCIAL GUARANTEES

	Company	
	2023	2022
	RM	RM
<b>Unsecured</b>		
Financial guarantees given to financial institutions for credit facilities granted to subsidiaries:		
- Limit of guarantee	<b>212,490,000</b>	171,470,000
- Amount utilised	<b>68,776,465</b>	61,683,543

(a) The Company provides financial guarantees to banks for credit facilities granted to certain subsidiaries.

(b) The maximum exposure to credit risk in relation to financial guarantee contracts provided as credit enhancements to the secured loans of subsidiaries amounts to RM68,776,465 (2022: RM61,683,543) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

(c) Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- (i) the expected loss model under MFRS 9; and
- (ii) the amount initially recognised less amortisation, where appropriate.

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

31 DECEMBER 2023

### 27. FINANCIAL GUARANTEES (CONT'D)

- (d) Financial guarantees have not been recognised since the fair value was not material on initial recognition. As at the end of the reporting period, there was no indication that the subsidiaries would default on repayment.
- (e) Maturity profile of financial guarantee contracts of the Company at the end of each reporting period based on contractual undiscounted repayment obligations is repayable upon any default by the subsidiaries in respect of the guaranteed bank facilities.
- (f) Information on financial risks of financial guarantees are disclosed in Note 29 to the financial statements.

### 28. 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.

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	
	2023 RM	2022 RM	2023 RM	2022 RM
Borrowings	<b>68,776,465</b>	61,683,543	<b>0</b>	0
Lease liabilities	<b>744,787</b>	1,774,933	<b>0</b>	0
Trade and other payables	<b>18,738,428</b>	16,625,655	<b>517,616</b>	399,016
Total loans and borrowings	<b>88,259,680</b>	80,084,131	<b>517,616</b>	399,016
Total equity	<b>344,441,844</b>	190,419,830	<b>84,593,050</b>	74,531,605
Debt-to-equity ratio	<b>0.26 : 1</b>	0.42 : 1	<b>0.006 : 1</b>	0.005 : 1

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity of more than twenty-five percent (25%) of the issued and paid-up capital (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 2023 and 31 December 2022.

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 2023

### 28. FINANCIAL INSTRUMENTS (CONT'D)

(b) Categories of financial instruments

	Group RM	Company RM
<b>31 December 2023</b>		
<b>Financial assets</b>		
<b>Amortised cost</b>		
Trade and other receivables, net of prepayments	42,031,886	13,031,249
Cash and bank balances	5,958,742	50,646
	<u>47,990,628</u>	<u>13,081,895</u>
<b>Financial liabilities</b>		
<b>Amortised cost</b>		
Borrowings	68,776,465	0
Trade and other payables	18,738,428	517,616
	<u>87,514,893</u>	<u>517,616</u>
<b>31 December 2022</b>		
<b>Financial assets</b>		
<b>Amortised cost</b>		
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>
<b>Financial liabilities</b>		
<b>Amortised cost</b>		
Borrowings	61,683,543	0
Trade and other payables	16,625,655	399,016
	<u>78,309,198</u>	<u>399,016</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 2023

### 28. 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).

### 29. 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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (a) Credit risk (Cont'd)

#### 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.

#### 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:

	2023		2022	
	RM	% of total	RM	% of total
<b>By countries</b>				
Malaysia	20,131,752	61%	11,794,400	61%
China	12,865,530	39%	7,466,538	39%
	<u>32,997,282</u>	<u>100%</u>	<u>19,260,938</u>	<u>100%</u>
<b>By industry sectors</b>				
Minerals	12,865,530	39%	7,466,538	39%
Steel product and trading activity	20,131,752	61%	11,794,400	61%
	<u>32,997,282</u>	<u>100%</u>	<u>19,260,938</u>	<u>100%</u>

At the end of each reporting period, approximately 4% (2022: 1%) of the trade receivables of the Group were due from related parties. The Company's receivables consist 100% (2022: 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 2023

### 29. 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
<b>As at 31 December 2023</b>			
<b>Group</b>			
<b>Financial liabilities</b>			
Lease liabilities	686,320	116,240	802,560
Trade and other payables	18,738,428	0	18,738,428
Borrowings	68,776,465	0	68,776,465
Total undiscounted financial liabilities	<u>88,201,213</u>	<u>116,240</u>	<u>88,317,453</u>
<b>As at 31 December 2022</b>			
<b>Group</b>			
<b>Financial liabilities</b>			
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>
<b>As at 31 December 2023</b>			
<b>Company</b>			
<b>Financial liabilities</b>			
Other payables	517,616	0	517,616
Financial guarantee contracts	68,776,465	0	68,776,465
Total undiscounted financial liabilities	<u>69,294,081</u>	<u>0</u>	<u>69,294,081</u>



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

31 DECEMBER 2023

### 29. 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
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**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	<u>62,082,559</u>	<u>0</u>	<u>62,082,559</u>

(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').

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 2023 RM	2022 RM
<b>Profit after tax</b>			
USD/RM	- strengthen by 10% (2022: 10%)	<b>(47,996)</b>	1,050,260
	- weaken by 10% (2022: 10%)	<u><b>47,996</b></u>	<u>(1,050,260)</u>
RMB/RM	- strengthen by 10% (2022: 10%)	<b>802,443</b>	223,247
	- weaken by 10% (2022: 10%)	<u><b>(802,443)</b></u>	<u>(223,247)</u>

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

There is no impact to the equity as a result of changes of foreign exchange rates as at the end of the reporting period.

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

31 DECEMBER 2023

### 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(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	
	2023	2022	2023	2022
	RM	RM	RM	RM
<b>Profit after tax</b>				
- Increase by 0.1% (2022: 0.1%)	(17,971)	(16,204)	49,519	13,412
- Decrease by 0.1% (2022: 0.1%)	17,971	16,204	(49,519)	(13,412)

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.

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

## 29. 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	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
<b>As at 31 December 2023</b>							
<b>Fixed rates</b>							
Lease liabilities	6 4.13*	43,696	5,419	0	0	0	49,115
Lease liabilities	6 3.46	587,947	107,725	0	0	0	695,672
<b>Floating rates</b>							
Bankers' acceptances	14 3.97	63,592,728	0	0	0	0	63,592,728
Revolving credit	14 5.39	4,903,737	0	0	0	0	4,903,737
Term loans	14 4.35	280,000	0	0	0	0	280,000

\* Represents weighted average incremental borrowings rate per annum.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

## 29. 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
<b>As at 31 December 2022</b>								
<b>Fixed rates</b>								
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
<b>Floating rates</b>								
Bankers' acceptances	14	3.72	55,938,000	0	0	0	0	55,938,000
Bank overdrafts	14	7.90*	54,899	0	0	0	0	54,899
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

\* Represents weighted average incremental borrowings rate per annum.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

## 29. 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)

Company	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
<b>As at 31 December 2023</b>								
<b>Floating rates</b>								
Subsidiaries	10	5.32	13,031,249	0	0	0	0	13,031,249
<b>As at 31 December 2022</b>								
<b>Floating rates</b>								
Subsidiaries	10	4.04	3,529,464	0	0	0	0	3,529,464

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

31 DECEMBER 2023

### 30. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 10 January 2024, a subsidiary of the Company had received and accepted a Notis Award and Tawaran Pampasan ("Borang H") from the Pentadbir Tanah Klang invoking compulsory acquisition under Land Acquisition Act, 1960 ("act 486") to acquire approximately 28,903 square meter in area of land forming part of H.S.(D) 166444, No PT85119 Mukim Kapar, Daerah Klang, Negeri Selangor for a cash consideration of RM42,558,627.

As at the date of this report, the disposal has been completed.

### 31. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

#### 31.1 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
MFRS 17 <i>Insurance Contracts</i>	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 112 <i>International Tax Reform - Pillar Two Model Rules</i>	See MFRS 112 paragraph 98M

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

#### 31.2. New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2024

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
Amendments to MFRS 16 <i>Lease - Lease liability in 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 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for 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 2023 (RM'000)
<b>Leader Steel Sdn. Bhd.</b>							
Plot 85, Lorong Perusahaan Utama, Kawasan Perusahaan Bukit Tengah, 14000 Bukit Tengah, Seberang Perai Tengah, Pulau Pinang, Malaysia.	31/12/2023	Lot No. PT 2965, Mukim 11 District of Seberang Perai Tengah Pulau Pinang	Leasehold 60 years, expiring 21.12.2052	31 years	34,011	Factory	41,500
No. 6, Lorong Limau Manis 1, Taman Limau Manis, 14000 Bukit Mertajam, Seberang Perai Tengah, Pulau Pinang, Malaysia.	31/12/2023	Lot No.5582, Mukim 11 District of Seberang Perai Tengah Pulau Pinang	Freehold Double Storey Terrace house	29 years	111	Residential premise for factory workers	500
No. 8, Lorong Limau Manis 1, Taman Limau Manis, 14000 Bukit Mertajam, Seberang Perai Tengah, Pulau Pinang, Malaysia.	31/12/2023	Lot No. 5583, Mukim 11 District of Seberang Perai Tengah Pulau Pinang	Freehold Double Storey Terrace house	29 years	111	Residential premise for factory workers	500
Lot 841, Block 7 MTLD, Sejingkat Industrial Park, 93050 Kuching, Sarawak, Malaysia.	4/12/2023	Lot 841, Block 7 Muara Tebas Land District Sarawak	Leasehold 60 years, expiring 10.11.2053	30 years	33,600	Factory	23,600
Lot No. 1596, Title No. GRN 77765, Mukim 12, Daerah Seberang Perai Selatan, Pulau Pinang, Malaysia.	13/12/2023	Lot 1596, Mukim 12 District of Seberang Perai Selatan Pulau Pinang	Freehold Land & Building	11 years	39,250	Factory	52,000
Parcel No. 1572-2-11, First floor, Block I, Demak Laut Commercial Centre, off Jalan Bako, 93050, Kuching, Sarawak, Malaysia.	31/12/2023	Lot 1572, Block 7 Muara Tebas Land District Sarawak	Leasehold 60 years, expiring 07.12.2059	25 years	73	Residential premise for factory workers	95
<b>Leader Steel Service Centre Sdn. Bhd.</b>							
Geran 43145, Lot No. 6483, Kapar, Klang, Selangor, Malaysia.	31/12/2023	Lot 6483, Mukim of Kapar District of Klang Selangor	Freehold Land	20 years	48,583	Factory	32,000
Lot 6483, Jalan Sungai Puloh, KU5, 42100 Klang, Selangor, Malaysia.	31/12/2023	Lot 6483, Mukim of Kapar District of Klang Selangor	Freehold Building	15 years	17,720	Factory	13,000
No. 42A, Lorong Bayu Mutiara 8, Taman Bayu Mutiara, 14000 Bukit Mertajam, Pulau Pinang, Malaysia.	31/12/2023	Lot No.7764, Mukim 11 District of Seberang Perai Tengah Pulau Pinang	Freehold Double Storey Terrace house	17 years	130	Residential premise for rent	650

## 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 2023 (RM'000)
<b>Leader Steel Service Centre Sdn. Bhd. (Cont'd)</b>							
No. 48, Lorong Bayu Mutiara 8, Taman Bayu Mutiara, 14000 Bukit Mertajam, Pulau Pinang, Malaysia.	31/12/2023	Lot No. 7762, Mukim 11 District of Seberang Perai Tengah Pulau Pinang	Freehold Double Storey Terrace house	17 years	130	Residential premise for rent	650
No. 32A, Jalan Setia Impian, U13/4D Sek U13 Setia Alam, 40170 Shah Alam, Selangor, Malaysia.	31/12/2023	Lot No. 17575, Mukim of Bukit Raja District of Petaling Selangor	Freehold Double Storey Terrace house	16 years	130	Residential premise for factory workers	690
No. 32, Klang Central Industrial Park, Lorong 5, Di Lorong Sungai Puloh, Batu 5 ¾, Jalan Kapar, 41400 Klang, Selangor Darul Ehsan, Malaysia.	31/12/2023	Lot No.32948, Mukim of Kapar District of Klang Selangor	Freehold Double Storey Shophouse	14 years	186	Residential premise for factory workers	620
No.8, Jalan Setia Impian U13/8G, Setia Alam Seksyen U13, Setia Alam, 40170 Shah Alam, Selangor Darul Ehsan, Malaysia.	31/12/2023	Lot No. 28091 and 21547, all of Mukim of Bukit Raja District of Petaling Selangor	Freehold Double Storey Terrace house	15 years	130	Residential premise for factory workers	720
No.30, Klang Central Industrial Park, Lorong 5, Di Lorong Sungai Puloh, Batu ¾, Jalan Kapar, 41400 Klang, Selangor Darul Ehsan, Malaysia.	31/12/2023	Lot No. 32947, Mukim of Kapar District of Klang Selangor	Freehold Double Storey Shophouse	11 years	191	Residential premise for factory workers	650
Plot 9288, Kawasan Perindustrian Kelemak, 78000 Alor Gajah, Melaka.	31/12/2023	Mukim 273, Lot 2953, Tempat Kawasan Perindustrian Kelemak Mukim Kelemak Daerah Alor Gajah Melaka	Leasehold 99 years, expiring 27.09.2082	41 years	6,133	Factory	1,250
<b>Ferronet Asia Sdn. Bhd.</b>							
H.S.(D) 166443, No. PT 85118, Mukim Kapar, Daerah Klang, Negeri Selangor, Malaysia	11/9/2023	H.S.(D) 166443, No. PT 85118, Mukim Kapar, Daerah Klang, Negeri Selangor, Malaysia	Freehold industrial land	1 year	133,546	Industrial land	102,590
H.S.(D) 166444, No. PT 85119, Mukim Kapar, Daerah Klang, Negeri Selangor, Malaysia	11/9/2023	H.S.(D) 166444, No. PT 85119, Mukim Kapar, Daerah Klang, Negeri Selangor, Malaysia	Freehold industrial land	1 year	84,089	Industrial land	64,600



## ANALYSIS OF SHAREHOLDINGS

AS AT 29 MARCH 2024

Issued Share Capital	: 160,334,960 ordinary shares (including 5,802,400 treasury shares)
Class of Share	: Ordinary Shares
No. of Shareholders	: 2,321
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	9	0.39	323	0.00
100 - 1,000	298	12.84	198,600	0.12
1,001 - 10,000	1,367	58.90	7,760,369	4.84
10,001 - 100,000	584	25.16	17,570,200	10.96
100,001 – 8,016,747*	61	2.63	68,922,300	42.99
8,016,748– 160,334,960**	2	0.09	65,883,168	41.09
<b>TOTAL:</b>	<b>2,321</b>	<b>100.00</b>	<b>160,334,960</b>	<b>100.00</b>

\* - Less than 5% of issued shares

\*\* - 5% and above of issued shares

### Substantial Shareholders

No.	Name of Major Shareholders	Direct		Indirect	
		No. of Shares	%	No. of Shares	%
1.	Dato' Goh Cheng Huat	12,047,894	7.80	^56,622,974	^36.64
2.	Datin Tan Pak Say	1,375,006	0.89	^67,295,862	^43.55
3.	Bischart Sdn. Bhd.	54,035,868	34.97	-	-

### DIRECTOR'S INTEREST IN THE SHARE CAPITAL

No.	Name of Directors	Direct		Indirect	
		No. of Shares	%	No. of Shares	%
1.	Dato' Goh Cheng Huat	12,047,894	7.80	^56,622,974	^36.64
2.	Datin Tan Pak Say	1,375,006	0.89	^67,295,862	^43.55
3.	Lim Leng Han	18,000	0.01	-	-
4.	Goh Wan Jing	-	-	-	-
5.	Abdull Sukor Bin Ismail	-	-	-	-
6.	Soon Gim Wooi	-	-	-	-
7.	Datuk Dr. Roslan Bin A. Ghaffar	-	-	-	-

^ 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 29 MARCH 2024

### LIST OF TOP 30 HOLDERS AS AT 29 MARCH 2024

No.	Name	Holdings	%
1	BISCHART SDN. BHD.	18,035,868	11.25
2	BISCHART SDN. BHD.	18,000,000	11.23
3	BISCHART SDN. BHD.	18,000,000	11.23
4	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR GOH CHENG HUAT (SMART)	11,847,300	7.39
5	RHB NOMINEES (ASING) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR NG KENG HOE (HUANG QINGHE)	6,728,000	4.20
6	TAN HAN CHUAN	6,547,600	4.08
7	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN CHING CHING	6,544,900	4.08
8	LEE HOCK SENG (DATO'SRI)	6,500,000	4.05
9	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ONG HUEY PENG	6,488,800	4.05
10	LEADER STEEL HOLDINGS BERHAD SHARE BUY BACK ACCOUNT	5,802,400	3.62
11	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR GOH TING HONG	5,522,900	3.44
12	ONG HAR HONG	5,412,900	3.38
13	POO CHOO @ ONG POO CHOI	3,000,000	1.87
14	GOH HONG KENT	1,212,100	0.76
15	TAN PHAIK HOON	1,160,000	0.72
16	DATIN TAN PAK SAY	1,155,006	0.72
17	LEE HENG WAI	849,000	0.53
18	CHEANG BENG CHEE	847,000	0.53
19	TAN AIK CHOON	639,300	0.40
20	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR YEO BEE KIM	618,400	0.39
21	TAN KHENG HWA	500,000	0.31
22	TAN AIK CHOON	491,300	0.31
23	KUEH CHIAW BOON	380,000	0.24
24	SONG HUAT CHAN HOLDINGS SDN. BHD.	350,800	0.22
25	SIM CHOH SANG @ SIM CHOH SHAN	336,000	0.21
26	LIM SOON HUAT	319,600	0.20
27	LIM KIAN HUAT	310,900	0.19
28	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-R ES)	300,000	0.19
29	GOH KIM SIN	300,000	0.19
30	CHIANG SIEW ENG @ LE YU AK EE	270,000	0.17
<b>Total:</b>		<b>128,470,074</b>	<b>80.13</b>

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**Thirty-First (31<sup>st</sup>)  
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 31st Annual General Meeting of the Company to be held on a fully virtual basis through live streaming and online remote voting via Remote Participation and Electronic Voting ("RPEV") facilities through meeting platform at <https://meeting.boardroomlimited.my> on Friday, 31 May 2024 at 12:30 pm or at any adjournment thereof.

	Ordinary Resolutions								
	1	2	3	4	5	6	7	8	9
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 \_\_\_\_\_ 2024

\_\_\_\_\_  
Signature of Shareholder

\_\_\_\_\_  
Common Seal to be affixed here  
if Shareholder is a Corporation

**Notes:**

- The AGM of the Company will be conducted on a fully virtual basis through live streaming and online remote voting via Remote Participation and Electronic Voting ("RPEV") facilities. Please follow the procedures provided in the Administrative Guide of the AGM in order to register, participate and vote remotely via the RPEV facilities. The Administrative Guide of the AGM is also available for download at <https://leadersteel.my/investor-media/>.
- This is in accordance with the Guidance Note and FAQs on the Conduct of General Meetings for listed issuers and all its subsequent revisions issued by the Securities Commission Malaysia ("SC Guidance"). This is also in line with Practice 13.1 of the Malaysian Code on Corporate Governance 2021 which recommends that listed companies leverage on technology to facilitate remote shareholders' participation at general meetings.
- According to the SC Guidance, an online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Act provided that the online platform is located in Malaysia. All meeting participants including the Chairman of the meeting, board members, senior management and shareholders / proxies / corporate representatives / attorneys are required to participate in the meeting online.
- 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 23 May 2024 (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 31st 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

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**Leader Steel Holdings Berhad**

199301012471 (267209-K)

Wisma Leader Steel,  
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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](http://www.leadersteel.my)**