



LEADER STEEL HOLDINGS BERHAD
199301012471 (267209-K)

BUILT TO SUSTAIN



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ANNUAL
REPORT

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33rd

ANNUAL GENERAL MEETING OF LEADER STEEL



Venue:

2nd Floor, Wisma Leader Steel,
Plot 85, Lorong Perusahaan Utama,
Kawasan Perusahaan Bukit Tengah,
14000 Bukit Tengah, Seberang Perai Tengah,
Pulau Pinang, Malaysia



Time:

2:00 pm



Date:

Thursday,
25 June 2026

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ANNUAL
REPORT
2025

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Third Annual General Meeting (“**33rd AGM**”) of the shareholders of Leader Steel Holdings Berhad (“**LSH**” or the “**Company**”) will be held at 2nd Floor, Wisma Leader Steel, Plot 85, Lorong Perusahaan Utama, Kawasan Perusahaan Bukit Tengah, 14000 Bukit Tengah, Seberang Perai Tengah, Pulau Pinang, Malaysia on **Thursday, 25 June 2026 at 2:00 pm** for the purpose of considering, and if thought fit, passing with or without any modifications the resolutions set out in this notice:

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2025 and the Reports of the Directors and Auditors thereon.
2. 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:
 - 2.1 Lim Leng Han Ordinary Resolution 1
 - 2.2 Goh Wan Jing Ordinary Resolution 2
3. To approve the payment of Directors’ fees and benefits payable up to RM450,000.00 for the period commencing one day after this AGM through to the next AGM of the Company in 2027. Ordinary Resolution 3
4. To re-appoint BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. Ordinary Resolution 4

As Special Business

5. **AUTHORITY UNDER SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES** Ordinary Resolution 5

“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 (“AGM”) and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding Treasury Shares) 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 AGM of the Company or the expiration of the period within which the next AGM is required by law to be held or revoked/ varied by resolution passed by the shareholders in general meeting whichever is the earlier.

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”).

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

5. **AUTHORITY UNDER SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES (CONT'D)**

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 may be declared, made or paid before the date of allotment of such new shares."

6. **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AND NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")**

Ordinary Resolution 6

"THAT, subject to the provisions of the Listing Requirements of Bursa Securities, 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 on an arm's 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:

- (a) the conclusion of the next 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 of the Company 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)

7. **PROPOSED RENEWAL OF AUTHORITY TO BUY-BACK ITS OWN SHARES BY THE COMPANY ("PROPOSED SHARE BUY-BACK")** Ordinary Resolution 7

"THAT, subject to the Act, the Company's Constitution, the Listing Requirements of Bursa Securities and approvals of all relevant governmental and/or regulatory authorities, where applicable, the Directors of the Company be and are hereby authorised to purchase and/or hold such amount of ordinary shares in the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time and upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of ordinary shares purchased and/or held pursuant to this resolution shall not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase including the shares previously purchased and retained as treasury shares (if any) and the amount of funds shall not exceed the total retained profits of the Company based on the latest audited financial statements for the financial year ended 31 December 2025 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 transferred 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.

THAT the authority conferred by this resolution will be effective immediately upon the passing of this Resolution and shall continue in force until:

- (a) the conclusion of the next AGM of the Company in 2027 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 after that date 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."

8. 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 2026

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Notes:

1. 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.
2. 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.
3. 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.
4. 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.
5. For the proxy to be valid, the Form of Proxy duly completed must be deposited / submitted at the Company's Registered Office at 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Pulau Pinang, Malaysia at least forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
6. In respect of deposited securities, only a depositor whose name appears on the Record of Depositors on 18 June 2026 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

Explanatory Notes:

1. The Ordinary Resolutions 1 and 2 pertain to the re-election of Lim Leng Han and Goh Wan Jing ("retiring Directors"). Both are standing for re-election and, being eligible, have consented and offered themselves to be re-elected as Directors of the Company at this 33rd AGM. The background of the retiring Directors is set out under Directors' Profile in the Annual Report 2025. The Board of Directors ("the Board"), through the Nominating Committee ("NC"), had conducted assessments on the retiring Directors. The assessments were based on the criteria set out in the Fit and Proper Policy, which included commitment, contributions, knowledge, integrity, experience, and overall performance. The Board is satisfied that both individuals met the fit and proper and performance criteria required for the discharge of their duties and responsibilities.

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 Company and its subsidiaries ("Group"). Throughout his tenure, he has provided strong leadership and guidance to the Board, fostering effective decision-making processes and promoting transparency and accountability. He has no conflict of interest ("COI") and / or potential COI with the Company and the Group.

Ms. Goh Wan Jing has been involved in group level strategic planning and execution. She develops and oversees the implementation of the Group's business and strategic goals. She does not have any COI and / or potential COI with the Company and the Group other than as disclosed in the Audit Committee ("AC") Report as well as Notes to the Audited Financial Statements, both in the Annual Report and Circular to Shareholders dated 30 April 2026.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Explanatory Notes: (Cont'd)

2. The proposed Ordinary Resolution 3, if passed, will facilitate the payment of the Directors' fees and benefits payable to the Directors for the period commencing one day after the 33rd AGM through to the next AGM in 2027. Details of the Directors' fees and benefits payable to the Directors for the financial year ended 31 December 2025 are enumerated under the Corporate Governance Overview Statement in the Annual Report 2025.

The quantum of Directors' fees and benefits payable are calculated based on the number of days scheduled for meetings of the Board and Board Committees (collectively referring to the AC, RC and NC). The amounts of Directors' fees payable include 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 meeting days of the Board and Board Committees and/or for the formation of additional Board Committees.

3. The proposed Ordinary Resolution 4, if approved, will effect the re-appointment of BDO PLT as the auditors of the Company. The AC has assessed the suitability, objectivity and independence of the auditors and concluded that BDO PLT fulfils the criteria as prescribed under Paragraph 15.21 of the Listing Requirements of Bursa Securities. The Board concurred with the AC's recommendation for the re-appointment of BDO PLT as auditors of the Company.
4. The proposed Ordinary Resolution 5, 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 Companies Act 2016 ("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 (excluding treasury shares) 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, no new shares were issued pursuant to the mandate granted to the Directors of the Company at the last AGM held on 26 May 2025 and which will lapse at the conclusion of this 33rd 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.

5. The proposed Ordinary Resolution 6, if passed, will obtain the Shareholders' Mandate for the Group to enter into recurrent related party transactions 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 parties than those generally available to the public and not detrimental to the minority shareholders. Further information is set out in the Circular to Shareholders dated 30 April 2026.
6. The proposed Ordinary Resolution 7, 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 shares of the Company for the time being. This authority will, unless revoked or varied by the Company in general meeting, expire at the next AGM in 2027.

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 33rd 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 Wooi

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

Ir. Ts. Tan Hong Kiat

Branch Manager

AUDIT COMMITTEE

Mr. Soon Gim Wooi

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 Wooi

Member

REMUNERATION COMMITTEE

Encik Abdull Sukor Bin Ismail

Chairman

Mr. Soon Gim Wooi

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 George Town
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

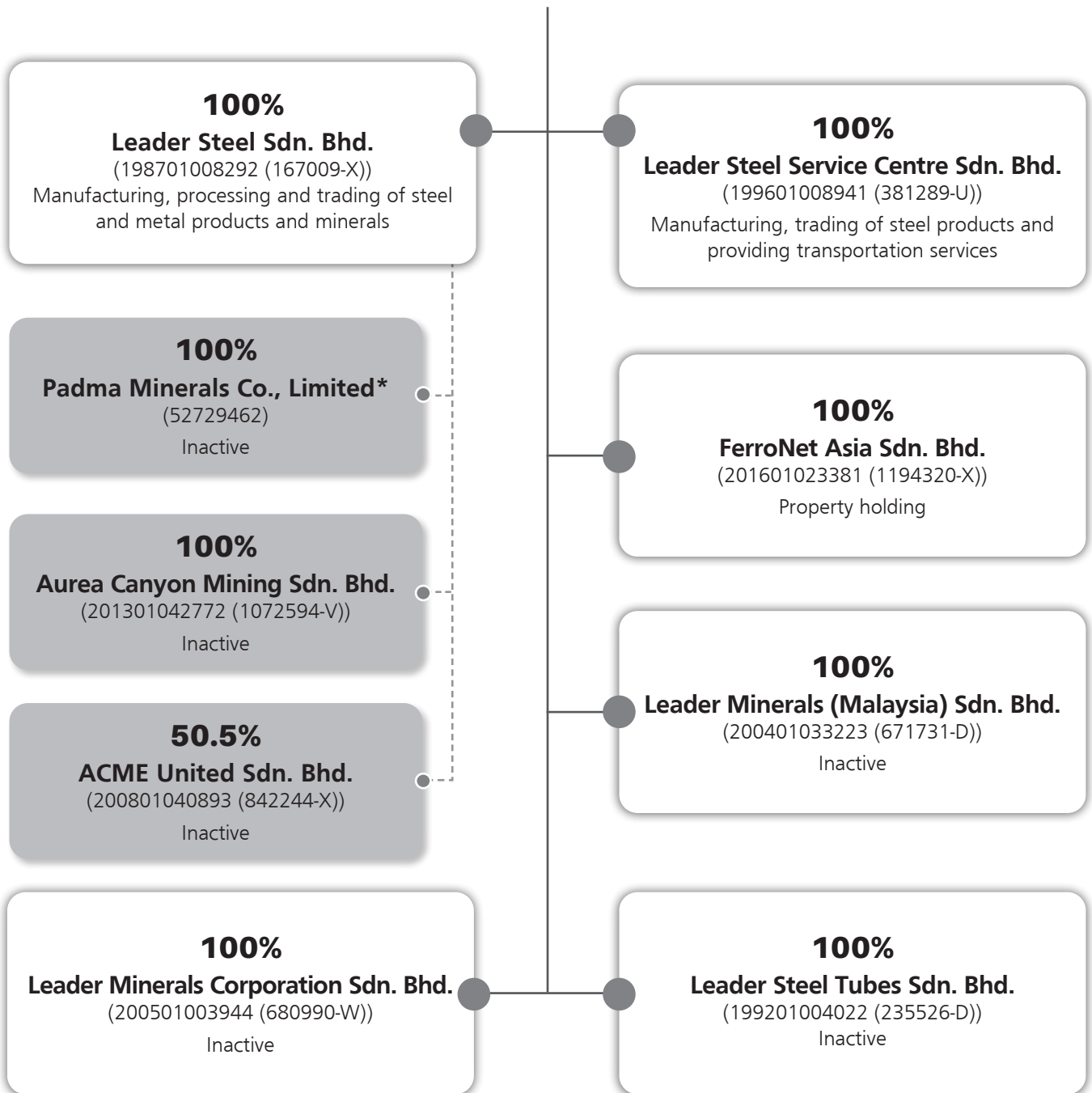
GROUP STRUCTURE AND PRINCIPAL ACTIVITIES

AS AT 31 DECEMBER 2025



LEADER STEEL HOLDINGS BERHAD 199301012471 (267209-K)

Investment Holding



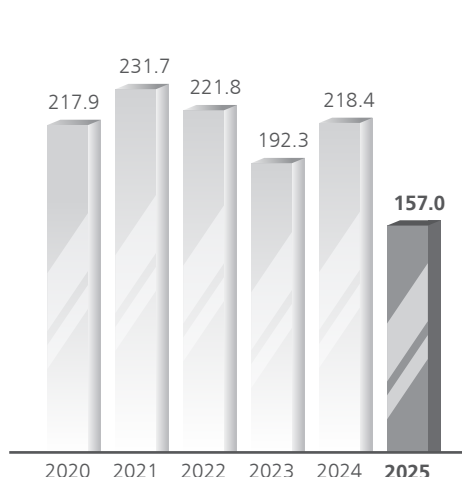
* Incorporated in Hong Kong

FINANCIAL HIGHLIGHTS

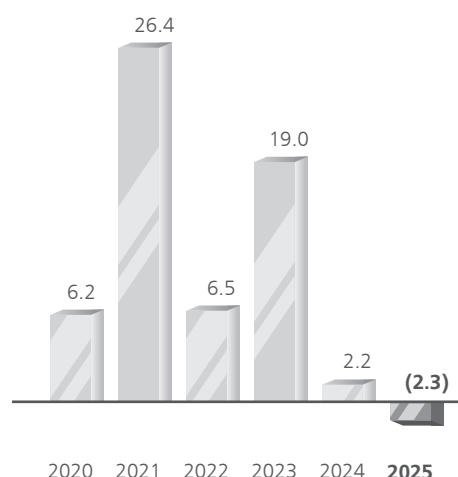
	2020	2021	2022	2023	2024	2025
1 Financial Highlights of Statements of Profit or Loss						
Revenue (RM mil)	217.9	231.7	221.8	192.3	218.4	157.0
EBITDA (RM mil)^	17.7	42.9	16.7	32.0	9.8	3.5
Profit/(Loss) before tax (RM mil)	8.7	35.4	9.1	24.0	1.7	(3.5)
Profit/(Loss) after tax (RM mil)	6.2	26.4	6.5	19.0	2.2	(2.3)
2 Financial Highlights of Statements of Financial Position						
Total assets (RM mil)	257.2	311.4	286.1	465.7	461.5	442.0
Total borrowings (RM mil)	64.2	87.7	61.7	68.8	67.7	62.0
Shareholders' equity (RM mil)	162.1	185.9	190.4	344.4	343.6	341.3

^ Earnings before interest, taxes, depreciation and amortisation.

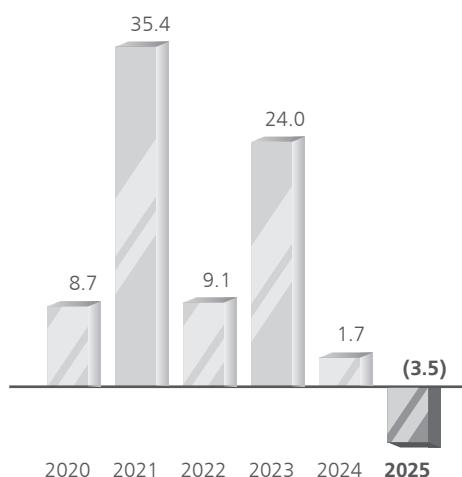
Revenue (RM mil)



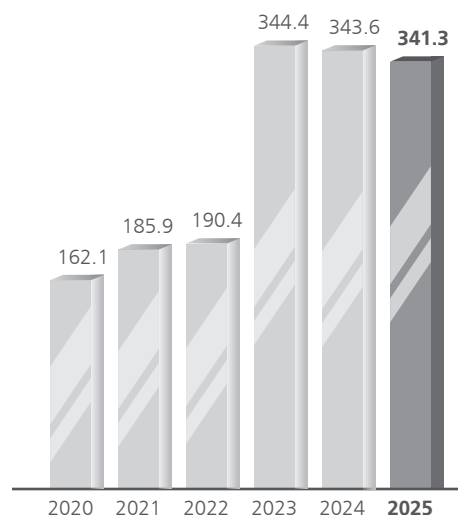
Profit/(Loss) after tax (RM mil)



Profit/(Loss) before tax (RM mil)



Shareholders' equity (RM mil)



CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the Board of Directors of Leader Steel Holdings Berhad ("the Company"), I am pleased to present the Annual Report and Audited Financial Statements of the Company and its subsidiaries ("the Group") for the financial year ended 31 December 2025 ("FYE2025").



2025 Performance Review

FYE2025 was a challenging year for the Group, marked by a persistently difficult operating environment. We navigated headwinds including elevated electricity tariffs, rising transportation costs, volatility in international steel prices, and intense market competition. Despite these pressures, the Group remained resilient, focusing on operational efficiency and disciplined cost management.

For FYE2025, the Group recorded revenue of RM157.0 million, a decrease from RM218.4 million in the preceding year, primarily due to lower average selling prices and reduced sales volume in both our Steel and Mineral segments.

Consequently, the Group recorded a Loss Before Tax ("LBT") of RM3.5 million, compared to a Profit Before Tax ("PBT") of RM1.7 million in FYE2024. This outcome was mainly attributable to lower rental income and the absence of a one-off disposal gain recognised in the previous year. This was, however, partially offset by a significantly improved gross profit margin, which rose to 7.2% from 3.7%, driven by disciplined procurement, a better product mix, and lower inventory write-offs.

Outlook for 2026

Looking ahead, we anticipate that operating conditions in 2026 will continue to be challenging. Global economic uncertainties, geopolitical tensions, and persistent volatility in raw material prices and foreign exchange rates are likely to continue exerting pressure on the industry. Cost management and competitive pricing will remain key focus areas.

Despite these headwinds, the Group is encouraged by the government's Steel Industry Roadmap 2035, which presents opportunities for local players to enhance competitiveness. We will continue to align our strategies with this roadmap, focusing on operational excellence and prudent resource allocation. Our Mineral Segment is also expected to resume regular export activities, if the market conditions permit.

Subsequent to the financial year end, the Group entered into a conditional sale and purchase agreement in March 2026 for the disposal of a further portion of its industrial land in Kapar, Selangor for a total cash consideration of RM136.56 million. The disposal is conditional upon, among others, the approval of the non-interested shareholders of the Company and the relevant regulatory authorities. It is deemed a related party transaction under the Main Market Listing Requirements, and an independent adviser has been appointed to advise shareholders. Upon completion, the proceeds are intended to be applied towards the repayment of borrowings, a special dividend to be distributed to shareholders, working capital requirements, and future business opportunities, and are expected to strengthen the Group's financial position. Further details are set out in the Management Discussion and Analysis section of this Annual Report.

The Board and Management remain committed to strengthening the Group's resilience and navigating the business towards sustainable long-term growth.

Dividend

In light of the Group's financial performance and our priority to preserve cash for working capital requirements, the Board does not recommend the declaration or the payment of any dividend for the financial year ended 31 December 2025.

Appreciation

On behalf of the Board, I would like to extend our sincere gratitude to our management team and all employees for their dedication and hard work during a demanding year. I also wish to thank our loyal shareholders, customers, business partners, and bankers for their continued trust and support. Lastly, I express my appreciation to my fellow Board members for their invaluable guidance and counsel.

We look forward to your continued support as we strive to deliver long-term value for all our stakeholders.

MR. LIM LENG HAN
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

1. Overview

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 2025 ("FYE2025"). 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 formulating these forward-looking statements, such statements inherently involve uncertainties and should be interpreted 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 are generally indicative of forward-looking statements.

The MD&A should be read in conjunction with the audited financial statements of the Company and the Group for FYE2025. This MD&A is the responsibility of the Management, and the Board of Directors ("Board") has reviewed and approved it for inclusion in this Annual Report.

2. Business 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 the 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 neighbouring countries. Steel products are manufactured at the Group's facilities located in East and West Malaysia. The Group remains dedicated to continually enhancing quality and processes to provide customers with high-quality steel products at competitive prices.

3. Industry Overview

3.1 Global Steel Industry

In 2025, the global steel industry continued to face challenges from price competition, slower economic growth, and evolving trade policies. Tariffs and regulatory changes in key markets influenced international steel flows and cost competitiveness, while geopolitical tensions further disrupted global supply chains and commodity markets.

3.2 Malaysian Steel Industry

In Malaysia, the steel industry remained exposed to higher operating costs, including elevated electricity tariffs and rising transportation expenses, as well as raw material price and foreign exchange volatility, labour pressures, and ongoing government policy changes. Domestic demand was nonetheless supported by continued infrastructure, construction, and industrial activities.

Management continued to closely monitor global and local developments, prioritising operational efficiency, cost management, and strategic adaptation. The Group welcomes the introduction of the Steel Industry Roadmap 2035 launched by the Ministry of Investment, Trade and Industry ("MITI") in September 2025, which presents opportunities for local steel players to enhance competitiveness and move up the value chain.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

4. Financial Performance of the Group

The financial results of the Group for FYE2025, compared to the preceding financial year, are summarised as follows:

Financial Indicator	FYE2025 RM'000	FYE2024 RM'000	Change
Revenue	157,035	218,404	- 28.1%
Gross Profit ("GP")	11,233	8,078	+39.1%
GP Margin (%)	7.2%	3.7%	+3.5pp
(Loss)/Profit Before Tax ("LBT)/PBT")	(3,502)	1,733	n.m.
(Loss)/Profit After Tax ("LAT)/PAT")	(2,321)	2,232	n.m.
Earnings before interest, taxes, depreciation and amortisation ("EBITDA")	3,519	9,781	- 64.0%
Gross Assets	441,960	461,484	- 4.2%
Shareholders' Equity	341,289	343,601	- 0.7%
Total Borrowings	62,025	67,743	- 8.4%
Debt-to-Equity Ratio ("D/E Ratio") (times)	0.21x	0.25x	-0.04x
Net Assets Per Share (RM)	2.21	2.22	-0.01
Basic (Loss)/Earnings Per Share ("EPS") (Sen)	(1.50)	1.45	n.m.

For FYE2025, the Group recorded revenue of RM157.0 million, a 28.1% decrease from RM218.4 million in financial year ended 2024 ("FYE2024"), mainly attributable to lower sales across both operating segments, particularly the Steel Segment. The Group recorded a LBT of RM3.5 million and a LAT of RM2.3 million, compared with a PBT of RM1.7 million and a PAT of RM2.2 million in FYE2024.

The Group recorded a higher GP margin and lower impairment losses of property, plant and equipment in FYE2025. However, this was offset by lower rental income. Profit for FYE2024 was higher because of one-off gains and compensation received, arising from the partial disposal of land, amounted to RM12.8 million.

5. Segmental Performance

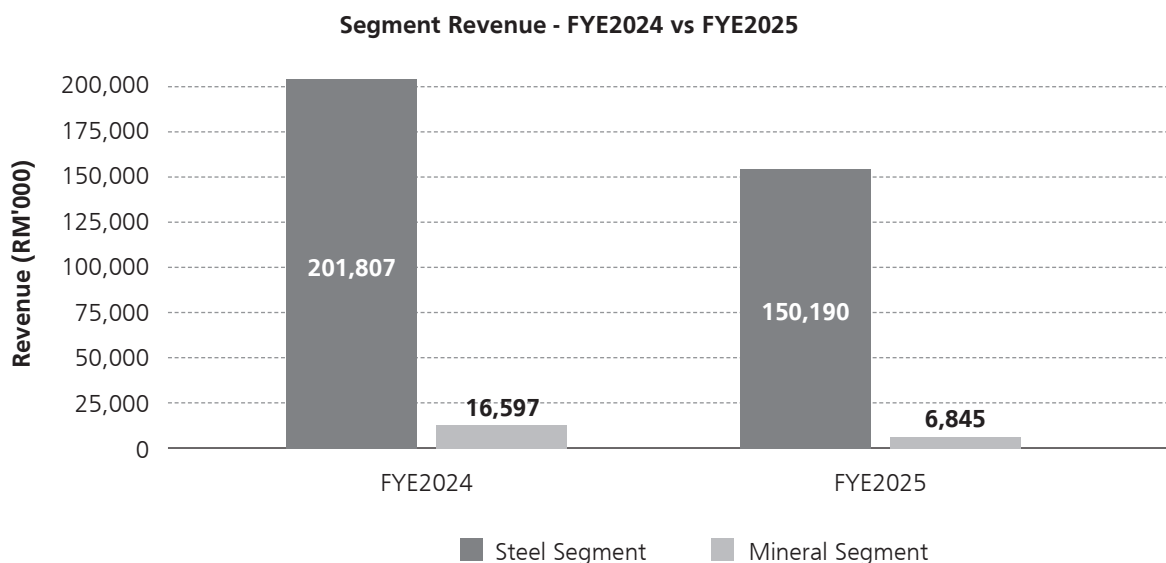
The following table sets out the revenue and segment results for FYE2025 and FYE2024:

Segment	Revenue	Revenue	Segment	Segment
	FYE2025 RM'000	FYE2024 RM'000	Results (LAT) FYE2025 RM'000	Results PAT/(LAT) FYE2024 RM'000
Steel	150,190	201,807	(2,171)	15,705
Mineral	6,845	16,597	(186)	(453)
Eliminations	-	-	36	(13,020)
Total	157,035	218,404	(2,321)	2,232

* Segment results represent PAT or LAT attributable to each segment before consolidation adjustments. The "Eliminations" row includes results of the investment holding company and inter-segment eliminations. Refer to Note 4 of the audited financial statements for details.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

5. Segmental Performance (Cont'd)



5.1 Steel Segment

Revenue from the Steel Segment decreased by 25.6% to RM150.2 million in FYE2025 (FYE2024: RM201.8 million), primarily due to lower average selling prices in line with declining international steel prices and reduced sales volume. The segment recorded a LAT of RM2.2 million compared to a PAT of RM15.7 million in the preceding year, which had included a one-off gain on land disposal and impairment reversals. The loss reflects the overall decline in revenue and sales volume, despite improved gross profit margins in the second half of FYE2025.

The Steel Segment comprises manufacturing and trading activities 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, with manufacturing facilities in East and West Malaysia.

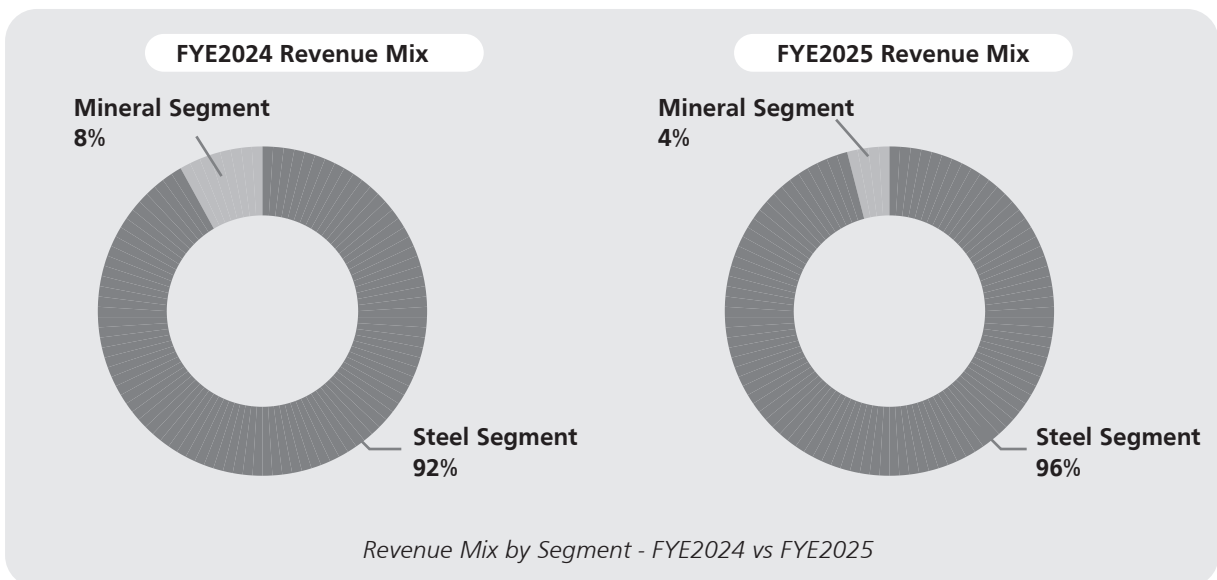
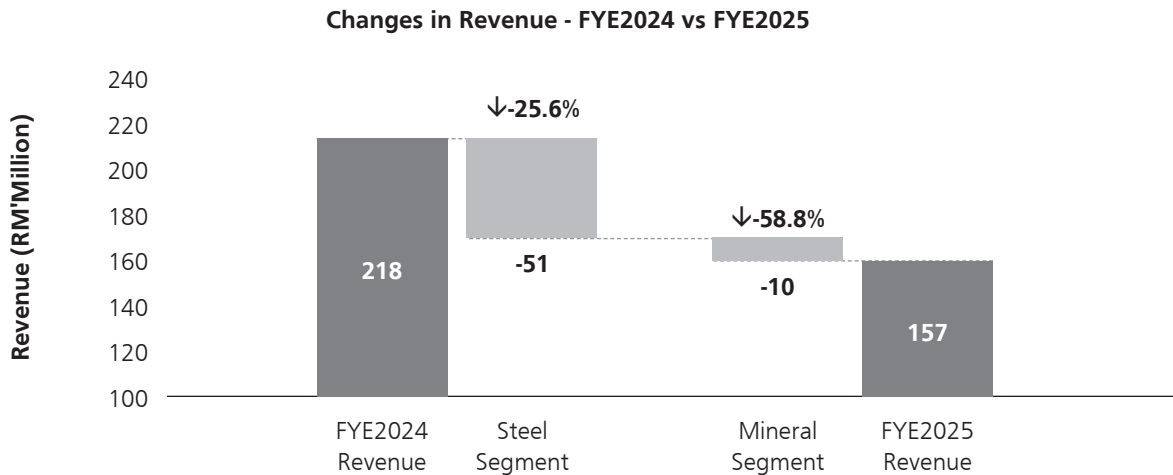
5.2 Mineral Segment

Revenue from the Mineral Segment declined by 58.8% to RM6.8 million in FYE2025 (FYE2024: RM16.6 million), mainly due to lower shipment volumes and unfavourable trading conditions in the first half of the year, partially offset by higher selling prices in later quarters. The segment's LAT narrowed to RM0.2 million from RM0.5 million in FYE2024, as the prior year included inventory write-offs of RM1.0 million. The Mineral Segment is expected to resume regular export activities in 2026, if the market conditions permit.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

6. Revenue

Revenue contributions from the respective segments are as follows:



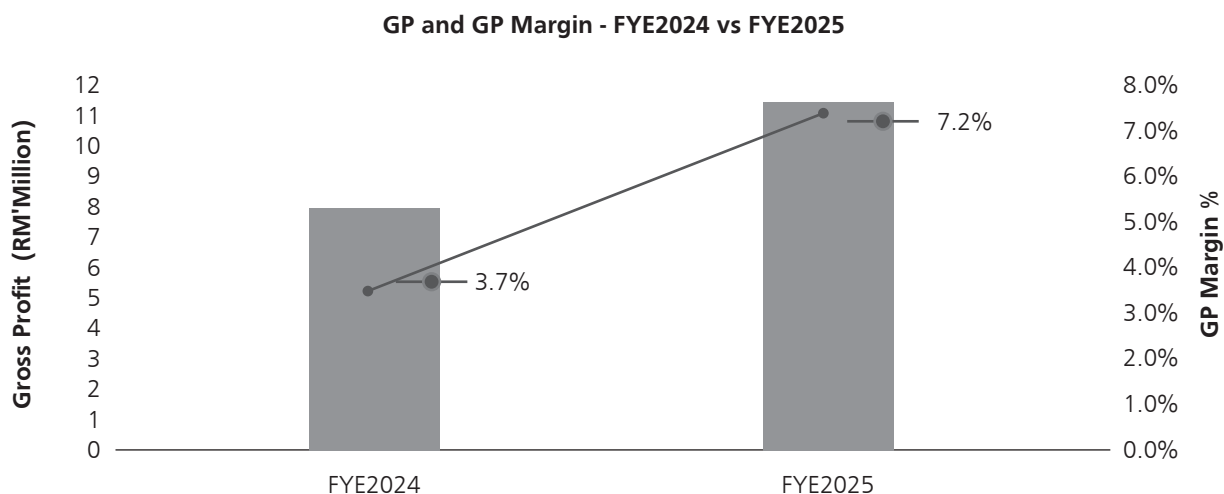
7. Gross Profit and Gross Profit Margin

Notwithstanding the revenue decline, the Group's GP improved to RM11.2 million in FYE2025 from RM8.1 million in FYE2024, reflecting a significant improvement in GP margin to 7.2% (FYE2024: 3.7%). This improvement was primarily attributable to:

- Lower average input costs driven by a declining trend in international steel prices amid ongoing price volatility;
- Improved product mix with a higher proportion of higher margin products;
- Lower inventory write-offs and impairment losses; and
- Operational efficiencies at the Group's manufacturing facilities, particularly in the second half of FYE2025.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

7. Gross Profit and Gross Profit Margin (Cont'd)



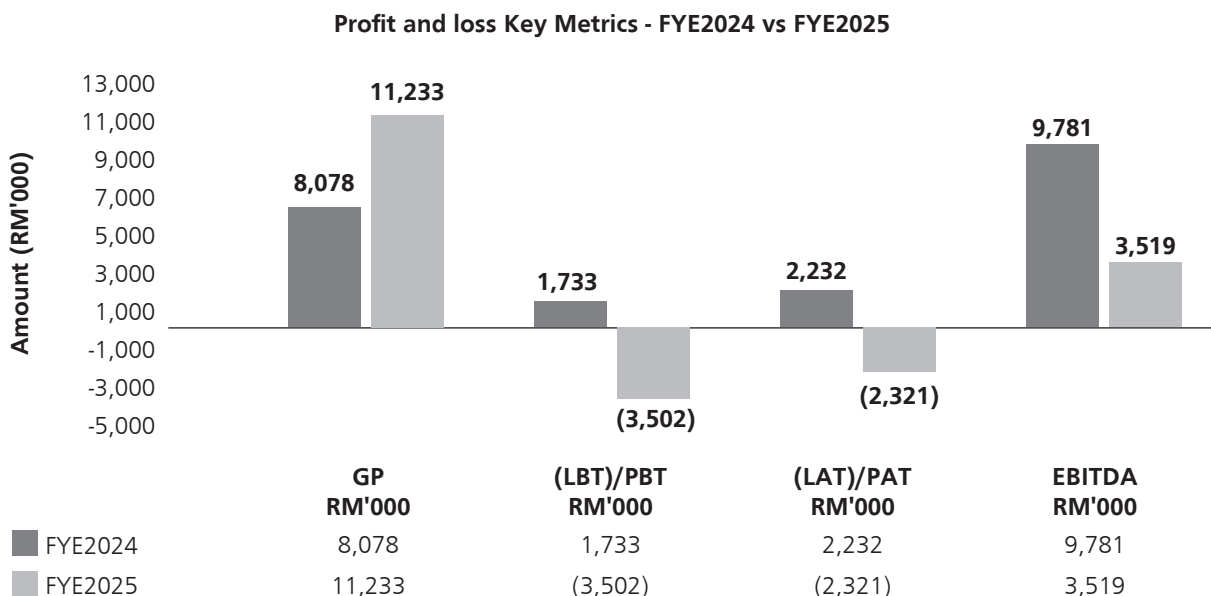
GP (RM'million) and GP Margin (%) – FYE2024 vs FYE2025

8. (Loss)/Profit Before Tax

The Group recorded a LBT of RM3.5 million in FYE2025, compared with a PBT of RM1.7 million in FYE2024. The change was mainly attributable to:

- Revenue declined by RM61.4 million;
- Lower rental income from investment properties during FYE2025; and
- The profit for FYE2024 was higher due to one-off gains and compensation received, arising from partial disposal of land in Kapar, Selangor, amounting to RM12.8 million.

These factors were partially offset by improved GP margin (7.2% vs 3.7%), lower impairment losses on trade receivables, and reduced inventory write-offs.



Profit and loss Key Metrics - FYE2024 vs FYE2025

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

9. (Loss)/Profit After Tax

The Group's LAT amounted to RM2.3 million in FYE2025, compared with a PAT of RM2.2 million in FYE2024, primarily due to the lower PBT recorded during the year. The LAT was lower than the LBT of RM3.5 million, attributable to net deferred tax income recognised during the year.

10. Gross Assets and Shareholders' Equity

Balance Sheet Item	As at 31.12.2025 RM'000	As at 31.12.2024 RM'000	Change
Gross Assets	441,960	461,484	- 19,524
Shareholders' Equity	341,289	343,601	- 2,312
Net Assets Per Share (RM)	2.21	2.22	-0.01

The Group's total assets decreased by RM19.5 million to RM442.0 million, mainly due to lower inventories and cash and bank balances, partially offset by higher property, plant and equipment, receivables, and other investments.

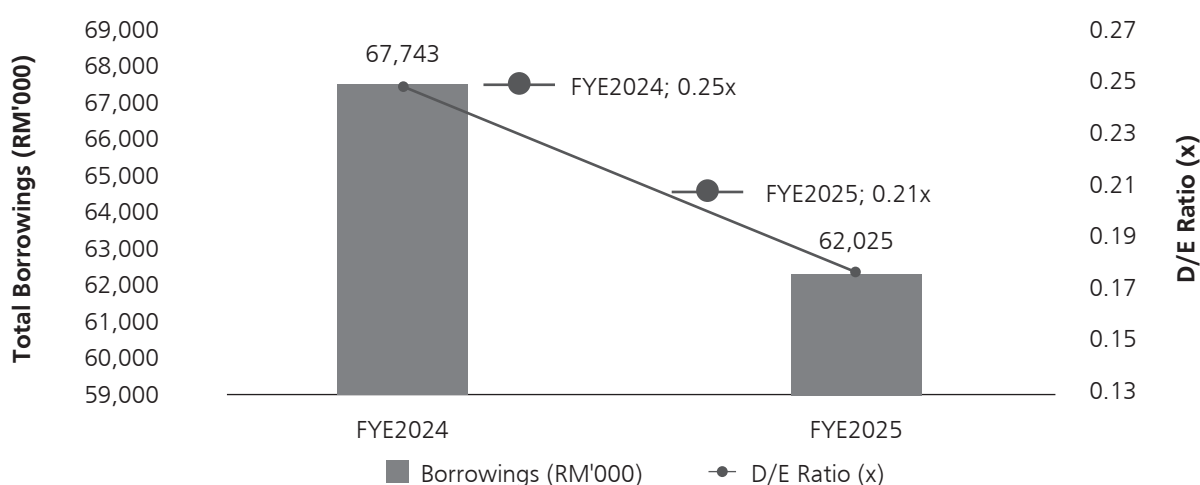
Consolidated shareholders' equity decreased by RM2.3 million to RM341.3 million, primarily reflecting the LAT recorded for FYE2025. Net assets per share of RM2.21 (FYE2024: RM2.22) reflects the Group's strong underlying asset base.

11. Borrowings

Borrowings Item	As at 31.12.2025 RM'000	As at 31.12.2024 RM'000	Change
Total Borrowings	62,025	67,743	- 5,718
D/E Ratio (times)	0.21x	0.25x	-0.04x

Total borrowings for the Group decreased to RM62.0 million in FYE2025 from RM67.7 million in FYE2024. The reduction, particularly in trade borrowings, was mainly attributable to lower inventory levels as of 31 December 2025 and the repayment of term loans. The debt-to-equity ratio improved to 0.21x from 0.25x, reflecting a conservative and improving capital structure.

Total Borrowings & D/E Ratio - FYE2024 vs FYE2025



Total Borrowings & D/E Ratio – FYE2024 vs FYE2025

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

12. Dividend

The Board of Directors does not recommend any dividend for FYE2025, having regard to the Group's financial performance and the priority to preserve cash resources to support working capital requirements and business continuity.

13. Employee Share Option Scheme ("ESOS")

During FYE2025, 956,200 ESOS options lapsed due to staff resignations. As at 31 December 2025, a total of 4,789,600 ESOS options, with an exercise price of RM0.4510 per share, remained outstanding.

ESOS Details	FYE2025
Outstanding ESOS Options (units)	4,789,600
Exercise Price (RM per share)	RM0.4510
Options Lapsed during FYE2025 (units)	956,200

On 13 April 2026, the Company has granted 19,227,000 ESOS at an exercise price of RM0.3700 per share to eligible employees.

14. Key Business Risks

The Group is exposed to a wide range of business risks. Management constantly monitors these risks and implements risk-mitigating strategies to address these challenges.

Risk Category	Risk Description	Mitigation Strategy
Customer Concentration	No single customer contributed more than 20% of total revenue in FYE2025.	Ongoing diversification of customer base and active business development.
Credit Risk	Products are sold on credit terms of 14–90 days; exposure to trade debtor default.	Annual credit review for each customer; monthly ageing report assessments; Expected credit loss provisions per MFRS 9. Refer to Note 10(f) in the Notes to the Audited Financial Statement for FYE2025.
Pricing/Commodity Risk	Exposure to volatility in steel commodity prices due to global supply-demand dynamics and geopolitical factors.	Continuous monitoring of international steel prices; proactive inventory position management.
Foreign Currency Risk	Mineral Segment revenue in USD and RMB; some steel imports denominated in USD.	Monitoring of USD and RMB movements; use of foreign currency contracts where appropriate.
Liquidity & Capital Risk	Risk of insufficient liquidity to meet short- and long-term obligations.	Healthy cash reserves; committed credit facilities; long-term assets financed through term loans.
Interest Rate Risk	Floating rate borrowings and finance leases create interest rate exposure.	Mix of fixed and floating rate borrowings to manage interest rate profile.
Investment Risk	Investment properties and Kapar Land subject to market and yield risks.	Compulsory acquisition was invoked on part of industrial land in March 2024. Subsequent to the financial year end, the Group entered into a conditional sale and purchase agreement on 19 March 2026 to dispose another portion of land in Kapar. Further details are disclosed in Section 15.1.
Cyber Risk	Evolving cybercrime threatens information systems and stakeholder data.	Firewall, Anti-Spam and Antivirus with regular patches; device monitoring; Internet Security Awareness talks.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

15. Material Events and Significant Transactions

15.1 Subsequent Event – Disposal of Kapar Land

Subsequent to the financial year ended 31 December 2025, the Group, through its wholly-owned subsidiary FerroNet Asia Sdn. Bhd., entered into a conditional sale and purchase agreement on 19 March 2026 to dispose of a parcel of freehold industrial land held under H.S.(D) 166443, Lot No PT 85118, Mukim Kapar, Daerah Klang, Negeri Selangor, measuring approximately 1,437,477 square feet for a total cash consideration of RM136,560,315.

As this event occurred after the financial year ended 31 December 2025, it is a non-adjusting subsequent event. The Disposal Consideration of RM136.56 million approximates the independent market valuation of RM137.00 million as appraised by Savills (Malaysia) Sdn. Bhd. The original cost of the land was approximately RM41.55 million. The disposal is expected to result in a net gain of approximately RM18.39 million attributable to the owners of the Company, which will be recognised in the financial statements for the financial year ending 31 December 2026.

The disposal is subject to, among others, the approval of the non-interested shareholders of the Company at an extraordinary general meeting to be convened, and other conditions precedent as set out in the sale and purchase agreement. Completion is expected in the second half of 2026.

The disposal is deemed a related party transaction under Paragraph 10.08 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, by virtue of the interests of certain Directors and major shareholders of the Company. An independent adviser has been appointed to advise the non-interested shareholders accordingly.

The proceeds from the disposal are intended to be applied towards repayment of borrowings, declaration of a special dividend to shareholders, working capital requirements, and future business opportunities, as detailed in the Company's announcement dated 19 March 2026.

15.2 Subsequent Event - ESOS

On 13 April 2026, the Company has granted 19,227,000 ESOS at an exercise price of RM0.3700 per share to eligible employees.

16. Material Litigation

As at the date of this MD&A, there is no material litigation pending against or involving the Group.

17. Related Party Transactions

In the ordinary course of business, the Group undertakes recurrent related party transactions with Eonmetall Group Berhad and its subsidiaries, as well as other companies in which certain directors have common interests. The following table sets out the significant related party transactions conducted during FYE2025:

Transaction	FYE2025 RM'000	Basis of Transaction
Sales and Purchases of Goods	1,666	Arm's length basis, on terms no more favourable than those available to third parties
Rental Income	893	Arm's length basis, on terms no more favourable than those available to third parties
Maintenance Fees	61	Arm's length basis, on terms no more favourable than those available to third parties
Shared Service Costs	435	Arm's length basis, on terms no more favourable than those available to third parties

All related party transactions were conducted on an arm's length basis. For further details, please refer to the Related Party Transactions note in the audited financial statements for FYE2025.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

18. Prospects

18.1 Operating Environment Outlook

The Group expects the operating environment in 2026 to remain challenging amid persistent global and domestic uncertainties. Key headwinds include:

- Rising operating costs, particularly electricity tariffs and transportation expenses;
- Continued volatility in international steel prices;
- Foreign exchange fluctuations affecting both the Steel and Mineral segments;
- Geopolitical tensions, including the escalation of military conflict in the Middle-East since the end of February 2026 (as disclosed in Note 33(b) of the audited financial statements), which may disrupt global supply chains, trade routes, and commodity markets; and
- Highly competitive market conditions with continued pricing pressures.

The recent geopolitical tensions in the Middle-East which started in February 2026 have significantly increased uncertainty in the global economy. The Group remains vigilant against potential rising operating costs, especially fuel and energy costs in 2026 and beyond.

18.2 Steel Industry Roadmap 2035

The Group will align its growth strategies with the Steel Industry Roadmap 2035, introduced by MITI in September 2025. This roadmap presents opportunities for local steel players to enhance competitiveness and move up the value chain, and the Group intends to evaluate specific opportunities during financial year 2026 ("FY2026").

18.3 Steel Segment

The global steel market is expected to experience a modest recovery in 2026, supported by gradual improvements in industrial activity and construction demand. Domestic infrastructure spending under Malaysia's development plans is expected to support local steel demand. The Group will focus on:

- Enhancing operational efficiency and cost optimisation across manufacturing facilities;
- Expanding the product range and customer base to reduce revenue concentration risk;
- Aligning product offerings with the Steel Industry Roadmap 2035; and
- Maintaining competitive pricing while protecting margins through disciplined procurement.

18.4 Mineral Segment

The Mineral Segment, which faced trading difficulties in the first half of 2025, is expected to resume regular export activities in 2026, if the market conditions permit.

18.5 Overall Prospects Statement

Management will remain vigilant in managing its operations, prudently utilise resources, and explore opportunities to strengthen the Group's resilience and deliver positive results in 2026. The conditional disposal of the Kapar Land is expected to improve the Group's liquidity position upon completion in FY2026. Separately, the escalation of military conflict in the Middle-East since February 2026 has introduced uncertainty regarding trade routes and energy costs. While the Group has yet to be able to estimate the financial effects, management is actively monitoring the situation. The Board and Management remain committed to prudent financial management, proactive risk mitigation, and delivering long-term value to all stakeholders.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

19. Cash Flow and Capital Expenditure Analysis

19.1 Operating Cash Flow

For FYE2025, the Group recorded net cash generated from operating activities of RM4.2 million, compared to RM22.2 million in the preceding year. Despite the loss after tax of RM2.3 million, operating cash flow remained positive due to:

- Net release of working capital, particularly a reduction in inventories of RM13.6 million;
- Non-cash adjustments including depreciation of RM5.5 million.

19.2 Investing Cash Flow

Net cash used in investing activities amounted to RM7.3 million (FYE2024: inflow of RM2.0 million), primarily reflecting:

- Capital expenditure of RM6.4 million was primarily attributable to the expansion of factory facilities at steel manufacturing sites, as well as ongoing projects on the Kapar land; and
- Net investment in other investments of RM1.0 million.

Proceeds from disposal of assets amounted to RM24,000 during the year.

19.3 Financing Cash Flow

Financing activities used RM7.3 million (FYE2024: RM4.9 million), mainly due to:

- Net repayment of short-term borrowings of RM3.2 million;
- Interest paid amounted to RM1.2 million;
- Repayment of term loans of RM2.5 million; and
- Lease liabilities payments of RM0.4 million.

19.4 Cash Flow Summary

Cash Flow Item	FYE2025 RM million	FYE2024 RM million
Net cash from operating activities	4.2	22.2
Net cash (used in)/from investing activities	(7.3)	2.0
Net cash used in financing activities	(7.3)	(4.9)
Net change in cash and cash equivalents	(10.4)	19.3
Capital expenditure (included above)	6.4	15.8

19.5 Capital Expenditure Commitments

As at 31 December 2025, the Group had no material capital commitments contracted but not provided for.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

20. Sustainability Statement Summary

The Group recognises that environmental, social and governance ("ESG") factors are integral to long-term business resilience and value creation. In financial year 2025 ("FY2025"), the Group published its annual Sustainability Statement in accordance with Practice Note 9 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements.

20.1 Material Sustainability Matters

Through structured stakeholder engagement, the Group has identified 12 material sustainability matters across four categories:

Category	Material Sustainability Matters
Economic	· Product safety & service quality · Customer satisfaction · Supply chain management · Inventory management
Environmental	· Waste management · Energy consumption · Water consumption · Carbon emissions
Social	· Occupational health & safety · Employee training & development · Diversity & equal opportunity · Local community
Governance	· Anti-bribery, anti-corruption & whistleblowing policy

20.2 Key FY2025 Sustainability Performance

Indicator	FY2025 Performance	Status
Economic & Customer		
Customer satisfaction rate	94%	✓ Target met
Local supplier spending	29%	~ Supply constraints
Environmental		
Electricity consumption	1,326.24 MWh	↓ 5.23% YoY
Water consumption	6.350 ML	↓ 22.7% YoY
Social		
Work-related fatalities	0	✓ Target met
Lost Time Incident Rate (LTIR)	1.30	↓ 30.1% YoY
Average training hours / employee	7.76 hours	~ Below target (10 hours)
Female employees	22.4%	↓ 6.7% YoY
Community investment	RM40,251	↑ 17.3% YoY
Governance		
Anti-corruption incidents	0	✓ Target met

20.3 Climate-Related Disclosures

As a Main Market listed issuer (NSRF Group 2), the Group is in the preparatory phase for IFRS S1 and S2 climate-related disclosures. Transitional disclosures will commence in FY2026, with full adoption targeted by financial year 2028. GHG data collection (Scope 1, 2 and 3) has been initiated during FY2025.

20.4 Full Sustainability Statement

The complete Sustainability Statement for FY2025, including detailed performance data, materiality assessment, stakeholder engagement methodology, and Practice Note 9 content index, is presented in the separate Sustainability Statement section of this Annual Report and forms an integral part of the Group's annual disclosure.

DIRECTORS' PROFILE

MR. LIM LENG HAN

Chairman/Non-Independent Non-Executive Director

MR. LIM LENG HAN, aged 65, Malaysian, joined the Board of Directors of Leader Steel Holdings Berhad ("LSH") as Independent Non-Executive Director on 25 July 1994. On 26 April 2023, he was re-designated as Non-Independent Non-Executive Director. On 1 June 2023, he assumed the role of Non-Independent Non-Executive Chairman.

He graduated in 1985 with a degree in Bachelor of Law (LLB) (Hon) from the University of Malaya and was admitted as Advocate and Solicitor by the High Court of Malaya on 8 February 1986. He subsequently became a member of the Bar Council of Malaysia. He is an appointed member of the Disciplinary Committee of the Bar Council of Malaysia and an appointed Notary Public by the Attorney-General's Chambers.

Mr. Lim has been active in the legal profession for 40 years with extensive experience in corporate, conveyancing and civil matters. Mr. Lim served 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 the present 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.

Other than our Company, Mr. Lim Leng Han does not hold any other directorships in public companies or public listed companies in Malaysia.

He attended all four (4) Board meetings held during the financial year ended 31 December 2025.

DATO' GOH CHENG HUAT

Deputy Chairman/Executive Director

DATO' GOH CHENG HUAT, aged 65, 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.

As founder of the Group (LSH and subsidiaries, on a collective basis), Dato' Goh has extensive experience and technical knowledge of the processing of iron and steel products. With more than 50 years in the industry, he has accumulated invaluable skills, including the invention and enhancement of steel making machines and 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. 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.

Dato' Goh presently serves as a director in Maybulk Berhad and Eonmetall Group Berhad, along with their respective subsidiaries. Additionally, he holds directorship and/or shareholdings in companies across various sectors, including property development, property holdings, investment holdings, food ingredients, Bionexus (qualified biotechnology), and agriculture-related businesses.

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 2025.

DIRECTORS' PROFILE (CONT'D)

DATIN TAN PAK SAY

Managing Director

DATIN TAN PAK SAY, aged 64, 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 re-designated as Managing Director on 29 April 2005.

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

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

She was appointed as Managing Director & Chief Executive Officer of Eonmetall Group Berhad on 3 January 2025. She also holds directorship and/or shareholdings in companies across various sectors, including property development, property holdings, investment holdings, food ingredients, Bionexus (qualified biotechnology), and agriculture-related businesses.

She attended all four (4) Board meetings held during the financial year ended 31 December 2025.

MS. GOH WAN JING

Executive Director

MS. GOH WAN JING, aged 37, a Malaysian, is an Executive Director at LSH. She was appointed to the Board on 31 March 2017.

Ms. Goh began her career at KPMG as an IT auditor and later transitioned into a financial auditor role. In 2014, she joined the Group as a Personal Assistant to the Managing Director, where she successfully led the ERP system migration. In 2016, she was promoted to Deputy General Manager, overseeing group-wide process improvements. Since becoming an Executive Director in 2017, she has been actively involved in strategic planning and execution at the group level.

She holds a Master of Science in Analytics from the Georgia Institute of Technology, Atlanta, U.S.A. and a Bachelor in Business Administration from the University of Washington, Seattle, U.S.A.

Other than our Company, Ms. Goh Wan Jing does not hold any other directorships in public companies or public listed companies in Malaysia.

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 2025.

DIRECTORS' PROFILE (CONT'D)

ENCIK ABDULL SUKOR BIN ISMAIL

Independent Non-Executive Director

ENCIK ABDULL SUKOR BIN ISMAIL, aged 65, 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 the role of Chairman of the Remuneration Committee on 27 March 2024.

Encik Abdull Sukor has more than 40 years of extensive professional experience in the engineering field. Throughout his long career as a civil engineer, he was extensively involved 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 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 managing 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 Syarikat Bekalan Air Selangor Sdn. Bhd. (SYABAS), 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 (3) 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.

Other than our Company, Encik Abdull Sukor Bin Ismail does not hold any other directorship in public companies or public listed companies in Malaysia.

He attended all four (4) Board meetings held during the financial year ended 31 December 2025.

MR. SOON GIM WOOL

Independent Non-Executive Director

MR. SOON GIM WOOL, aged 58, 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.

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 social organisations 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 four (4) Board meetings held during the financial year ended 31 December 2025.

DIRECTORS' PROFILE (CONT'D)

DATUK DR. ROSLAN BIN A. GHAFAR

Independent Non-Executive Director

DATUK DR. ROSLAN BIN A. GHAFAR, aged 73, a Malaysian, was appointed as Independent Non-Executive Director of 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 economics, finance, and investment. From 1985 to 2001, he served as Head of the Economics Department at Universiti Putra Malaysia ("UPM"). During his tenure at UPM, he provided consultancy services to various international and national organisations, including the World Bank, the Asian Development Bank, Winrock International, and the Economic Planning Unit of the Prime Minister's Department.

In 1994, he was appointed as the Director of Investment and Economic Research at the Employees Provident Fund ("EPF"). He was promoted to Senior Director in 1996 and later served as Deputy Chief Executive Officer until his retirement in 2007. During his tenure at EPF, he played a key role in formulating and implementing investment strategies to achieve its investment objectives.

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

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

He also serves as the Chairman of Mico Chipboard Berhad, which is listed on the Main Market of Bursa Malaysia Securities Berhad.

He attended all four (4) Board meetings held during the financial year ended 31 December 2025.

Notes:

1. Except as disclosed in the above, Audit Committee Report as well as Notes to the Audited Financial Statements, both in this Annual Report and Circular to Shareholders, none of the Directors have any actual or potential conflicts of interest, including interests in businesses that compete with the Group.
2. None of the Directors have been convicted of any offences in the past five years or received public sanctions or penalties from regulatory bodies during the financial year, except for traffic offences, if any.
3. None of the Directors 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.
4. Save and except for Dato' Goh Cheng Huat, Datin Tan Pak Say, 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 56 | **Gender** Male | **Nationality** Malaysian

Date of Appointment

25 November 2021

Academic/Professional Qualification(s)

Member of MICPA and MIA

Mr. Ooi worked for more than 8 years in KPMG before joining a principal subsidiary of Can-One Berhad as Finance Manager. In 2005, he was appointed as Executive Director of Can-One Berhad. In 2012, he was seconded to assume the role of Group Chief Financial Officer in Kian Joo Can Factory Berhad and Box-Pak (Malaysia) Berhad. He was primarily responsible for corporate, finance, treasury, accounting and taxation functions in Can-One Berhad, Kian Joo Can Factory Berhad and Box-Pak (Malaysia) Berhad. He served on the board of directors in key subsidiaries of the aforesaid companies too. Mr. Ooi resigned as Group Chief Financial Officer from the aforesaid companies on 30 June 2021. He joined Leader Steel Holdings Berhad in September 2021 and was appointed as Chief Financial Officer cum Business Controller of Leader Steel Holdings Berhad on 25 November 2021.

He is currently an Executive Director of Maybulk Berhad and the Chief Financial Officer of Eonmetall Group Berhad.

Other than as disclosed in the Audit Committee Report, he does not have any conflict of interest or potential conflict of interest, including interest in any competing business with the Company and its subsidiaries.

MR. TAN YEW TEONG

Senior Factory Manager

Age 62 | **Gender** Male | **Nationality** Malaysian

Date of Appointment

01 February 1990

Academic/Professional Qualification(s)

Primary School

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

He does not have any conflict of interest or potential conflict of interest, including interest in any competing business with the Company and its subsidiaries.

MS. GOH LI LI

Senior Treasury & International Trade Manager

Age 55 | **Gender** Female | **Nationality** Malaysian

Date of Appointment

01 July 1992

Academic/Professional Qualification(s)

LCCI

She has more than thirty (30) years' experience in finance and trade activities. She was promoted to her current position on 26 April 2011.

She does not have any conflict of interest or potential conflict of interest, including interest in any competing business with the Company and its subsidiaries.

MR. LEE ENG KEAT

Senior Manager in Business Development

Age 58 | **Gender** Male | **Nationality** Malaysian

Date of Appointment

12 October 2015

Academic/Professional Qualification(s)

MBA, University of Portsmouth

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

He does not have any conflict of interest or potential conflict of interest, including interest in any competing business with the Company and its subsidiaries.

IR. TS. TAN HONG KIAT

Branch Manager

Age 43 | **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

He has more than fifteen (15) years' experience in the steel pipes manufacturing industry. He was promoted to his current position on 1 January 2026.

He does not have any conflict of interest or potential conflict of interest, including interest in any competing business with the Company and its subsidiaries.

Notes:

- None of the Key Senior Management hold any other directorships 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 relationships with any director and/or major shareholder, other than Ms. Goh Li Li being a niece of Dato' Goh Cheng Huat and Datin Tan Pak Say and a cousin of Ms. Goh Wan Jing.
- None of the Key Senior Management has public sanctions 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 by the Securities Commission Malaysia.

Throughout the financial year ended 31 December 2025 ("FYE2025"), the Group adhered to the best practices of corporate governance to achieve its long-term financial objectives while ensuring accountability to its shareholders and other stakeholders in accordance with the Code.

Detailed disclosure on the Group's implementation of each practice outlined in the Code is reported in the Corporate Governance Report 2025, as prescribed under Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities")("MMLR"). This report is accessible on the corporate website at www.leadersteel.my and through the Company's announcements on Bursa Securities' website. This statement is to be read together with the Corporate Governance Report 2025 of the Company which is available at the corporate website at www.leadersteel.my and through the Company's announcements on Bursa Securities' website.

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

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
Deputy Chairman/Executive Director ("ED")	Dato' Goh Cheng Huat
Managing Director ("MD")	Datin Tan Pak Say
ED	Ms. Goh Wan Jing
Independent Non-Executive Director ("INED")	Encik Abdull Sukor Bin Ismail
	Mr. Soon Gim Wooi
	Datuk Dr. Roslan Bin A. Ghaffar

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

During FYE2025, four (4) Board meetings were held during which a wide variety of matters were deliberated by the Board. This included the Group's quarterly performance and financial results, major investments, risk management, sustainability and other strategic issues. The attendance of Board members at these meetings is as follows:

Director(s)	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	4 / 4
Datuk Dr. Roslan Bin A. Ghaffar	4 / 4

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 a timely basis.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1 BOARD OF DIRECTORS (CONT'D)

All Directors of the Company have attended and successfully completed the Mandatory Accreditation Programme (MAP) Part 1 and Part 2 pursuant to the requirements of the Bursa Malaysia Listing Requirements. In compliance with Paragraph 15.08 of the MMLR, the Directors attended the following seminars, webinars, conferences, and training sessions in FYE2025:

Director	Subject
Mr. Lim Leng Han	<ol style="list-style-type: none"> SSM X LHDNM: E-Invoice Implementation in Malaysia and Portal Recent Developments with Listing Requirements and Updates
Dato' Goh Cheng Huat	<ol style="list-style-type: none"> Recent Developments with Listing Requirements and Updates
Datin Tan Pak Say	<ol style="list-style-type: none"> BDO Tax Seminar on Budget 2026 Sustainable Deals: ESG Compliance in Mergers & Acquisitions CTOS SME BIZ 2025 Symposiums E-Invoice Strategy Recent Developments with Listing Requirements and Updates
Ms. Goh Wan Jing	<ol style="list-style-type: none"> Recent Developments with Listing Requirements and Updates
Encik Abdull Sukor Bin Ismail	<ol style="list-style-type: none"> BDO Tax Seminar on Budget 2026 Sustainable Deals: ESG Compliance in Mergers & Acquisitions Bursa PLCs Investor Relations Series 3: Implications of Trump 2.0 Bursa PLCs IR Series 5 – Shariah Series: Introduction of Maqasid Al-Shariah Guidance Bursa PLCs Investor Relations Series 6: Accelerate Business Growth with Alternative Capital MBRS 2.0: KPMG Briefing Session Termination of Employment and Claims for Wrongful Dismissal 2025 MFRS Update AOB Conversation with Audit Committee Recent Developments with Listing Requirements and Updates
Mr. Soon Gim Wooi	<ol style="list-style-type: none"> BDO Tax Seminar on Budget 2026 Recent Developments with Listing Requirements and Updates MIA Webinar – Financial Reporting Performance for Public and Private MIA Seminar – Tax Issues for SME MIA Webinar – Accounting for Substantial Investment Interests and Business
Datuk Dr. Roslan Bin A. Ghaffar	<ol style="list-style-type: none"> SSM X LHDNM: E-Invoice Implementation in Malaysia and Portal Recent Developments with Listing Requirements and Updates

1.1 Board Responsibilities

The Board comprises members with diverse skill sets and experiences, including 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 management, effective oversight on governance, and overseeing the Group's business affairs. Its principal responsibilities include the following:

- 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 the Group's business and Group operations;
- 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 directed towards achieving its strategy;

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)

- (c) Review, challenge, and decide on management's proposals for the Group 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 risk mitigation measures and system of internal controls;
- (f) Succession planning, including appointing, training, fixing the compensation of, and where appropriate, replacing Board members and senior management;
- (g) Review and deliberate the Board Charter and Terms of Reference ("TOR") of various Board Committees;
- (h) Review a Fit and Proper Policy for the appointment of Board members and senior management;
- (i) Develop and implement an investor relations programme or shareholder communications policy for the Group;
- (j) Review the adequacy and integrity of the Group's risk management initiatives, internal control systems, and management information systems;
- (k) Review and deliberate on conflict of interest and/or potential conflict of interest situations 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 behaviour.

In discharging its responsibilities, the Board is assisted by the following Board Committees:

- 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 the AC during FYE2025.
- Nominating Committee ("NC") – The NC was formed on 26 August 2002. Please refer to Section 5 for details on the composition and activities of the NC in FYE2025.
- Remuneration Committee ("RC") – The RC was formed on 26 August 2002. Please refer to Section 7 for details on the composition and activities of the RC in FYE2025.

Each of the Board Committees operates within its TOR, which have been approved by the Board. These TORs are reviewed periodically by the Board to ensure they remain relevant and adequate.

All decisions and deliberations at the Board Committee level are properly minuted. The Chairman of each Board Committee reports to the Board on the outcome and recommendations made during committee meetings 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. The Policy is available on the Company's website at 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 EDs, 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, Non-Executive Directors, and 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 Mr. Lim Leng Han, a Non-INED. He is responsible for leading the Board and ensuring that all Directors receive sufficient and relevant financial and non-financial information in a timely manner 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, the Chairman ensures that no member dominates discussions, allowing for appropriate dialogue and the expression of relevant opinions by all members.

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, and CFO 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

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 both to dedicate sufficient time to their distinct responsibilities, ensuring the effective execution of their duties.

The Board Chairman, Mr. Lim Leng Han, a Non-INED, is responsible for overseeing Board matters and ensuring the Board's overall conduct.

Datin Tan Pak Say, the current MD, leads the management team alongside two (2) EDs and the CFO. 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 current Chairman of the Board, Mr. Lim Leng Han, is not a member of the AC, NC, or RC of the Company. He does not attend nor participate in any of the Board Committees' meetings by way of invitation or in any other capacity.

1.5 Qualified and Competent Company Secretaries

The Board is supported by Joint Company Secretaries who are competent, adequately qualified, and experienced. Both Secretaries are qualified under Section 235(2)(a) of the Companies Act 2016. 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, and minutes from previous meetings of the Board and Board Committees.

Board papers are typically circulated to the Directors at least seven (7) days prior to each meeting, providing them with adequate time to review, consider, and deliberate effectively on the matters to be discussed.

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 circular resolutions 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, 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 amendments to the MMLR on conflict of interest matters. 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 Conduct, Code of Ethics and Anti-Bribery and Anti-Corruption Policy

The Board has implemented a Code of Conduct and a Code of Ethics for the Group, both subject to periodic reviews. These documents serve as a guide for Directors and employees, ensuring they maintain the highest ethical standards while fulfilling their responsibilities.

Furthermore, the Board has adopted an Anti-Bribery and Anti-Corruption Policy in accordance with the Malaysian Anti-Corruption Commission Act 2009. This policy offers clear guidance to Directors, employees, and business associates on identifying, preventing, and properly reporting acts of bribery and corruption.

All three (3) documents — the Code of Conduct, the Code of Ethics, and the Anti-Bribery and Anti-Corruption Policy — are available on the Company's website at www.leadersteel.my.

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:

- By way of email to whistleblower@leadersteel.my
- By way of a sealed envelope marked for the attention of the Audit Committee Chairman of Leader Steel Holdings Berhad, c/o 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.

4 SUSTAINABLE PRACTICES

4.1 Material Sustainability Matters

The Board recognises that sustainable development is crucial for the Group's long-term success and is responsible for developing the Group's sustainability strategies. The RMC, 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 material sustainability matters and has scheduled discussions on key sustainability issues at least annually.

The Sustainability Statement in the Company's Annual Report 2025 provides comprehensive information on the Group's sustainability strategies, priorities and targets, as well as its progress.

4.3 Periodic Updates

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

4.4 Performance Evaluation

Recognising the importance of sustainability across all business operations, the Board has incorporated it as a performance evaluation criterion for Board members. Please refer to the Sustainability Statement in the Annual Report 2025 for a comprehensive overview of the Group's sustainability initiatives.

4.5 Sustainability Strategically (Step-Up Practice)

The CFO, Mr. Ooi Teik Huat, is responsible for overseeing strategic sustainability management and ensuring adherence to the Group's sustainability framework. He engages regularly with relevant internal and external stakeholders, including employees, customers, suppliers, regulators, investors, and industry associations/civil society, to ensure that the Group's sustainability focus areas remain relevant and to identify emerging sustainability matters that may be material to the Group.

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 calibre, 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, comprising all INEDs, is as follows:

Composition	Director
Chairman	Datuk Dr. Roslan Bin A. Ghaffar
Member	Encik Abdull Sukor Bin Ismail
	Mr. Soon Gim Wooi

During FYE2025, the NC convened two (2) meetings on 27 February 2025 and 27 November 2025, with full attendance recorded from all members serving at that time.

The key activities undertaken by the NC during FYE2025 are summarised 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 Officer, or CFO 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 the AC and each of its members annually to determine whether the AC and members have carried out their duties in accordance with their TOR;
- (h) Assessed Directors due for retirement by rotation and put forward recommendations for re-election;
- (i) Reviewed the NC report on duties and responsibilities and main activities undertaken during the year for inclusion in the Annual Report; and
- (j) Deliberated on the skill set 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

As at the end of FYE2025, the Board comprised seven (7) Board members with three (3) being INEDs, representing approximately 43% of the Board. This fell short of the Code recommendation of at least 50% independent directors.

Notwithstanding the above, the Board's composition complied with Paragraph 15.02 of the MMLR, which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, to be Independent Directors. The Board is satisfied that the three (3) INEDs possess the relevant experience and expertise to provide effective independent oversight and to exercise objective judgement on matters deliberated at Board level. The NC reviews Board composition annually and will consider opportunities to increase the proportion of independent directors as and when Board vacancies arise.

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 judgement or the ability to act in the best interests of the Company and the Group.

The NC reviewed the independence of the INEDs annually based on the requirements and definition of "independent director" as set out in Paragraph 1.01 and Practice Note 13 of the MMLR, the confirmation of independence declared by INEDs, as well as their objectivity in carrying out their duties and responsibilities.

5.3 Nine (9) Year Tenure Limit for INEDs

As at the date of this Statement, none of the current INEDs have served on the Board for a cumulative or consecutive term of nine (9) years. The NC monitors INED tenure as part of its annual Board composition review. Should any INED approach or exceed this threshold, the Board will determine the appropriate course of action in accordance with the Code.

5.4 Policy Limiting INED Tenure to Nine (9) Years (Step-Up Practice)

The Board has not adopted a formal policy limiting INED tenure to nine (9) years without extension (Step-Up Practice 5.4). The Board relies on the two-tier shareholder voting mechanism under Practice 5.3 of the Code as an adequate governance safeguard. The Board will keep this matter under review as part of its annual governance assessment.

5.5 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.

The current Directors, with their diverse backgrounds and professional specialisations, 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. The NC reviews the diversity of the Board and senior management annually.

5.6 Sources to Identify Candidates 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, the NC will perform a fit and proper assessment by carrying out an independent background check on the candidate using information from independent sources.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

5 BOARD COMPOSITION (CONT'D)

5.7 Directors' Information

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

- 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.
- 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 seeking appointment and/or re-appointment at the Annual General Meeting ("AGM"), accompanied by a statement from the Board supporting the appointment and/or re-appointment.

5.8 Chairman of NC

The Chairman of the NC must be an INED in accordance with the NC's TOR. The NC is chaired by Datuk Dr. Roslan Bin A. Ghaffar who is an INED.

5.9 Female Board Representation

As at FYE2025, the Board comprised two (2) female Directors out of seven (7) Directors, representing approximately 29% – marginally below the 30% recommended under Practice 5.9 of the Code. The Board notes this shortfall and has directed the NC to actively consider gender composition in all future Board appointments and succession planning reviews. The Board remains committed to progressive improvement in female representation at Board level.

5.10 Gender Diversity

The Board is committed to fostering gender diversity at both Board and senior management levels. As at FYE2025, female representation within the Group's senior management team stands at 20%. Gender diversity considerations are embedded in the NC's annual Board composition review process. A standalone gender diversity policy has not been adopted at this juncture but will be considered as part of the Board's next annual governance review.

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 FYE2025 to assess the Board's overall effectiveness.

The evaluation process utilises a self-assessment format. Directors complete standardised evaluation forms. The NC then summarises and presents the results, along with any Director comments, at its meeting. The Chairman of the 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.

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

Based on the assessments conducted for FYE2025, 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 judgements that the INEDs have brought to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

7 LEVEL AND COMPOSITION OF REMUNERATION

7.1 Remuneration Policy

The Company's Remuneration Policy, available on the Company's 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 EDs 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. EDs and the 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' fees for Non-Executive Directors (including the Chairman) are 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 the Company's website.

During FYE2025, the RC convened one (1) meeting on 27 February 2025, with full attendance recorded from all members serving at that time. At this meeting, the RC reviewed the remuneration package (including bonus) for the executive management team, and considered service fees for the Chairman and members of the AC, NC, and RC.

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

Composition	Director
Chairman	Encik Abdull Sukor Bin Ismail
Member	Mr. Soon Gim Wooi
	Datuk Dr. Roslan Bin A. Ghaffar

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 summarises the annual directors' fees payable:

Type of Fees	RM (Per Annum)
Directors (per pax per annum)	RM 36,000
Service fee for Chairman of Board (per month)	RM 2,000
Chairman of AC, NC and RC (per pax per annum)	RM 6,000
Member of AC, NC and RC (per pax per annum)	RM 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 detailed remuneration breakdown of individual Directors for FYE2025, including fees, salary, bonus, benefits-in-kind and other emoluments at both Company and Group level, is set out in the Corporate Governance Report 2025.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

8 REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

8.2 Top Five (5) Senior Management's Remuneration

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

The Board opts not to disclose the remuneration of the top five (5) senior management personnel (who are not Directors of the Company) on a named basis, considering the information to be sensitive and proprietary. Instead, the Board has opted to disclose the remuneration in bands, which the Board believes fulfils the transparency and accountability aspects of corporate governance applicable to senior management.

Remuneration Range	No. of Senior Management Staff
Below RM200,000	—
Between RM200,001 to RM250,000	—
Between RM250,001 to RM300,000	2
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 (Step-Up Practice)

The Board has not adopted this Step-Up practice. The remuneration of the top five (5) senior management personnel is disclosed in remuneration bands in lieu of named-basis disclosure. The Board is of the view that named disclosure may adversely affect the Group's ability to attract and retain key talent in a competitive industry environment. The Board will continue to review this position as part of its annual governance assessment.

PRINCIPLE B EFFECTIVE AUDIT AND RISK MANAGEMENT

9 AC

9.1 Chairman of the AC

The Chairman of the AC must be an INED. The Company's AC is currently chaired by Mr. Soon Gim Wooi, who serves as an INED. 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 three (3) years.

9.3 External Auditors

The Group's external auditors are 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, inter alia, the external auditors' independence, performance, competency, quality of work, level of service, audit fees, and adequacy of resources.

The AC met with the external auditors at least twice 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

9 AC (CONT'D)

9.4 Composition of the AC (Step-Up Practice)

The AC comprises solely of INEDs in line with Step-Up Practice 9.4 of the Code. This structure ensures the impartiality and objectivity of the Committee's oversight of the Group's financial reporting and auditing processes.

The AC is entrusted by the Board to provide guidance and recommendations on matters relating to financial reporting, external audit, the internal control environment, internal audit processes, review of related party transactions, and potential conflict of interest situations.

9.5 Diversity in Skills of the AC

The AC currently comprises members with professional experience in finance, audit, tax, 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.

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. The Group has engaged an independent professional firm to assist the Board in establishing a risk management framework for 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. The Board constantly reviews the adequacy and integrity of financial, operational, and compliance controls.

The Statement on Risk Management and Internal Controls ("SORMIC") 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 regularly report their findings to the AC. Risk-based internal audit plans are tabled to the AC for review and approval to ensure adequate coverage.

10.3 Establishment of a Board-Level RMC with Majority Independent Directors (Step-Up Practice)

The Board acknowledges that Step-Up Practice 10.3 has not been adopted, as the RMC currently comprises senior management personnel. Independent oversight of risk matters is maintained through the AC, which comprises 100% INEDs and receives risk management updates at each of its meetings. The internal audit function reports directly to the AC, providing an additional layer of independent assurance. The Board will consider the establishment of a Board-level RMC with independent representation as part of its ongoing governance review.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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 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 (IIAM). The Executive Director of Finfield is a member of the Malaysian Institute of Accountants (MIA) and IIAM. Finfield deploys 2 to 3 persons to man each internal audit engagement of the Group.

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 RM24,000 were incurred for internal audit services for FYE2025.

PRINCIPLE C INTEGRITY IN CORPORATE GOVERNANCE AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

12 STAKEHOLDERS ENGAGEMENT

12.1 Communication with Stakeholders

The Group recognises the importance of effective and timely communication with shareholders and investors to keep them informed 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, annual reports, circulars to shareholders, general announcements, and quarterly reports announced on the Bursa Securities website.

Additionally, the Group utilises AGMs and/or Extraordinary General Meetings ("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, Company 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

The Company is not categorised as a "Large Company" and hence has not adopted integrated reporting based on a globally recognised framework.

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

13.1 Notice for AGM

At the last AGM, the Notice for the Thirty-Second (32nd) AGM was issued on 25 April 2025, at least 28 days prior to the meeting date on 26 May 2025. This was in accordance with Practice 13.1 of the Code, which recommends that notice of an AGM be given at least 28 days in advance.

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. Minutes of the AGM were published on the Company's website www.leadersteel.my.

The Board will ensure that the Notice of the upcoming 33rd AGM is sent to shareholders at least twenty-eight (28) days prior to the said meeting, published in at least one major local newspaper, and released to the public via Bursa LINK.

13.2 Directors' Attendance

The Company convened its 32nd AGM on 26 May 2025, during which all members of the Board were in attendance. All queries and concerns raised by shareholders were duly addressed.

13.3 Leveraging on Technology

At the last AGM held on 26 May 2025, the Company conducted a physical meeting to promote direct, face-to-face engagement and facilitate robust shareholder oversight.

The upcoming 33rd AGM will also be held as a physical meeting. This approach is in line with the regulators' objective to enhance transparency, accountability, and meaningful shareholder interaction. The Company takes appropriate steps to ensure good cyber hygiene in its shareholder communications, including the use of secure channels for the dissemination of meeting documents, protection of shareholder data in accordance with the Personal Data Protection Act 2010 (PDPA), and the implementation of appropriate cybersecurity measures in its digital communication platforms.

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 addresses any questions that may arise.

All Directors, senior management, Joint Company Secretaries, and external auditors were present during the AGM to engage with shareholders and address any areas of interest or concerns raised.

Shareholders are provided with an avenue to post their queries to the Company physically.

13.5 Infrastructure for Virtual Meetings

The Company conducted a physical meeting during the last AGM. The practice of holding physical meetings was maintained for FYE2025.

13.6 Minutes of General Meeting

Minutes of the AGM 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 FYE2025.

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 FYE2025 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 FYE2025.

Approval

This Corporate Governance Overview Statement was approved by the Board of Directors of Leader Steel Holdings Berhad on 24 April 2026.

ADDITIONAL INFORMATION

1. Employees' Share Option Scheme

At the Company's Extraordinary General Meeting held on 30 May 2022, shareholders had approved the establishment and implementation of an Employees' Share Option Scheme ("ESOS") involving up to 15% of the total number of issued ordinary shares (excluding treasury shares) ("Shares") for eligible Directors and employees of the Company and its subsidiaries (excluding dormant subsidiaries).

The ESOS was implemented on 26 August 2022. The ESOS is for a period of 5 years and will expire on 25 August 2027 subject to an extension in accordance with the By-Laws of the ESOS.

ESOS was first granted to eligible Directors and employees on 31 May 2023. The movements of the total number of ESOS granted, exercised, lapsed and outstanding during the financial year ended 31 December 2025 are set out in the table below:

Date of grant	Number of options over ordinary shares				
	Balance as at 1.1.2025	Exercised	Lapsed	Balance as at 31.12.2025	Exercisable as at 31.12.2025
31 May 2023	5,745,800	0	(956,200)	4,789,600	4,789,600

As of the financial year ended 31 December 2025, approximately 10% of the shares granted under the ESOS have been exercised since its implementation. The ESOS is exercisable at RM0.4510 per share. No shares were issued under ESOS during the financial year.

On 13 April 2026, the Company granted a further 19,227,000 ESOS at an exercise price of RM0.3700 per share to eligible employees.

2. Non-audit Fees

Non-audit fees amounting to RM54,000 were paid and payable to a firm or corporation affiliated with the external auditors for the financial year ended 31 December 2025.

3. Material Contracts

During the financial year ended 31 December 2025, 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

Details of recurrent related party transactions made during the financial year ended 31 December 2025 pursuant to the shareholders' mandate obtained by the Company at the Thirty-Second Annual General Meeting held on 26 May 2025 were as follows:

Company within the Group involved	Transacting Party	Amount (RM'000)	Nature of transactions	Interested Related Party
Leader Steel Sdn. Bhd. ("LSSB")	Eonmetall Technology Sdn. Bhd.	893	Rental income	Interested Director and Major Shareholder Dato' Goh Cheng Huat Datin Tan Pak Say
Leader Steel Service Centre Sdn. Bhd. ("LSSC")	Eonmetall Industries Sdn. Bhd.	504	Sales and purchase of steel products	
	Eonmetall Technology Sdn. Bhd.	4	Sales of steel products	Interested Major Shareholder Bischart Sdn. Bhd.

5. Corporate Proposals

Subsequent to the financial year ended 31 December 2025, the Group, through its wholly-owned subsidiary FerroNet Asia Sdn. Bhd., entered into a conditional sale and purchase agreement on 19 March 2026 to dispose of a parcel of freehold industrial land in Kapar, Selangor for a total cash consideration of RM136,560,315. Further details are disclosed in Section 15.1 of the Management Discussion and Analysis.

DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING

Pursuant to Paragraph 9.25A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, below are the financial data that are relevant for purpose of Shariah screening by the Shariah Advisory Council of the Securities Commission Malaysia. These include financial data on Shariah non-permissible income arising from the Group's business activities and interest-based financial position.

(a) Group Total Income and Total Assets

	Remarks	Group	
		2025	2024
Total Income		RM	RM
Revenue		157,034,829	218,403,751
Other income		2,808,337	16,389,544
Interest/Finance income		74,809	76,570
Total		159,917,975	234,869,865
Total Assets		441,960,290	461,483,914

(b) Business Activities

	Remarks	Group	
		2025	2024
Shariah Non-Compliant Activities		RM	RM
Interest income		74,809	76,570
Distribution income		368,013	600,095
Other activities deemed non-compliant according to Shariah principles as determined by the SAC		50,886	11,517
Total		493,708	688,182

(c) Component of Financial Position

(i) Cash Component

	Remarks	Group	
		2025	2024
Islamic Account/Instruments		RM	RM
Unit trust funds		8,037,124	-
Cash and bank balances (exclude cash in hand)		3,694	3,784
Cash in hand		19,646	21,425
Total		8,060,464	25,209

DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING (CONT'D)

(c) Component of Financial Position (Cont'd)

(i) Cash Component (Cont'd)

Conventional Account/Instruments	Remarks	Group	
		2025	2024
		RM	RM
Unit trust funds		9,404,439	16,045,901
Cash and bank balances (exclude cash in hand)		14,722,095	25,236,526
Total		24,126,534	41,282,427

(ii) Debt Component

Islamic Financing	Remarks	Group	
		2025	2024
		RM	RM
Current			
Banker's acceptances (Islamic i-BA)		1,586,852	-
Non-Current			
NIL			
Total		1,586,852	-

Conventional Borrowing	Remarks	Group	
		2025	2024
		RM	RM
Current			
Banker's acceptances		39,766,861	44,577,000
Bank overdrafts		-	10,669
Term Loan		2,469,000	2,469,000
Non-Current			
Term loan		18,201,936	20,686,363
Total		60,437,797	67,743,032

AUDIT COMMITTEE REPORT

1 INTRODUCTION

The Audit Committee ("AC") of Leader Steel Holdings Berhad ("LSH" or "the Company") was established by the Board of Directors ("Board") on 14 August 1995 to assist the Board in fulfilling its oversight responsibilities concerning the financial reporting and audit processes of the Company and its subsidiaries ("LSH Group" or "the Group").

The terms of reference of the AC are available on the Company's website at www.leadersteel.my, in compliance with Paragraph 15.11 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR").

2 COMPOSITION OF THE AUDIT COMMITTEE

The AC comprises three (3) members, all of whom are Independent Non-Executive Directors ("INEDs"), in compliance with Paragraph 15.09(1)(b) of the MMLR.

The members of the AC as of 31 December 2025 are as follows:

Name	Designation	Role in AC
Mr. Soon Gim Wooi	Independent Non-Executive Director	Chairman
Encik Abdull Sukor Bin Ismail	Independent Non-Executive Director	Member
Datuk Dr. Roslan Bin A. Ghaffar	Independent Non-Executive Director	Member

The Chairman of the AC, Mr. Soon Gim Wooi, is not the Chairman of the Board, which is in line with Practice 9.1 of the Malaysian Code on Corporate Governance 2021 ("MCCG"). Mr. Soon Gim Wooi is a member of the Malaysian Institute of Accountants ("MIA"). As such, the composition of AC meets the requirement of Paragraph 15.09(1)(c) (i) of the MMLR, which mandates that at least one member of the AC must be a member of MIA.

This composition ensures full compliance with Paragraphs 15.09(1)(b) and 15.09(1)(c) of the MMLR, which require that:

- All AC members must be non-executive directors.
- The majority, including the Chairman, must be independent directors.
- At least one member must be a qualified accountant.

3 NUMBER OF AC MEETINGS AND ATTENDANCE

During the financial year ended 31 December 2025 ("FYE2025"), the AC convened four (4) meetings. The attendance of each member was as follows:

Director(s)	Attendance
Mr. Soon Gim Wooi	4/4
Encik Abdull Sukor Bin Ismail	4/4
Datuk Dr. Roslan Bin A. Ghaffar	4/4

The external auditors, internal auditors, and other senior management personnel attended the meetings as and when invited by the AC.

4 SUMMARY OF KEY ACTIVITIES UNDERTAKEN BY AC IN FYE2025

During the financial year under review, the AC carried out its duties and responsibilities in accordance with its Terms of Reference as follows:-

4.1 Financial Reporting & Compliance

- Reviewed and discussed the unaudited quarterly financial results before recommending them to the Board for approval.
- Reviewed the annual audited financial statements and annual report to ensure compliance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), and the MMLR.
- Discussed with external auditors on key audit matters, financial reporting issues, and any significant adjustments arising from the audit.

AUDIT COMMITTEE REPORT (CONT'D)

4 SUMMARY OF KEY ACTIVITIES UNDERTAKEN BY AC IN FYE2025 (CONT'D)

4.2 External Audit

- Reviewed the external auditors' audit plan, scope of work, and audit strategy for FYE2025.
- Assessed the performance, independence, and objectivity of the external auditors before recommending their reappointment.
- Evaluated the external audit fees and made recommendations to the Board.
- Reviewed non-audit fees and assessed the level of non-audit services provided by the External Auditors to ensure independence and absence of conflict of interest.
- Held two (2) private sessions with the external auditors – without the presence of Executive Directors and Management – in conjunction with the AC meetings in February 2025 and November 2025. During these sessions, the AC discussed matters including the level of Management's cooperation with the external auditors, the transparency and adequacy of information provided, the proficiency and sufficiency of resources within the financial reporting function, as well as any key concerns or issues identified by the external auditors during the course of their audit.
- Conducted a formal External Auditor Performance and Independence Evaluation for FYE2025. The evaluation covered the following criteria:

Evaluation Criteria	Assessment Outcome
Independence and objectivity	Satisfactory
Audit quality and technical competency	Satisfactory
Level and quality of service	Satisfactory
Adequacy of resources and staffing	Satisfactory
Audit fees (reasonableness and value)	Satisfactory
Communication and responsiveness	Satisfactory
Compliance with ethical and professional standards	Satisfactory

Based on the evaluation, the AC was satisfied with the performance, independence, and objectivity of the external auditors, BDO PLT. The AC has recommended their reappointment to the Board, subject to shareholders' approval at the forthcoming 2026 Annual General Meeting.

4.3 Internal Audit & Risk Management

- Reviewed and approved the internal audit plan to ensure adequate coverage of key risk areas.
- Evaluated the findings and recommendations from internal audit reports and ensured corrective actions were taken by management.
- Assessed the effectiveness of internal controls and risk management processes within the Group.
- Evaluated the performance of the internal auditors, including their competency, experience, resources, independence, and objectivity.

4.4 Related Party Transactions ("RPTs")

- Reviewed any RPTs and recurrent RPTs to ensure compliance with the MMLR and to avoid conflicts of interest.
- Ensured that appropriate disclosures were made in accordance with regulatory requirements.

4.5 Conflict of Interest ("COI")

The AC reviewed and monitored COI and potential COI situations involving Directors and Key Senior Management during every AC meeting. Where actual or potential conflicts were identified, the interested persons declared their interests, recused themselves from deliberations, and abstained from voting on relevant matters, in accordance with the Company's COI Policy.

AUDIT COMMITTEE REPORT (CONT'D)

4 SUMMARY OF KEY ACTIVITIES UNDERTAKEN BY AC IN FYE2025 (CONT'D)

4.5 Conflict of Interest ("COI") (Cont'd)

The following table summarises the nature of COI situations identified during FYE2025 and the measures taken to address them:

No.	COI / Potential COI	Affected Party	Measures Taken to Address COI
1	Land-related interests	Dato' Goh Cheng Huat (Executive Director of LSH and Eonmetall Group Berhad ("EGB") together with its subsidiaries; Managing Director of Maybulk Berhad together with its subsidiaries Datin Tan Pak Say (Managing Director of LSH and EGB)	Full disclosure of interests made to the Board in accordance with the Company's COI Policy and relevant statutory requirements. Dato' Goh recused himself from all Board deliberations and decisions involving land matters where a conflict may arise. Independent review by unaffected Directors and Senior Management was undertaken for any relevant transactions.
2	Interests in service provider entities	Ms. Goh Wan Jing (Executive Director)	Full disclosure of directorships in external entities made to the Board in accordance with the Company's COI Policy and relevant statutory requirements. Ms. Goh recused herself from all discussions, deliberations, and decisions involving transactions with those entities. All transactions were conducted on an arm's length basis and on normal commercial terms.
3	Multiple directorships and external engagements	Mr. Ooi Teik Huat (Chief Financial Officer cum Business Controller of LSH, Chief Financial Officer of EGB and also Executive Director of Maybulk Berhad)	Full disclosure of all external appointments made to the Board in accordance with the Company's COI Policy and relevant statutory requirements. Where transactions occurred between the LSH Group and entities connected to Mr. Ooi's external roles, the AC reviewed such transactions and confirmed they were conducted on an arm's length basis and on normal commercial terms. Mr. Ooi recused himself from all related AC and Board deliberations and decisions.

4.6 Annual Performance Assessments

In accordance with best practices and the requirements of the MMLR, the AC conducts annual performance assessments to evaluate its own effectiveness and the independence of its external auditors. During FYE2025, the following assessments were completed:

No.	Assessment Type	Scope	Outcome
1	AC Evaluation	Overall assessment of the AC's performance, effectiveness, and governance oversight.	Satisfactory
2	AC Members Peer Evaluation	Each AC member evaluated the contributions, engagement, and effectiveness of fellow members.	Satisfactory
3	AC Members Self-Evaluation	Each AC member completed an individual self-assessment form covering competency, preparedness, and discharge of duties.	Satisfactory

AUDIT COMMITTEE REPORT (CONT'D)

4 SUMMARY OF KEY ACTIVITIES UNDERTAKEN BY AC IN FYE2025 (CONT'D)

4.6 Annual Performance Assessments (Cont'd)

The results of the AC Evaluation, Peer Evaluation, and Self-Evaluation were reviewed and noted by the Nominating Committee ("NC"). The NC confirmed that the AC and its members have carried out their duties in accordance with their Terms of Reference, and that the AC continues to operate effectively and with appropriate independence.

The Board, via the NC, has reviewed the terms of office and performance of the AC and each of its members for FYE2025 and is satisfied that the AC and its members have carried out their duties in accordance with their Terms of Reference.

4.7 Other Activities

- Update on the Share Buy-Back exercise.
- Reported on any material litigation involving the Group.
- Reported on any whistleblowing incidents or anti-bribery issues; none were reported for FYE2025.
- Reviewed the AC's Terms of Reference to ensure alignment with regulatory changes and best practices in good governance.

5 INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to an external professional firm, Finfield Corporate Services Sdn. Bhd. ("Finfield"), to carry out internal audit services. The internal audit function reports directly to the AC, in compliance with Paragraph 15.15A of the MMLR. The principal responsibilities of the internal auditor are to undertake regular and systematic reviews of the systems of internal controls and risk management 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 the MIA and the Institute of Internal Auditors Malaysia (IIAM). For each internal audit review, Finfield deployed 2 to 3 personnel to conduct assessments, ensuring comprehensive audit coverage.

5.1 Key Activities Undertaken by Internal Auditors During FYE2025

During FYE2025, the internal audit function carried out the following activities:

1. Follow-up audits on issues identified in the previous internal audits to ensure corrective actions were effectively implemented.
2. Presented and reviewed a risk-based audit plan for FYE2025.
3. Performed internal audits in key risk areas, including inventory management, mineral trading, and recurrent related party transactions.
4. Reviewed and assessed the Group's risk management framework.
5. Monitored management's implementation of audit recommendations and provided updates to the AC.
6. Carried out an internal review on common sustainability indicators and reported the findings to the Board.

The total cost incurred for the internal audit function in FYE2025 was RM24,000.

The AC is satisfied that the internal audit function is independent, adequately resourced, and effective in assisting the AC and the Board in discharging their responsibilities.

6 CONCLUSION

The AC remains committed to ensuring transparency, accountability, and good governance within the Group. The Board acknowledges the AC's contributions in strengthening the Group's financial integrity, risk management, and internal control framework.

This report was approved by the AC of LSH on 24 April 2026.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors of Leader Steel Holdings Berhad (“the Board”) is pleased to present this Statement on Risk Management and Internal Control (“the Statement”) for the Company and its subsidiaries (“the Group”) for the financial year ended 31 December 2025 (“FYE2025”). This Statement is made pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad and is prepared in accordance with the Malaysian Code on Corporate Governance (“MCCG”), Main Market Practice Note 9 and the Statement on Risk Management and Internal Control (SORMIC) Guide 2025 issued by The Institute of Internal Auditors Malaysia (“IIAM”).

Board Responsibility and Oversight

The Board affirms its overall responsibility for the Group’s system of risk management and internal control, including reviewing its adequacy and effectiveness. This responsibility includes:

- approving the Group’s risk appetite and tolerance;
- ensuring appropriate governance structures and resources are in place for effective risk management and internal controls; and
- receiving regular reports from the Audit Committee (“AC”) and Risk Management Committee (“RMC”) on significant risks, control effectiveness, and remediation progress.

The Board recognises that the system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. Accordingly, it can provide reasonable but not absolute assurance against material misstatement, loss, fraud, or irregularities.

Risk Management Framework and Processes

The Group’s risk management framework is embedded across its culture, business processes, and strategic planning cycle, and is aligned with internationally recognised principles. Key elements of the framework include:

- Risk appetite and tolerance set and approved by the Board and monitored through key risk indicators (KRIs) and regular reporting to the Board and its committees;
- Systematic identification of strategic, operational, financial, reporting, compliance, ESG and sustainability-related risks;
- Assessment of risks by impact and likelihood against approved risk appetite;
- Risk responses, including mitigation strategies, controls and treatment plans; and
- Continuous monitoring and review, accompanied by periodic reporting to Management, the RMC, AC and the Board.

Where appropriate, scenario analysis is used to test resilience for material financial, operational and sustainability-related risks, providing input into strategic and capital planning.

Risk Management Committee

The RMC is a management-level committee established to oversee the Group’s risk management processes and support the AC and the Board. The RMC:

- comprises senior representatives from key business, operational and support functions;
- meets regularly (at least quarterly) to review the Group’s risk register, risk assessments, mitigation plans and emerging risks;
- escalates significant risk matters, including High or Critical risks, to the AC and Board in a timely manner; and
- documents key deliberations and resolutions for Board oversight.

This structure ensures that the AC and the Board receive timely, sufficient information to maintain oversight of the Group’s risk profile, risk appetite, and governance obligations.

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

Internal Control System

The Group's internal control system is based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework, comprising the following components:

1. **Control Environment:** A defined organisational structure, clear authority lines, a Code of Conduct, policies, and commitment to ethical behaviour and competency requirements.
2. **Risk Assessment:** Processes to identify and evaluate risks, including fraud risk, compliance obligations, operational risks, financial reporting risks, and sustainability-related risks.
3. **Control Activities:** Policies and procedures covering authorisations, approvals, reconciliations, physical and logical controls, and segregation of duties to ensure effective execution of management directives.
4. **Information and Communication:** Reliable, timely information flow across the Group, including established reporting channels for suspected improprieties, whistleblowing, and escalation of critical issues.
5. **Monitoring Activities:** Ongoing monitoring by Management, self-assessments, and independent evaluations by internal audit.

To support oversight, the Board and AC receive KPIs/KRIs and control performance metrics, including deficiency resolution rates, remediation timeliness, and incident trends.

Roles and Responsibilities – Three Lines Model

The Group adopts the IIA Three Lines Model:

- **First Line (Management):** Owns and manages risks and internal controls on a day-to-day basis.
- **Second Line (Risk, Compliance, Sustainability):** Provides monitoring, oversight, policies and specialised support.
- **Third Line (Internal Audit):** Provides independent assurance to the AC and the Board on governance, risk management and control effectiveness.
- **Board and AC:** Maintain ultimate accountability and oversight.

The Managing Director and Chief Financial Officer provide annual written assurance to the Board on the adequacy and effectiveness of the Group's risk management and internal control systems. The Board has reviewed and is satisfied with the sufficiency and credibility of these written assurances.

Internal Audit Function

The internal audit function, operating under an approved Internal Audit Charter, is outsourced to an independent professional services firm and reports functionally to the AC. For FYE2025:

- a risk-based internal audit plan was executed covering key operational, financial, compliance and sustainability-related areas;
- the engagement is led by Mr. Tan Yen Yeow (Engagement Director, Finfield Corporate Services Sdn Bhd), who holds relevant professional qualifications namely CIA and C.A. (M), and supported by a team of 2 personnel;
- work was performed in line with the International Professional Practices Framework (IIA Standards); and
- follow-up reviews were conducted to verify implementation of agreed actions.

The AC is satisfied that the internal audit function has the independence, resources, competency and access required to fulfil its responsibilities.

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

Review of Adequacy and Effectiveness

During FYE2025, the Board, through the AC and with input from the RMC and Management, conducted:

1. **Ongoing assessments:**
 - o quarterly financial and operational reviews;
 - o review of risk management updates and emerging risk reports;
 - o internal audit findings and remediation progress; and
 - o explanations for significant variances and issues.
2. **Annual assessment:** A holistic year-end evaluation which considered:
 - o the overall effectiveness of internal controls;
 - o changes in the Group's risk profile;
 - o internal audit results and Management's remediation;
 - o compliance with laws and regulations; and
 - o sufficiency of assurances received.

The Board's annual assessment included a structured evaluation of these assurances. This challenge process involves rigorous questioning of Management and verification against independent findings.

Material issues identified were escalated and deliberated at AC and Board meetings, with actions monitored to completion.

Sustainability and Reporting Alignment

Sustainability-related risks and opportunities are embedded into the Group's risk assessment processes. Internal controls over sustainability-related information and disclosures are aligned to:

- IFRS S1 & IFRS S2 (ISSB Standards);
- COSO guidance on internal control over sustainability reporting; and
- Bursa Malaysia's Sustainability Reporting Framework.

Where material, scenario analysis is performed to support strategic planning, risk resilience, and climate-related disclosures.

Limitations

The Board acknowledges that the Group's system of risk management and internal control is designed to provide reasonable, not absolute, assurance against material misstatement, loss, or fraud. The system will continue to evolve in response to changing business conditions, regulatory developments and emerging risks.

Review of the Statement by External Auditors

Pursuant to Paragraph 15.23 of the MMLR, the external auditors reviewed this Statement and confirmed that nothing has come to their attention that causes them to believe that this Statement is not prepared in accordance with applicable guidelines.

Conclusion

Based on the reviews performed, independent assurance from the internal audit function, and written assurances from the Managing Director and Chief Financial Officer, the Board is satisfied that the Group's risk management and internal control system was adequate and effective for FYE2025 and up to the date of this Statement, operating within the Board-approved risk appetite. For the financial year under review and up to the date of this statement, the Board is not aware of any material losses incurred due to weaknesses in internal control.

The Board remains committed to ongoing enhancement of the Group's governance, risk management and internal control framework.

Approved by the Board on 24 April 2026.

SUSTAINABILITY REPORT

01 ABOUT THIS REPORT

Scope • Reporting Frameworks • Assurance • Stakeholder Engagement

This Sustainability Statement presents Leader Steel Holdings Berhad (“LSH”) and its subsidiaries (“the Group”) environmental, social and governance (“ESG”) performance for the financial year ended 31 December 2025 (“FYE2025”), prepared in line with Practice Note 9 of Bursa Malaysia Securities Berhad’s (“Bursa Securities”) Main Market Listing Requirements (“MMLR”). It reflects the Group’s structured transition under Malaysia’s National Sustainability Reporting Framework (“NSRF”). As a Main Market NSRF Group 2 issuer, financial year 2025 (“FY2025”) represents LSH’s preparatory reporting phase towards the phased adoption of IFRS S1 and IFRS S2. LSH has not adopted, nor does it claim compliance with, IFRS S1 and IFRS S2 for FY2025. The NSRF Sustainability Reporting Amendments apply to LSH for its financial year ending on or after 31 December 2026, with full adoption required by financial year 2028 (“FY2028”).

SCOPE & COVERAGE	REPORTING FRAMEWORKS	STATEMENT OF ASSURANCE
<p>This Statement focuses on the Group’s sustainability performance and the progress of our business operations in Malaysia, encompassing all significant operational sites under LSH.</p>	<p>Prepared in accordance with Practice Note 9 and the Bursa Malaysia Sustainability Reporting Guide (3rd Edition), and guided by the Malaysian Code on Corporate Governance (MCCG). As a Main Market NSRF Group 2 issuer, LSH is in the preparatory phase for NSRF / IFRS S1 & S2 alignment. As a Main Market Group 2 issuer, the NSRF Sustainability Reporting Amendments apply to LSH’s Sustainability Statement for the financial year ending on or after 31 December 2026, with full adoption required by FY2028 in accordance with the prescribed regulatory implementation timeline.</p>	<p>The Board of Directors confirms that this Statement has been prepared in accordance with Practice Note 9 and the Sustainability Reporting Guide (3rd Edition). All sustainability data has been internally verified by respective data owners and reviewed by the Risk Management & Sustainability Committee, Audit Committee, and internal auditor. Key quantitative metrics — covering Anti-Corruption, Community Investment, Diversity, Energy, Health & Safety, Labour Practices, Supply Chain, Data Privacy, Water, and Waste — have been subjected to internal review by Finfield Corporate Services Sdn. Bhd., the Group’s outsourced internal auditor discharging the internal audit function on behalf of LSH, in accordance with the International Professional Practices Framework (IPPF) endorsed by the Institute of Internal Auditors Malaysia (IIAM). The internal review covered the subject matter of the Common Sustainability Indicators (CSI) metrics reported in this Sustainability Statement, encompassing the accuracy and completeness of sustainability data across all significant operational sites of LSH for FY2025.</p>

Stakeholder Engagement Overview

Creating long-term value for our stakeholders is a key priority. To gauge stakeholder understanding and needs regarding our sustainability initiatives, we administer a Sustainability & Compliance Survey to gather feedback from key stakeholders on our sustainability governance, risk practices, and environmental and social commitments.

FY2025 Sustainability & Compliance Survey — Key Areas Covered

- Respondent profile & board oversight strength
- Supply chain due diligence
- Three Lines of Defence implementation
- Internal audit of sustainability data
- Risk culture & governance documents
- Environmental importance ratings
- Carbon emissions scope awareness
- DEI (Diversity, Equity & Inclusion) awareness

Feedback on the Report

Your feedback is essential in helping us improve. We welcome suggestions and comments from all stakeholders. For any inquiries or feedback, please contact us at info@leadersteel.my.

SUSTAINABILITY REPORT (CONT'D)

02 GOVERNANCE STRUCTURE

Board Leadership • Committees • Management Oversight • Day-to-Day Operations

LSH is committed to maintaining the highest standards of corporate governance across the organisation, ensuring that integrity, transparency, and accountability are reflected in our operations. Guided by our governance framework, as outlined in the Board's Statement On Risk Management And Internal Control ("SORMIC") Statement and key governance policies, we strive to safeguard our reputation and enhance long-term shareholder value.

1	1 Board of Directors <i>Strategic Sustainability Leadership</i>	<ul style="list-style-type: none"> ✓ Sets the overall sustainability strategy and direction ✓ Approves sustainability targets, policies and frameworks ✓ Ensures sustainability is embedded in business planning ✓ Reviews and endorses the Annual Sustainability Statement
	2 Audit Committee <i>Reporting Integrity & Disclosure</i>	<ul style="list-style-type: none"> ✓ Oversees accuracy of sustainability data and disclosures ✓ Ensures compliance with Practice Note 9 requirements ✓ Reviews internal audit findings related to sustainability ✓ Provides independent assurance to the Board on reporting
	3 Risk Management & Sustainability Committee <i>Implementation & Risk Oversight</i>	<ul style="list-style-type: none"> ✓ Oversees ESG initiative implementation across the Group ✓ Evaluates sustainability-related risks and opportunities ✓ Monitors KPI targets and progress ✓ Recommends corrective actions and improvement plans
	4 CFO & Heads of Departments <i>Execution & Reporting</i>	<ul style="list-style-type: none"> ✓ Execute sustainability plans and report on KPIs ✓ Translate strategic direction into operational targets ✓ Lead day-to-day implementation through working groups ✓ Drive sustainability culture at the operational level

Governance & Continuous Improvement

Our four-tier governance structure — Board of Directors, Audit Committee, Risk Management & Sustainability Committee, and CFO & Heads of Departments — provides clear accountability for ESG strategy, disclosure integrity, implementation oversight, and day-to-day operational execution respectively.

Stakeholder Feedback & Governance Culture

Our FY2025 Sustainability & Compliance Survey confirmed that stakeholders view Board oversight favourably, with all five governance dimensions receiving above-midpoint ratings (above 3.0 on a 5-point scale). Most respondents expressed confidence in the Group's oversight effectiveness. Respondents also highlighted the accessibility of key governance documents — including the SORMIC, CEO/CFO Assurance Letter, and Internal Audit Confirmation — as positive indicators of governance accountability. LSH continues to prioritise risk culture awareness across all employee levels and the systematic integration of sustainability into annual business planning.

SUSTAINABILITY REPORT (CONT'D)

03 STAKEHOLDER ENGAGEMENT

Shareholders • Employees • Customers • Suppliers • Regulators • Communities

LSH operates at the intersection of industrial manufacturing, community employment, and national supply chains — making genuine, structured stakeholder engagement a business necessity, not a formality. The Group is committed to engaging continuously with stakeholders to identify and address their concerns.

Key Stakeholders	Engagement Platforms	Areas of Interest	Our Response
Shareholders & Investors	Annually: Annual Report, Annual General Meeting ("AGM"), Corporate Announcements; Quarterly: Quarterly Financial Results	Financial performance, corporate governance, dividends, sustainable growth, anti-corruption	Safeguard shareholder interests; attract investors with enhanced corporate value
Employees	Ongoing: Workshops, training, employee engagement activities; Annually: performance appraisals	Employee welfare, workplace safety, career growth, training, compliance with laws	Provide safe and conducive workplace; retain and attract talented employees
Customers	Ongoing: Feedback forms, meetings, website, email, customer service hotline; Annually: satisfaction survey	Quality, reliability, pricing, timely delivery, safety, long-term relationships	Create stronger market integrity; build long-term sustainable customer relationships
Suppliers	As needed: Meetings; Ongoing: transparent procurement process; Annually: supplier performance assessment	Quality, reliability, pricing, sustaining long-term relationships	Drive sustainability across supply chain; build long-term supplier relationships
Government & Regulators	As needed: Government-organised training; Annually: annual and sustainability reports	Regulatory compliance, labour practices, security and safety standards	Ensure all business operations comply with statutory and regulatory requirements
Local Communities	Ongoing: Community programmes, financial contributions	Environmental protection, job opportunities, Corporate Social Responsibility	Create positive impacts among communities where we operate

FY2025 Sustainability & Compliance Survey — Key Areas Covered

<p>Governance & Oversight</p> <ul style="list-style-type: none"> ➤ Board oversight strength of sustainability agenda ➤ Governance documents — adequacy & accessibility ➤ Three Lines of Defence implementation ➤ Internal audit capability for sustainability data 	<p>Risk & Supply Chain</p> <ul style="list-style-type: none"> ➤ Risk culture and awareness across the organisation ➤ Supply chain due diligence practices ➤ Supplier ESG compliance assessment ➤ Material risk identification and response
<p>Environmental & Climate</p> <ul style="list-style-type: none"> ➤ Environmental importance ratings by stakeholders ➤ Carbon emissions scope understanding (Scope 1, 2, 3) ➤ Energy and water management awareness ➤ Waste management practices and compliance 	<p>Social & Human Capital</p> <ul style="list-style-type: none"> ➤ DEI (Diversity, Equity & Inclusion) awareness ➤ Employee welfare and safety satisfaction ➤ Training and development adequacy ➤ Community engagement effectiveness

SUSTAINABILITY REPORT (CONT'D)

03 STAKEHOLDER ENGAGEMENT (CONT'D)

Shareholders • Employees • Customers • Suppliers • Regulators • Communities

All responses were processed in aggregate (retained for 3 years in compliance with Personal Data Protection Act (PDPA)) to protect individual confidentiality. Respondents comprised a cross-section of internal and external stakeholders – including employees across all levels, board members, management, and suppliers. Notably, 92% of respondents confirmed that sustainability data is reviewed by internal audit routinely, the strongest single finding from the survey.

Survey findings indicate that implementation of the Three Lines of Defence model is at varying stages across the organisation. 39% of respondents confirmed it is fully embedded, 31% reported partial implementation, 27% were not yet aware of the model, and the remaining 3% provided no response. The Group is actively progressing broader embedding of this framework and remains committed to further strengthening this in the coming period.

Stakeholder Engagement Framework - Key Groups & Commitments	Employees	Customers
ENGAGEMENT PLATFORMS	ENGAGEMENT PLATFORMS	ENGAGEMENT PLATFORMS
Annual Report, AGM, Corporate Announcements, Quarterly Financials	Workshops, training, engagement activities, performance appraisals	Feedback forms, meetings, website, email, service hotline, satisfaction survey
AREAS OF INTEREST	AREAS OF INTEREST	AREAS OF INTEREST
Financial performance, corporate governance, dividends, sustainable growth, anti-corruption	Employee welfare, workplace safety, career growth, training, compliance	Quality, reliability, pricing, timely delivery, safety, long-term relationships
OUR RESPONSE	OUR RESPONSE	OUR RESPONSE
Safeguard shareholder interests; attract investors with enhanced value	Provide safe & conducive workplace; retain & attract talented employees	Build long-term sustainable customer relationships; market integrity
Suppliers	Government & Regulators	Local Communities
ENGAGEMENT PLATFORMS	ENGAGEMENT PLATFORMS	ENGAGEMENT PLATFORMS
Meetings, transparent procurement process, supplier performance assessment	Government-organised training, annual & sustainability reports	Community programmes, financial contributions, scholarship programme
AREAS OF INTEREST	AREAS OF INTEREST	AREAS OF INTEREST
Quality, reliability, pricing, sustaining long-term relationships	Regulatory compliance, labour practices, security and safety standards	Environmental protection, job opportunities, Corporate Social Responsibility ("CSR") activities
OUR RESPONSE	OUR RESPONSE	OUR RESPONSE
Drive sustainability across supply chain; build long-term supplier relationships	Ensure all operations comply with statutory & regulatory requirements	RM40,251 invested; 457 beneficiaries benefited in FY2025; positive impact

SUSTAINABILITY REPORT (CONT'D)

04 MATERIAL MATTERS

Materiality Assessment • Materiality Matrix • Risk & Opportunity Analysis

We recognise that material issues can impact our ability to create sustainable value for stakeholders, both directly and indirectly. The FY2025 materiality assessment incorporated structured feedback from the Sustainability & Compliance Survey (detailed in Section 03), alongside internal business significance analysis, to determine the 12 material matters presented in this section.

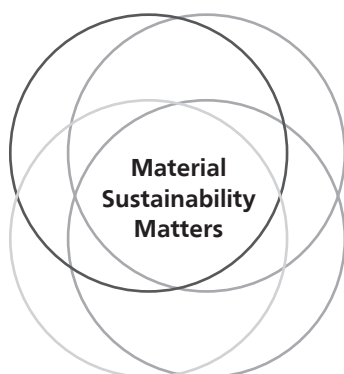
Step	Process	Description
01	Identification	Relevant sustainability matters are identified through a full materiality assessment involving both internal and external stakeholders.
02	Prioritisation	Identified material matters are consolidated and prioritised based on their significance to Group business operations and importance to stakeholders. A total of 12 material matters has been prioritised in our materiality matrix. <i>* Note: The materiality matrix presents 12 matters in total, rated and prioritised by survey respondents together with internal business significance analysis. Supply Chain Management and Community Investment are included among the 12, reflecting both their stakeholder importance and their significance to LSH's operations and stakeholder obligations.</i>
03	Review & Validation	The outcome of the materiality assessment is reviewed, validated, and approved by the Risk Management and Sustainability Committee and the Board of Directors.

Economic

- Product safety and service quality
- Customer satisfaction
- Supply chain management
- Inventory management

Environmental

- Waste management
- Energy consumption
- Water consumption



Governance

- Anti-Bribery, Anti-Corruption and Whistleblowing Policy

Social

- Occupational health and safety
- Employee training and development
- Diversity and equal opportunity
- Local community

	Low	Medium	High	Critical
High			○ Occupational Health and Safety	● Product Safety and Service Quality ● Customer Satisfaction ● Anti-Bribery, Anti-Corruption and Whistleblowing Policy
Medium-High			● Energy Consumption ○ Employee Training and Development ○ Diversity and Equal Opportunity	
Medium-Low		● Supply Chain Management	● Inventory Management ● Waste Management ● Water Consumption ○ Local Community	
Low				

→ Stakeholder Importance (X Axis)

↑ Business Significance (Y Axis) ● Economic ● Environmental ○ Social ● Governance

SUSTAINABILITY REPORT (CONT'D)

05 RISK MANAGEMENT

Recognising material issues is essential for shaping our strategy, enabling us to identify both risks and opportunities. By fully understanding their importance, we can set future targets and develop action plans to mitigate risks and capitalise on opportunities.

Stakeholder feedback from the FY2025 Sustainability and Compliance Survey identified Employee Retention and Development as the most frequently cited material risk, raised by more than four in five respondents (approximately 80% or above). Health and Safety at Work and Sustainable Supply Chain were the joint second-most cited risks, each identified by more than two thirds of respondents (69% each). These findings are directly reflected in our risk priorities and financial year ending 2026 ("FYE2026") commitments set out in Section 13.

Materiality Matter	Risks	Opportunities
ECONOMIC		
Product safety and service quality	Consumer harm; Regulatory compliance risks; Negative publicity	Increased customer satisfaction; Enhanced brand trust
Customer satisfaction	Unmet expectations; Loss of customers; Declining customer loyalty	Improved retention; Increased revenue; Brand loyalty and advocacy
Supply chain management	Underperforming vendors; High reliance on key suppliers; Supply chain disruptions	Improved supplier and vendor relationships; Ability to meet and maintain ESG standards
Inventory management	Stockouts or overstocking; Inefficient turnover	Optimising inventory levels; Improved forecasting
ENVIRONMENTAL		
Waste management	Regulatory compliance risks; Environmental impact; Rising operational costs	Minimising waste generation; Reducing non-renewable resource use; Cost savings
Energy consumption	Volatile energy prices; Regulatory compliance risks; Negative environmental footprint	Energy efficiency improvements; Increased renewable energy adoption; Cost reduction
Water consumption	Rising operational costs; Regulatory compliance risks; Environmental sustainability concerns	Improved water efficiency; Implementation of water recycling and reuse
SOCIAL		
Occupational health and safety	Workplace accidents and injuries; Regulatory compliance risks; Employee mental health	Stronger safety culture; Health and wellness programmes; Improved well-being and productivity
Employee training and development	Lack of skilled employees; Difficulty retaining talent	Upskilling and professional growth; Career advancement; Attraction of talent
Diversity and equal opportunity	Lack of competent or skilled employees; Challenges attracting diverse talent	Enhanced innovation; Attracting top talent; Better decision-making
Local community	Regulatory compliance requirements	Enhanced corporate reputation; Engaging local communities for sustainable development; Commitment to CSR
GOVERNANCE		
Anti-Bribery, Anti-Corruption and Whistleblowing Policy	Weak corporate governance; Lack of training on ethical practices; Risk of retaliation against whistleblowers	Enhancing trust and credibility among stakeholders; Strengthening corporate governance practices

SUSTAINABILITY REPORT (CONT'D)



06 SUSTAINABILITY FRAMEWORK

Our sustainability initiatives are built around four key focus areas: Economic, Environmental, Social, and Governance. These areas serve as the foundation for our Group-wide sustainability practices and shape the key topics addressed in this statement.

Our framework aligns with the United Nations Sustainable Development Goals (UN SDGs), which guide the steel industry's sustainability commitments through 2030.

 <p>ECONOMIC <i>Driving responsible economic value creation through quality, customer focus and supply chain integrity.</i></p>	 <p>ENVIRONMENTAL <i>Minimising our environmental footprint through resource efficiency, renewable energy, and circular economy practices.</i></p>
 <p>SOCIAL <i>Investing in our people and communities to build a safe, inclusive, and thriving workplace and society.</i></p>	 <p>GOVERNANCE <i>Upholding the highest standards of integrity, transparency, accountability and ethical conduct.</i></p>

Corporate Responsibility Framework











 <p>Governance Factors Policies against bribery and corruption, including whistleblowing frameworks that uphold ethical standards.</p>	 <p>Economic Factors Focus on product safety, customer satisfaction, and supply chain efficiency to drive long-term value.</p>
 <p>Social Factors Commitment to health and safety, diversity and equal opportunity, and meaningful community engagement.</p>	 <p>Environmental Factors Emphasis on responsible waste, energy, and water management to reduce environmental impact.</p>

UN SDG Alignment



SUSTAINABILITY REPORT (CONT'D)

06 SUSTAINABILITY FRAMEWORK (CONT'D)

	Sustainable Development Goal	Materiality Matters	Key Stakeholders Impacted
	SDG 3 Good Health and Well-Being	Occupational health and safety	Employees; Shareholders and investors; Government and regulatory
	SDG 4 Quality Education	Training and development; Local community; Education Scholarship Programme	Employees; Shareholders and investors; Customers; Community
	SDG 5 Gender Equality	Diversity and equal opportunity	Shareholders and investors; Government and regulatory; Customers; Community
	SDG 7 Affordable and Clean Energy	Energy consumption	Shareholders and investors; Customers; Government and regulatory; Employees; Community
	SDG 8 Decent Work and Economic Growth	Training and development; Occupational health and safety; Diversity and equal opportunity	Shareholders and investors; Government and regulatory; Customers; Community
	SDG 9 Industry, Innovation and Infrastructure	Supply chain management; Inventory management	Shareholders and investors; Customers; Suppliers; Employees; Government and regulatory
	SDG 12 Responsible Consumption and Production	Supply chain management; Inventory management; Waste management	Shareholders and investors; Customers; Suppliers; Employees; Government and regulatory
	SDG 13 Climate Action	Waste management; Carbon emissions	Shareholders and investors; Customers; Government and regulatory; Employees; Community
	SDG 16 Peace, Justice and Strong Institutions	Anti-Bribery, Anti-Corruption and Whistleblowing Policy	Shareholders and investors; Customers; Suppliers; Employees; Government and regulatory
	SDG 17 Partnerships for the Goals	Supply chain management; Inventory management	Shareholders and investors; Customers; Suppliers; Employees; Government and regulatory

07 PERFORMANCE SCORECARD

FY2025 Targets vs Actuals • KPI Progress • 12 Material Matters

The scorecard below tracks 17 performance indicators across 12 material matters (as determined by the materiality assessment in Section 04). Some material matters carry multiple KPIs; three additional governance and social indicators – Talent Retention and Development, Data Privacy and Cybersecurity, and Compliance and Ethics – are tracked beyond the 12 survey-rated material matters. Carbon Emissions is also tracked as an additional Environmental indicator in preparation for NSRF / IFRS S1 & S2 requirements, but is not among the 12 material matters in the materiality matrix. Together these bring the total scorecard rows to 17. ▪ Green (✓ Met) ▪ Orange (~ Partial) ▪ Blue (→ In Progress)

SUSTAINABILITY REPORT (CONT'D)

07 PERFORMANCE SCORECARD (CONT'D)

FY2025 Targets vs Actuals • KPI Progress • 12 Material Matters

ECONOMIC			
✓ Met Product Safety and Quality No major rejection	✓ Met Customer Satisfaction 94% – exceeded 90% target	~ Partial Supply Chain Management 29% local spend (target: 70%)	~ Partial Inventory Management Barcoding system in optimisation
ENVIRONMENTAL			
✓ Met Waste Management 841.34 MT scrap sold; SW compliant	✓ Met Energy Consumption -5.23% YoY; electricity cost ≈0.5% of revenue	✓ Met Water Consumption -22.66% YoY; 0.0000404 ML/RM'000 revenue	→ In Progress Carbon Emissions Scope 1 & 2 data collection begun
SOCIAL			
✓ Met Occupational Health and Safety Zero fatalities; 2 accidents	~ Partial Employee Training and Development Averaging 7.76 hours/employee	~ Partial Diversity and Equal Opportunity 2 female directors; 22.4% female	✓ Met Local Community Investment RM40,251 invested; 457 beneficiaries
GOVERNANCE			
✓ Met Anti-Bribery and Anti-Corruption 0 incidents; 100% of operations assessed	~ Partial Anti-Corruption Training 58% management; 51% executive; 10% non-executive	~ Partial Talent Retention and Development 16 voluntary departures in FY2025	✓ Met Data Privacy and Cybersecurity Zero data breaches confirmed
✓ Met Compliance and Ethics Zero substantiated violations			

Focus Area	Material Matter	FY2025 Target	FY2025 Progress	Status
Economic	Product safety and quality	No major rejection reported	✓ No major rejection	✓ Met
	Customer satisfaction	≥90% satisfaction survey score	✓ 94% achieved	✓ Met
	Supply chain management	70% spending on local suppliers	29% (structural constraints noted)	~ Partial
	Inventory management	Barcoding system commissioned	System in optimisation phase	~ Partial

SUSTAINABILITY REPORT (CONT'D)

07 PERFORMANCE SCORECARD (CONT'D)

FY2025 Targets vs Actuals • KPI Progress • 12 Material Matters

Focus Area	Material Matter	FY2025 Target	FY2025 Progress	Status
Environmental	Waste management	Scheduled waste properly handled	0.700 MT SW410; 841.34 MT scrap sold; 42.62 MT General waste	✓ Met
	Energy consumption	Electricity cost ≤1% of total revenue	✓ electricity cost ≈0.5% of total revenue	✓ Met
	Water consumption	Water ≤0.00005 ML/RM'000 revenue	✓ 0.0000404 ML/RM'000 revenue	✓ Met
	Carbon emissions	Begin Scope 1, 2 & 3 data collection	Scope 2 electricity data collected for FY2025; Scope 1 baseline data compilation initiated; Scope 3 methodology under development. IFRS S1 & S2 disclosures commence financial year 2026 ("FY2026") FYE2026; full Scope 3 by FY2028 in accordance with NSRF Group 2 regulatory timeline.	In Progress
Social	Occupational health and safety	Zero fatalities; <10 accidents	✓ Zero fatalities; 2 minor accidents	✓ Met
	Employee training and development	Averaging 10 hours/employee	Averaging 7.76 hours/employee; RM36,657 spent	~ Partial
	Diversity and equal opportunity	≥1 female at Board; 30% female all levels	2 female directors; 22.4% female overall	~ Partial
	Local community	≥1 activity	✓ RM40,251 invested; 457 beneficiaries	✓ Met
Governance	Anti-Bribery and Anti-Corruption	Zero corruption incidents; 100% operations assessed	✓ 0 incidents; 100% assessed	✓ Met
	Anti-Corruption training coverage	Broader coverage for all employee categories	58% management; 51% executives; 10% non-executives	~ Partial
Social (supplementary)	Talent Retention and Development	Improve training hours to ≥10 hours/employee; reduce voluntary turnover YoY	Averaging 7.76 training hours/employee (FY2025); 16 voluntary departures. Structured FY2026 training plan in development.	~ Partial
Governance	Data Privacy and Cybersecurity	Zero data breaches; maintain IT security controls	✓ Zero confirmed data breaches or customer privacy complaints in FY2025.	✓ Met
Governance	Compliance and Ethics	100% legal compliance; zero substantiated regulatory violations	✓ Zero substantiated compliance violations. Code of Conduct applies to all Board members and employees.	✓ Met

SUSTAINABILITY REPORT (CONT'D)

08 ECONOMIC

Product safety & quality • Customer satisfaction • Supply chain management • Inventory management

8.1 Product Safety and Service Quality

Why This Matters

As a steel pipe manufacturer, our products are used in structural and industrial applications where quality failures carry real safety consequences. Maintaining ISO 9001:2015 certification across our facilities ensures consistent process control, regulatory compliance, and the product integrity our customers depend on. Zero product recalls is not just a target – it is a baseline obligation.

Our Approach

At LSH, we uphold the highest quality and safety standards to protect our brand and enhance customer retention. Our products comply with both national and international standards, ensuring they are safe for their intended applications. Two (2) of our active steel manufacturing facilities – Bukit Tengah and Sarawak – have successfully retained ISO 9001:2015 certification in FY2025, demonstrating our ongoing commitment to quality management. We maintain strict compliance with established quality standards, industry certifications and accreditations, reinforcing our dedication to delivering high-quality products. This focus on quality excellence supports our operational efficiency and helps us meet the evolving needs of our customers.

Our Performance

We are proud to report that there were no major incidents, including product recalls, related to health and safety issues across our products and services in FY2025.

8.2 Customer Satisfaction

Why This Matters

In a competitive market, the cost of retaining customers is significantly lower than acquiring new ones. Tracking satisfaction annually gives LSH a structured, evidence-based signal of where our products and services meet expectations – and where they do not. A 94% satisfaction rate in FY2025 reflects consistent delivery quality; maintaining and improving this score is central to our commercial resilience.

Our Approach

We conduct an annual customer satisfaction survey to evaluate client experience and gather valuable feedback. Our goal is to continuously improve our ratings while maintaining a high level of customer satisfaction, enabling us to identify areas for improvement and better meet our customers' evolving needs.

Our Performance

94%

Customer satisfaction rate achieved in FY2025 – exceeding our 90% annual target and up from 89% in financial year ended 2024 ("FYE2024") (+5.6% YoY).

Year	Customer Satisfaction Rate
2025	94%
2024	89%
2023	N/A†

† FY2023: Customer satisfaction survey was not conducted in FY2023. Formal annual surveying commenced from FY2024 as part of LSH's structured stakeholder engagement programme under Practice Note 9. FY2024 = 89%; FY2025 = 94%.

SUSTAINABILITY REPORT (CONT'D)

08 ECONOMIC (CONT'D)

Product safety & quality • Customer satisfaction • Supply chain management • Inventory management

8.2 Customer Satisfaction (Cont'd)

Our Performance (Cont'd)

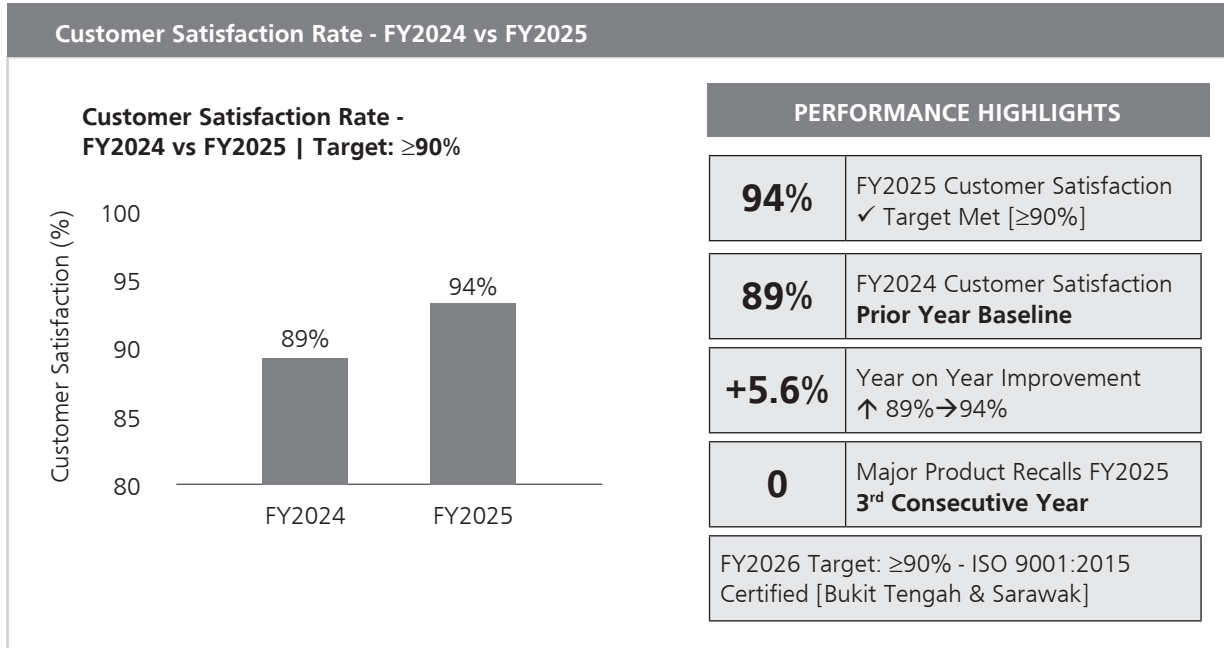


Chart note: FY2023 data not available; trend comparison based on FY2024–FY2025 only. FY2023 bar is not shown to avoid implying a zero value. Customer Satisfaction Rate (%) – Y-axis represents percentage of satisfied respondents.

8.3 Supply Chain Management

Why This Matters

Steel production is raw material-intensive, making our supply chain one of the most significant levers for environmental and social impact. Under Practice Note 9 (C7), the proportion of spending directed to local suppliers is a mandatory disclosure. Responsible procurement – prioritising local content where viable, and assessing suppliers against quality and compliance standards – reduces supply chain risk and supports Malaysia's broader industrial development goals.

Our Approach

Local Sourcing and Partnerships

We prioritise local sourcing to support the domestic economy while recognising the importance of global partnerships in meeting our business needs. Hot Rolled Coils (HRC) are our primary raw material; where local HRC supply conditions allow, we actively direct procurement to domestic mills. We continue to monitor domestic HRC capacity developments and explore opportunities to strengthen our local supplier base. Details of specific supply constraints affecting FY2025 local sourcing levels are described under Our Performance below.

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, ensuring our supply chain remains free from exploitation and environmental harm. Through responsible procurement, we mitigate risks, foster a more sustainable value chain, and meet the evolving expectations of our customers and stakeholders. The Group recognises an opportunity to further strengthen internal awareness of these due diligence practices and has identified this as an area of focus for FY2026.

SUSTAINABILITY REPORT (CONT'D)

08 ECONOMIC (CONT'D)

Product safety & quality • Customer satisfaction • Supply chain management • Inventory management

8.3 Supply Chain Management (Cont'd)

Our Performance

The decline from 40% to 29% in local supplier spend reflects a specific production constraint: while local Hot Rolled Coil (HRC) mills exist in Malaysia, their current capacity does not cover the range of thicknesses required for Leader Steel's pipe manufacturing processes. This has necessitated overseas sourcing for those specifications where no local supply is available. We are actively engaging with local suppliers and monitoring domestic HRC capacity developments, and will review our local sourcing target in light of these supply realities.

Year	Proportion of Spending on Local Suppliers
2025	29%
2024	40%
2023	26%

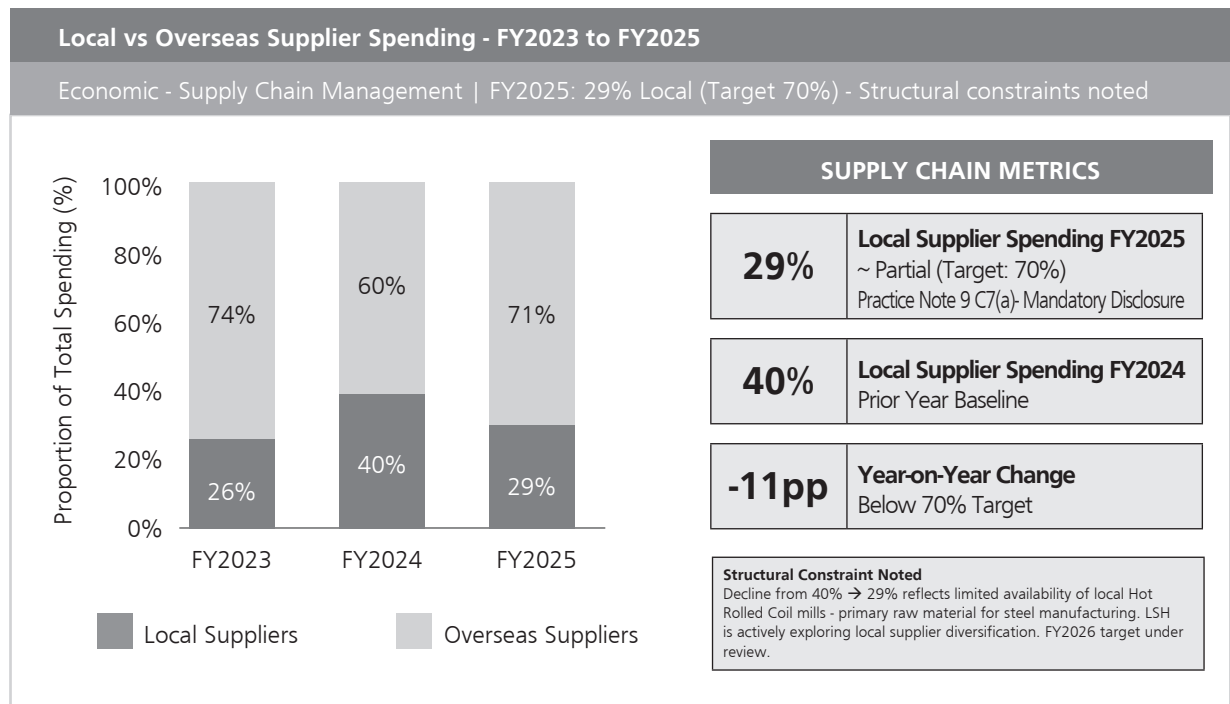


Chart note: Local Procurement Ratio (% of Total Procurement Spend) — FY2023 to FY2025. Year-on-year changes shown in the chart are expressed in percentage points (pp). The performance table above reports relative percentage change (e.g. $(29\% - 40\%) \div 40\% = -27.5\%$). Both measures are correct and represent different things. Y-axis: Proportion of spending on local suppliers (%). Note: Percentage-point (pp) changes are shown in charts, while relative % changes are disclosed in tables.

8.4 Inventory Management

Why This Matters

For a steel manufacturer, inventory management directly affects working capital efficiency, production continuity, and waste minimisation. Overstocking ties up capital and increases material deterioration risk; understocking disrupts production and delivery commitments. Accurate, real-time inventory tracking — a capability LSH is building through its barcoding system — is foundational to both operational performance and responsible resource stewardship.

SUSTAINABILITY REPORT (CONT'D)

08 ECONOMIC (CONT'D)

Product safety & quality • Customer satisfaction • Supply chain management • Inventory management

8.4 Inventory Management (Cont'd)

Our Approach

During the year, LSH progressed the implementation of our in-house barcoding solution. We are transitioning from a paper-based system to a digital environment where stock items are assigned unique barcode identities to enhance tracking across warehouse and production processes. The system supports material traceability from mother coil to finished goods, aiming for faster and more accurate slitting and production output reporting. The solution is integrated with our central ERP system.

System Rollout — In Progress: Currently in a continuous improvement and optimisation phase to ensure full system stability and data accuracy before final full-scale commissioning.

Our Performance

Initial management data is being captured in tandem with the ongoing system rollout. We expect comprehensive data reporting to be available upon full stabilisation of the system.

09 ENVIRONMENTAL

Waste Management • Energy • Water • Carbon Emissions

9.1 Waste Management

Why This Matters

Steel manufacturing generates two distinct waste streams requiring different management approaches: scheduled wastes regulated under the Environmental Quality (Scheduled Wastes) Regulations 2005, and scrap metal which carries genuine recovery value. Proper scheduled waste handling protects LSH from regulatory and environmental liability; disciplined scrap recovery — 841.34 MT sold in FY2025 — converts a by-product into revenue while reducing the volume of material entering the waste stream.

Our Approach

LSH manages waste through a structured framework covering four areas:

Regulatory Compliance

All scheduled wastes are managed in accordance with the Environmental Quality (Scheduled Wastes) Regulations 2005. Handling, storage, and disposal follow prescribed requirements, supported by internal procedures and trained personnel. In FY2025, no subsidiary faced penalties for EQA non-compliance.

Segregation and Control

Waste streams are identified, segregated, and handled according to their characteristics. Scheduled wastes are stored in designated containers and managed by licensed contractors; general waste is channelled through approved disposal methods.

Recovery and Recycling

Scrap metal generated during production is systematically collected and sold to external recyclers — reducing disposal volume, supporting circular material use, and contributing to revenue.

Monitoring and Documentation

Waste data is recorded and monitored through internal tracking processes. Supporting documentation — including DOE e-SWIS records where applicable — is maintained for regulatory and audit purposes.

SUSTAINABILITY REPORT (CONT'D)

09 ENVIRONMENTAL (CONT'D)

Waste Management • Energy • Water • Carbon Emissions

9.1 Waste Management

Our Approach (Cont'd)

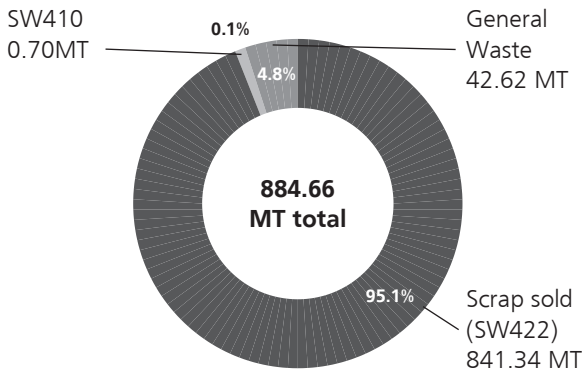
Scheduled Waste Streams and Handling Methods

Waste Code	Description	Sources	Hazards	Method of Control	Packaging
SW110	Electronic & Electrical Waste	Electronic systems, office equipment	Mercury and lead	Certified e-waste recyclers	Dismantled / sorted
SW204	Metal Sludge Waste	Steel processing	Heavy metals	Recovery of valuable metals	Sealed containers
SW305	Spent Lubricating Oil	Machinery, forklifts, maintenance	Soil and water contamination	Approved vendors for re-refining	Sealed drums
SW306	Spent Hydraulic Oil	Hydraulic systems, machinery	Risks to aquatic life	Re-refining	Designated containers
SW307	Spent Metalworking Fluids	Machining processes	Environmental pollution	Reuse and filtration	Closed-loop
SW408	Contaminated Sawdust & Soil	Cleanup of machinery leaks and spills	Fire risk, soil contamination	Used as fuel supplement (controlled)	Controlled bins
SW410	Contaminated Rags & Gloves	Maintenance, cleaning	Health risks	Specialised waste management	Designated bins
SW417	Waste Inks and Paints	Marking and painting operations	Volatile organic compounds (VOCs)	Recycling or disposal at specialised facilities	Sealed containers
SW422	Mixed Wastes (Scrap)	Metal cutting, empty aerosols, coil slitting	Varies by composition	Systematic sorting and recycling	Sorted / packaged
General Waste	Non-recyclable materials	Office and production waste	Landfill volume	Waste reduction programmes	Standard waste bins

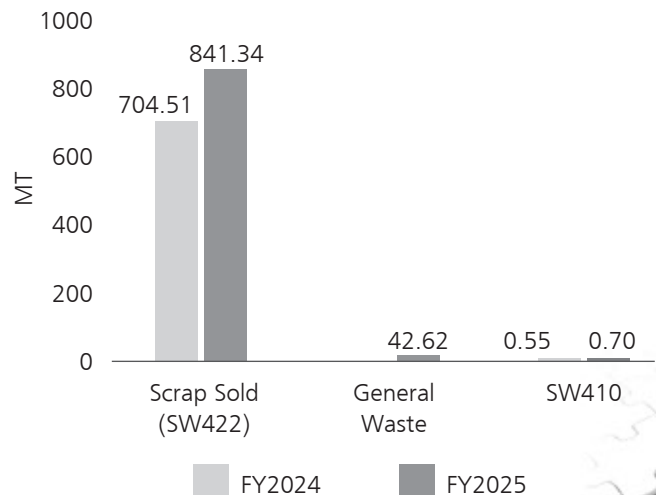
Our performance

Waste Management Summary - FY2025

Waste Disposition (MT)



Waste Streams Comparison (MT)



SUSTAINABILITY REPORT (CONT'D)

09 ENVIRONMENTAL (CONT'D)

Waste Management • Energy • Water • Carbon Emissions

9.1 Waste Management (Cont'd)

Our Performance (Cont'd)

During FY2025, a total of 0.700 MT of SW410 — contaminated rags and hand gloves — was generated. A total of 42.62 MT of General Waste was generated. Total scrap sold during the year amounted to 841.34 MT. The increase in SW410 from 0.550 MT in FY2024 to 0.700 MT in FY2025 reflects higher maintenance activity and improved waste identification practices, rather than a deterioration in environmental performance.

Scrap metal recovery reduces environmental impact while contributing to operational value through recycling — reinforcing the link between responsible waste management and sustainable business performance.

Individual quantities for SW110, SW204, SW305, SW306, SW307, SW408 and SW417 are immaterial in volume; these streams are managed entirely via certified recyclers, closed-loop reuse, or approved re-refining vendors. While these waste streams are diverted from final disposal through approved recovery channels, they do not generate reportable disposal quantities or associated environmental liabilities. Aggregate scheduled waste volumes are tracked via DOE e-SWIS records, which are maintained internally and available upon request. Total Waste Generated reflects all quantified waste streams that are operationally material, measurable, and reportable under Practice Note 9 reporting scope.

Waste Indicator	FY2025	FY2024
Scheduled Waste Generated (SW410)	0.700 MT	0.550 MT
General Waste	42.62 MT	N/A
Scrap Sold (SW422)	841.34 MT	704.51 MT

Practice Note 9 Mandatory Aggregated Disclosure	FY2025	FY2024
Total Waste Generated (C10a)	884.66 MT	N/A †
Total Waste Diverted from Disposal (C10b)	841.34 MT	704.51 MT
Total Waste Directed to Disposal (C10c)	43.32 MT	N/A †

Waste Composition (FY2025): • Scrap metal (SW422) 841.34 MT (95.1% of total waste generated) • General waste 42.62 MT (4.8% of total waste generated) • SW410 0.700 MT (0.1% of total waste generated)

Waste Diversion Rate: 95.1% of total waste generated was diverted from disposal through recycling and recovery activities — the Group's strongest environmental performance metric.

Waste Intensity (FY2025): 0.00563 MT per RM'000 revenue

Reconciliation: Total Waste Generated (884.66 MT) = Scrap Sold (SW422) (841.34 MT) + General Waste (42.62 MT) + SW410 (0.700 MT)

† FY2024 general waste was not systematically tracked. Accordingly, C10a and C10c FY2024 aggregate totals cannot be confirmed and are shown as N/A. The FY2024 C10b figure (704.51 MT) represents scrap metal sold and is available from validated sales records. Comparative C10a and C10c data will not be restated.

SUSTAINABILITY REPORT (CONT'D)

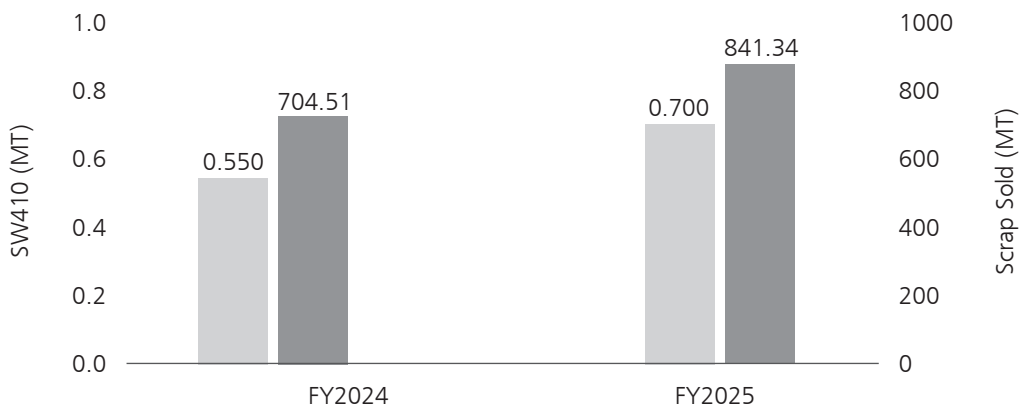
09 ENVIRONMENTAL (CONT'D)

Waste Management • Energy • Water • Carbon Emissions

9.1 Waste Management (Cont'd)

Our Performance (Cont'd)

Waste: SW410 Scheduled Waste vs Scrap Metal Sold



FY2023 data not available - formalised waste tracking commenced FY2024

Chart note: Y-axis (left) – Scheduled Waste Generated SW410 and General Waste Disposed (MT). Y-axis (right) – Scrap Metal Sold (MT). Formalised scheduled waste tracking commenced FY2024; FY2023 data is not available and is not shown. SW410/General and Scrap are presented as separate data series given the significant difference in scale. Practice Note 9 Mandatory Aggregated Disclosure (FY2025): C10a Total Waste Generated = 884.66 MT; C10b Total Waste Diverted from Disposal = 841.34 MT (scrap sold); C10c Total Waste Directed to Disposal = 43.32 MT (SW410: 0.700 MT + General: 42.62 MT). Diversion rate: 95.1%. FY2024 General Waste was not systematically tracked; C10a and C10c FY2024 aggregate totals cannot be confirmed and are shown as N/A. Reconciliation: Total Waste Generated (884.66 MT) = Scrap Sold (841.34 MT) + General Waste (42.62 MT) + SW410 (0.700 MT). Figures may be subject to rounding differences.

9.2 Energy Consumption

Why This Matters

Electricity is one of LSH's most significant operational costs and our largest source of Scope 2 carbon emissions. Under Practice Note 9 (C4), both absolute consumption and revenue-based intensity must be disclosed on a three-year rolling basis. Managing energy use is therefore simultaneously an environmental obligation, a cost control lever, and an indicator of operational efficiency – all three dimensions become more important as Malaysia's NSRF carbon reporting requirements phase in from FY2026.

Our Approach

Our commitment to energy efficiency remains steadfast. We continue to maintain and benefit from several key initiatives:

- All lighting systems across our facilities have been upgraded to energy-efficient LED technology, and older equipment continues to be replaced with more energy-saving models.
- We consistently encourage employees to adopt energy-conscious practices, such as switching off unused lights and electrical supplies.
- Our facilities continue to utilise translucent roofing to maximise natural daylight, reducing reliance on artificial lighting.
- The 566.80-kilowatt peak (kWp) photovoltaic (PV) solar system installed on our headquarters' rooftop in October 2023 remains in full operation, with an average of approximately 800 MWh generated annually.

SUSTAINABILITY REPORT (CONT'D)

09 ENVIRONMENTAL (CONT'D)

Waste Management • Energy • Water • Carbon Emissions

9.2 Energy Consumption (Cont'd)

Our Performance

-5.23% reduction in electricity consumption in FY2025 (1,326.24 MWh vs 1,399.38 MWh in FY2024) — driven by LED upgrades, solar PV generation and employee energy-conscious practices.

1,326 MWh FY2025 Electricity Consumption	1,399 MWh FY2024 Electricity Consumption	2,153 MWh FY2023 Electricity Consumption
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Year	Electricity Consumption (MWh)	Year-on-Year Change
FY2025	1,326.24	-5.23%
FY2024	1,399.38	-34.99%
FY2023	2,152.61	Baseline

Intensity Metric	FY2025	FY2024	FY2023
Electricity Intensity (MWh/RM'000 revenue)	0.0084	0.0064	0.0112

Note: Revenue for FY2025 was RM157,035K (FY2024: RM218,404K; FY2023: RM192,257K). The year-on-year increase in electricity intensity from FY2024 to FY2025 is attributable to a lower revenue base in FY2025, rather than an increase in absolute consumption, which continued to decline. This underscores our focus on managing absolute consumption and improving operational energy efficiency. The FY2025 energy consumption figure of 1,326 MWh in summary tables is rounded from the precise value of 1,326.24 MWh disclosed in the detailed performance table.

SUSTAINABILITY REPORT (CONT'D)

09 ENVIRONMENTAL (CONT'D)

Waste Management • Energy • Water • Carbon Emissions

9.2 Energy Consumption (Cont'd)

Our Performance (Cont'd)

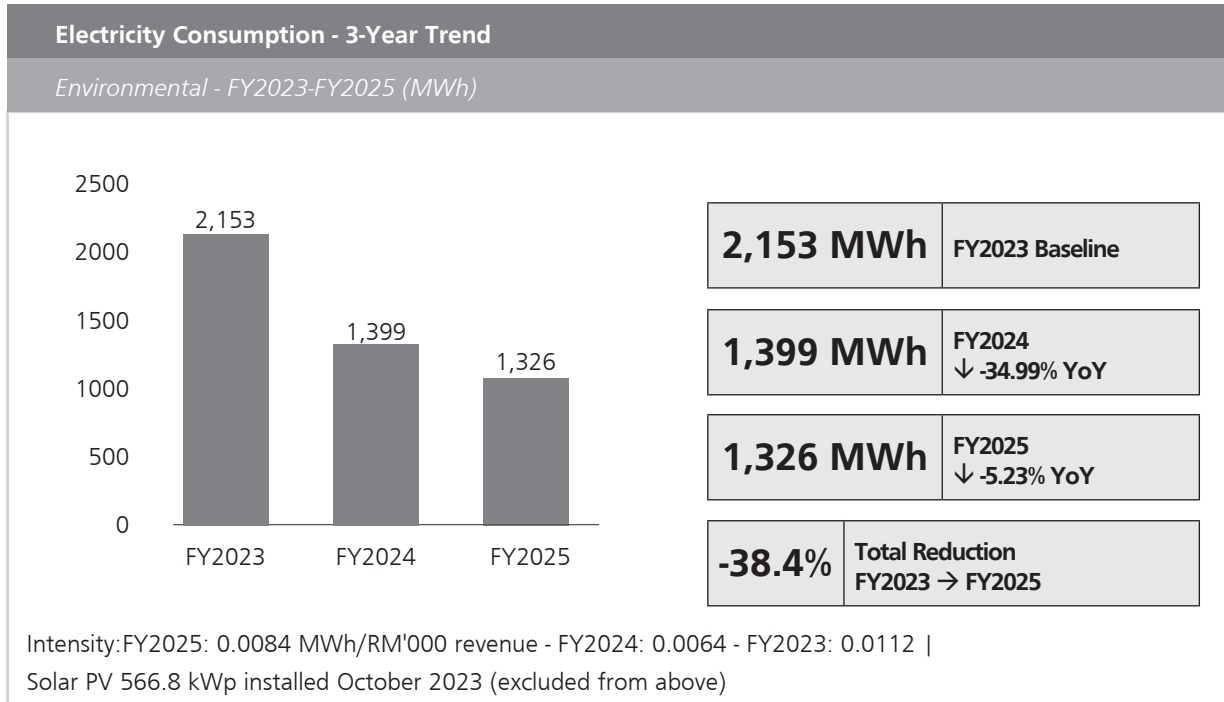


Chart note: Electricity Consumption (Purchased Electricity Only) – FY2023 to FY2025. Y-axis: Electricity Consumption (MWh). Excludes on-site solar self-generation (~800 MWh/yr from 566.80 kWp rooftop PV system); renewable self-generation data to be reported separately from FY2026. Intensity metric (MWh/RM'000 revenue) is disclosed in the performance table above. Note: The increase in energy intensity in FY2025 is attributable to a lower revenue base (RM157,035K vs RM218,404K in FY2024), not an increase in absolute energy consumption, which continued to decline.

9.3 Water Consumption

Why This Matters

Water is a shared and finite resource. For industrial facilities in Penang, responsible consumption matters not only for cost and compliance, but also for maintaining the Group's licence to operate in communities where water security is a growing concern. Under Practice Note 9 (C5), water consumption and intensity per revenue are mandatory disclosures. LSH's 39.66% reduction in total water use over three years reflects sustained operational improvements that benefit both the business and the broader environment.

Our Approach

We are dedicated to the responsible use of water resources by improving efficiency in water consumption. Our approach includes regular monitoring, evaluation, and prompt corrective measures when irregular patterns arise. We promote responsible water usage among staff and implement initiatives such as water-saving practices, water-efficient fittings, and regular maintenance checks to prevent leaks from faulty pipes or equipment.

SUSTAINABILITY REPORT (CONT'D)

09 ENVIRONMENTAL (CONT'D)

Waste Management • Energy • Water • Carbon Emissions

9.3 Water Consumption (Cont'd)

Our Performance

-22.66% reduction in water consumption in FY2025 (6.350 ML vs 8.210 ML in FY2024) — a 39.66% total reduction since FY2023, reflecting sustained water efficiency initiatives.

6.350 ML FY2025 Water Consumption	8.210 ML FY2024 Water Consumption	10.523 ML FY2023 Water Consumption
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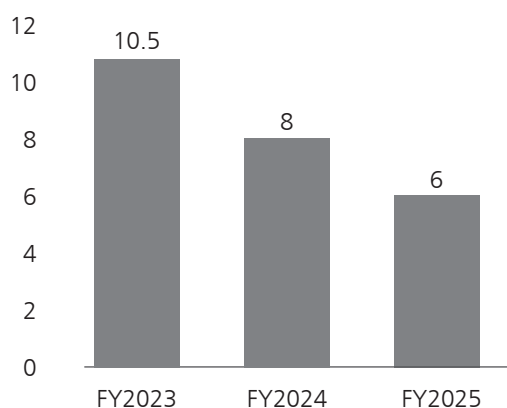
Year	Water Consumption (ML)	Year-on-Year Change
2025	6.350	-22.66%
2024	8.210	-21.98%
2023	10.523	Baseline

Intensity Metric	FY2025	FY2024	FY2023
Water Intensity (ML/RM'000 revenue)	0.0000404	0.0000376	0.0000547

Note: The year-on-year increase in water intensity from FY2024 to FY2025 is attributable to a lower revenue base in FY2025 (RM157,035K vs RM218,404K in FY2024), rather than an increase in absolute consumption, which continued to decline. Absolute water consumption fell 22.66% in FY2025, reflecting continued operational efficiency improvements. See Energy Consumption section above for full three-year revenue figures.

Water Consumption - 3-Year Trend

Environmental · FY2023-FY2025 (ML)



10.523 ML	FY2023 Baseline
8.210 ML	FY2024 ↓ -21.98% YoY
6.350 ML	FY2025 ↓ -22.66% YoY
-39.66%	Total Reduction FY2023 → FY2025

Intensity: FY2025: 0.0000404 ML/RM'000 revenue - FY2024: 0.0000376 - FY2023: 0.0000547 |

Water recycling systems operational across all facilities

SUSTAINABILITY REPORT (CONT'D)

09 ENVIRONMENTAL (CONT'D)

Waste Management • Energy • Water • Carbon Emissions

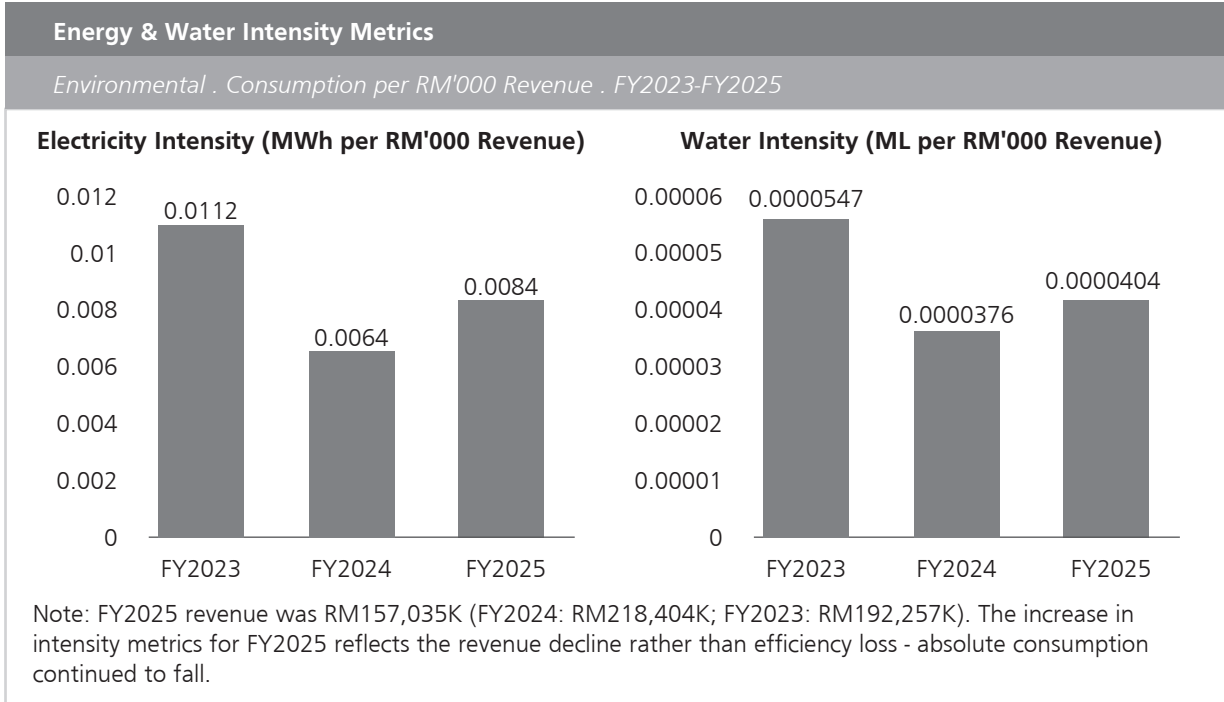


Chart notes: Chart 1 – Water Consumption (ML, Megalitres) – FY2023 to FY2025. Y-axis: Total Water Consumption (ML). Chart 2 – Water Intensity (ML/RM'000 Revenue) – FY2023 to FY2025. Y-axis values: FY2023: 0.0000547; FY2024: 0.0000376; FY2025: 0.0000404 (equivalent to 5.47×10^{-5} , 3.76×10^{-5} , 4.04×10^{-5} ML/RM'000). Water intensity metrics are disclosed in accordance with Practice Note 9 C9(a). The FY2025 increase in intensity reflects a lower revenue base (RM157,035K vs RM218,404K in FY2024), not an increase in absolute consumption. The same principle applies as for energy intensity – changes in intensity ratios are driven by revenue fluctuations, not by changes in absolute resource consumption.

9.4 Carbon Emissions

Why This Matters

Climate-related financial risk is increasingly material to investors, lenders, and regulators. Under Malaysia's NSRF implementation timeline, the Sustainability Reporting Amendments apply to LSH as a Main Market NSRF Group 2 issuer for its financial year ending on or after 31 December 2026, with full adoption required by FY2028. Establishing a credible GHG baseline now, covering Scope 1 (direct emissions), Scope 2 (purchased electricity), and Scope 3 (value chain), is therefore both a regulatory obligation and a prerequisite for informed climate strategy and capital market confidence.

SUSTAINABILITY REPORT (CONT'D)

09 ENVIRONMENTAL (CONT'D)

Waste Management • Energy • Water • Carbon Emissions

9.4 Carbon Emissions (Cont'd)

Our Approach

In accordance with the NSRF / IFRS S1 & S2 implementation timeline issued by Bursa Malaysia, the Sustainability Reporting Amendments apply to LSH — as a Main Market NSRF Group 2 issuer — for its financial year ending on or after 31 December 2026, with full adoption required by FY2028. For FY2025, we have initiated the groundwork for GHG emissions data collection across all three scopes, in alignment with the GHG Protocol Corporate Accounting and Reporting Standard. Our 566.80 kWp rooftop solar PV system, operational since October 2023, actively contributes to the reduction of our Scope 2 emissions by generating an estimated average of 800 MWh of clean electricity annually. Scope 2 electricity emissions data has been collected and will be disclosed in our FY2026 Sustainability Statement, as LSH prepares for the commencement of NSRF Group 2 requirements applicable to financial years ending on or after 31 December 2026. As a Bursa Malaysia Main Market NSRF Group 2 issuer currently in the preparatory phase under the NSRF implementation timeline, LSH is not required to make quantitative GHG disclosures for FY2025. Quantitative Scope 1 and Scope 2 GHG emissions will be disclosed in the FY2026 Sustainability Statement accordingly. Scope 3 disclosure is subject to transition relief for the first two reporting periods under Group 2 and will be progressively incorporated in line with the prescribed NSRF phased timeline.

Scope	Category	Description	FY2025 Status
Scope 1	Direct Emissions	Direct GHG emissions from sources owned or controlled by LSH, including combustion in owned machinery, vehicles, and production equipment.	Baseline data collection initiated; methodology aligned with GHG Protocol Corporate Standard. Quantitative Scope 1 and Scope 2 GHG disclosure commences for LSH's financial year ending on or after 31 December 2026, in accordance with the NSRF Group 2 implementation timeline. Scope 3 is subject to transition relief for the first two Group 2 reporting periods.
Scope 2	Purchased Energy	Indirect emissions from the generation of purchased electricity consumed by LSH's operations. Our 566.80 kWp solar PV system actively offsets Scope 2 emissions by generating an estimated average of 800 MWh per year.	Quantitative data collected for FY2025; formal quantitative disclosure will be presented in the FY2026 Sustainability Statement in accordance with NSRF Group 2 transitional requirements.
Scope 3	Other Indirect	All other indirect emissions in LSH's value chain, including upstream supply chain, employee travel, and downstream product use.	Measurement methodology under development. Full Scope 3 disclosure aligned to the NSRF Group 2 regulatory timeline (FY2028).

SUSTAINABILITY REPORT (CONT'D)

09 ENVIRONMENTAL (CONT'D)

Waste Management • Energy • Water • Carbon Emissions

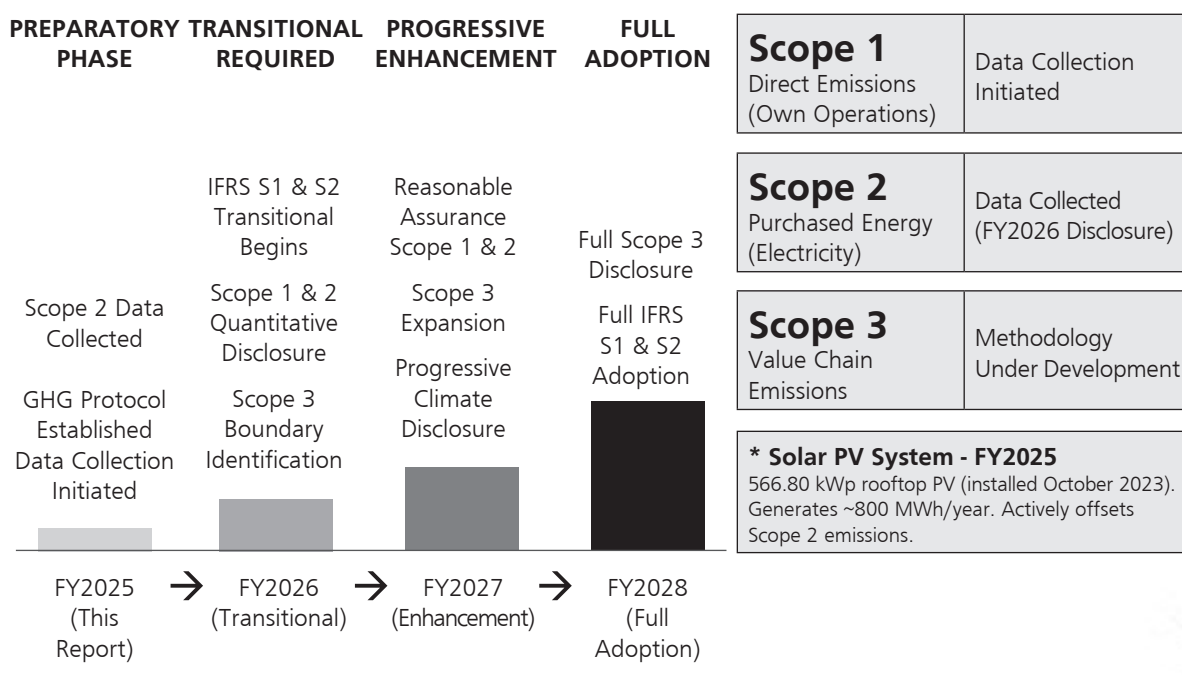
9.4 Carbon Emissions (Cont'd)

LSH GHG Disclosure Roadmap — Aligned with NSRF Implementation Timeline (Main Market NSRF Group 2 Issuer)

Reporting Year	Disclosure Commitment
FY2025 (this report)	Preparatory phase. GHG data collection initiated across all three scopes. Methodology established in accordance with GHG Protocol Corporate Accounting and Reporting Standard. As a Group 2 issuer, LSH's NSRF / IFRS S1 & S2 obligations apply to financial years ending on or after 31 December 2026.
FY2026	Transitional phase begins (Group 2 requirement). Disclose: (i) climate-related risks & opportunities per IFRS S1 framework; (ii) quantitative Scope 1 & Scope 2 GHG emissions data; (iii) initial Scope 3 boundary identification.
FY2027	Progressive enhancement of climate-related disclosures. Expansion of Scope 3 categories. Enhanced or reasonable assurance on Scope 1 & 2 GHG emissions to be considered from FY2027 onwards, subject to assurance provider readiness and prevailing NSRF guidance (aspiration, not a firm commitment).
FY2028	Full adoption of IFRS S1 & S2 as required under NSRF for Main Market NSRF Group 2 issuer. Full Scope 3 GHG emissions disclosures required.

Carbon Emissions & GHG Disclosure Roadmap - FY2025 to FY2028

Carbon Emissions & GHG Disclosure Roadmap - NSRF/IFRS S1 & S2 Main Market • NSRF Group 2 • FY2025 Preparatory → FY2028 Full Adoption



SUSTAINABILITY REPORT (CONT'D)

10 SOCIAL

Occupational Health and Safety • Training & Development • Diversity • Community • Education Scholarship

10.1 Occupational Health and Safety

Why This Matters

Steel manufacturing involves heavy machinery, elevated work areas, chemical handling, and high-temperature processes – an environment where safety lapses carry serious consequences for workers and the business alike. Under Practice Note 9 (C5), zero fatalities, Lost Time Incident Rate (LTIR), and the number of employees trained on health and safety are mandatory disclosures. Beyond compliance, a strong safety culture reduces operational disruption, lowers insurance costs, and signals to employees and investors that LSH manages its most significant human capital risk with rigour.

Our Approach

By implementing safety guidelines, we create a hazard-free workplace that safeguards both our employees and the environment. All the Group's facilities fully comply with local Occupational Safety and Health ("OSH") regulations with no breaches identified in FY2025.

Key safety and health measures within the Group include:

- Health, Safety and Environment ("HSE") Policy: Displayed on notice boards across our factories and offices and on LSH's website. Regular training sessions and weekly briefings educate staff and cultivate safety behaviour, particularly among production staff.
- Safety Officers: Each factory appoints a qualified safety officer responsible for overseeing safety and health matters. Safety committees are set up at each factory to serve as a platform for management and employees to identify and address safety and health-related issues.
- Personal Protective Equipment (PPE): Provided to all employees working in production areas and must be worn at all times during operations.
- Environment, Safety and Health ("ESH") Committee: The ESH Committee convened four (4) meetings during the year and maintained a monthly report to monitor and improve workplace safety, in compliance with OSH Act requirements.
- Regular Training: Health and safety training was conducted throughout the year to all relevant employees.

FY2025 Training Activities

Category	Training and Activities
Occupational Health and First Aid	<ul style="list-style-type: none"> • Basic First Aider • Introduction to First Aid and CPR • Bunyi Bising dan Personal Hearing Protection (PHP)
Workplace Safety and Risk Management	<ul style="list-style-type: none"> • Safety and Health Refresher for Production • Safety and Health Refresher Training for Office • Safety and Health Tool Box Briefing • Malaysian Industrial Conference on Occupational Safety and Health (MiCOSH 2025) • Risk Assessment and Safe Working Procedure Training • Working At Height • Overhead Crane and Lifting Safety Refresher • 'Hazard' Kilang Besi dan Logam

SUSTAINABILITY REPORT (CONT'D)

10 SOCIAL (CONT'D)

Occupational Health and Safety • Training & Development • Diversity • Community • Education Scholarship

10.1 Occupational Health and Safety (Cont'd)

Our approach (Cont'd)

FY2025 Training Activities (Cont'd)

Category	Training and Activities
Environmental and Waste Management	<ul style="list-style-type: none"> Chemical Handling Training Scheduled Waste Management Bengkel Hands-On Sistem e-SWIS V2 dan Pengurusan Buangan Terjadual yang Mampan Peringkat Negeri Pulau Pinang 2025 Seminar Akta Alam Sekeliling Certified Environmental Professional in Scheduled Waste Management-CePSWAM
Industry and Professional Development	<ul style="list-style-type: none"> Seminar Keselamatan dan Kesihatan Pekerjaan (KKP) untuk Pekerjaan Sektor Industri Robotik 2025 Seminar OSH-Best Practices-Shaping OSH Future

Our Performance

Zero work-related fatalities recorded in FY2025 — our most important safety target achieved for the third consecutive year, with LTIR improving from 1.86 to 1.30.

0 Work-Related Fatalities	1.30 Lost Time Incident Rate (LTIR)	2 Accidents	100 Employees Trained (OHS) — 64% Coverage	4 ESH Meetings Held
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Sustainability Indicator	FY2025	FY2024	FY2023
Number of work-related fatalities	0	0	0
Lost Time Incident Rate ("LTIR")	1.30	1.86	2.56
Number of accidents (recordable)	2	3	4
Number of employees trained on health and safety standards	100	91	36

In FY2025, 100 employees received OHS training, representing 64% of the FY2025 workforce of 156. Note: LTIR measures the severity of workplace incidents resulting in lost working time, not merely the count of accidents. "Number of accidents" refers to recordable workplace accidents formally reported under the Group's incident reporting system. The LTIR is a separate metric calculated as (number of lost-time incidents × 1,000,000) / total man-hours worked. The non-zero LTIR in FY2023 (2.56) and FY2024 (1.86) reflects historical lost-time incident data compiled from payroll and safety records, while the formal accidents column reflects incidents recorded under the current standardised reporting framework. Both metrics are disclosed for transparency in accordance with Practice Note 9 requirements. Total man-hours worked in FY2025 were based on payroll records, resulting in a LTIR of 1.30, calculated as (number of lost-time incidents × 1,000,000) ÷ total man-hours. Supporting working papers are available for audit verification upon request.

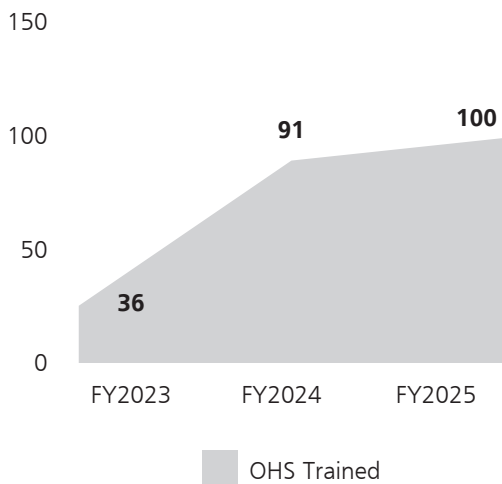
SUSTAINABILITY REPORT (CONT'D)

10 SOCIAL (CONT'D)

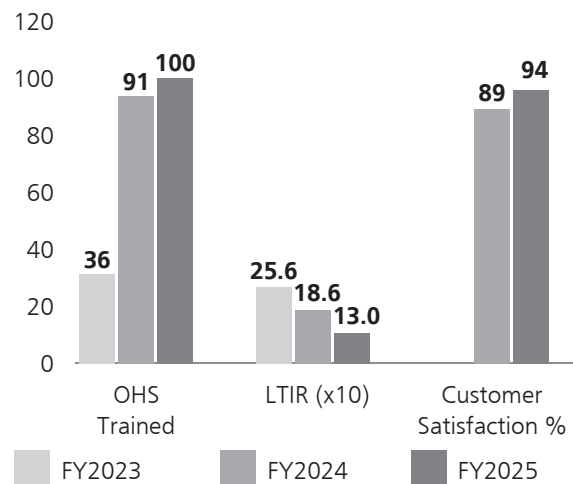
Occupational Health and Safety • Training & Development • Diversity • Community • Education Scholarship

10.1 Occupational Health and Safety (Cont'd)

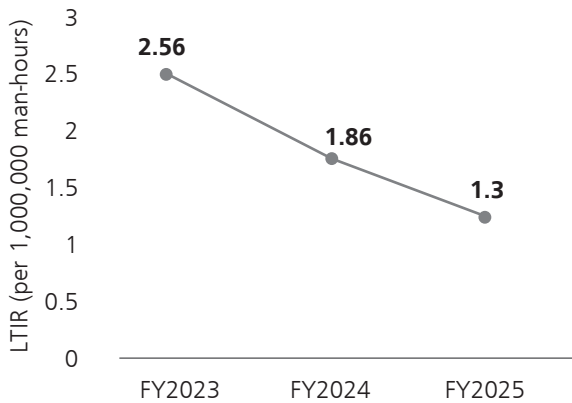
OHS Employees Trained - Growth Trend



Key Sustainability KPIs - 3-Year Comparison



LTIR - FY2023-FY2025



YoY Reduction in LTIR (% Change)

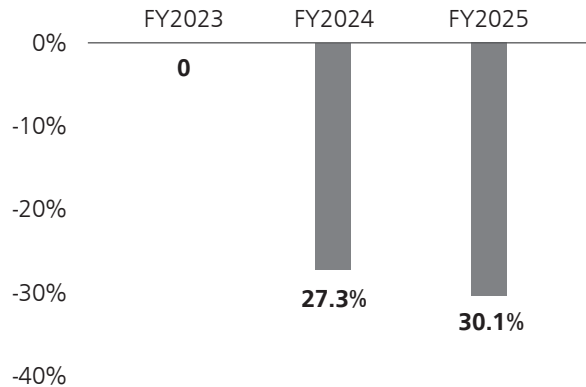


Chart note: LTIR — FY2023 to FY2025. Y-axis: LTIR (rate per 1,000,000 hours worked). Formula: $LTIR = (\text{number of lost-time incidents} \times 1,000,000) \div \text{total man-hours worked}$. FY2025 LTIR: 1.30 (30.1% reduction vs FY2024). Zero work-related fatalities recorded for the third consecutive year.

10.2 Employee Training and Development

Why This Matters

Malaysia's industrial sector is undergoing rapid transformation — digitalisation, e-invoicing mandates, evolving safety regulations, and sustainability reporting requirements all demand new competencies from our workforce. For LSH, training is not simply a welfare benefit; it is how the organisation keeps pace with operational, regulatory, and technological change. Average training hours per employee and total investment are disclosed under Practice Note 9 (C6) precisely because human capital development is a leading indicator of long-term business resilience.

SUSTAINABILITY REPORT (CONT'D)

10 SOCIAL (CONT'D)

Occupational Health and Safety • Training & Development • Diversity • Community • Education Scholarship

10.2 Employee Training and Development (Cont'd)

Our Approach

We encourage our staff to attain relevant technical certifications and provide opportunities for employees to attend external training courses covering quality control, service quality, and skills development – promoting professional growth in technical competencies, functional competencies, and personal effectiveness.

FY2025 Training Categories

Category	Training Programmes
Governance, Compliance and Ethics	<ul style="list-style-type: none"> • Anti-Bribery and Anti-Corruption • Export Mastery, Shipping, Trade Compliance and Best Practices • Northern Region Business Clinic • Forum Khas 2025
Finance Reporting, Taxation and Regulatory	<ul style="list-style-type: none"> • Key Malaysian Financial Reporting Standards (MFRS) Standard Underlying Principles and Applications • MFRS Masterclass 2025 • Malaysian Business Reporting System (MBRS) 2.0 for Preparers – Financial Statements • Service Tax Strategy • BDO Tax Seminar on Budget 2026: Growth, Governance and Reform
Digitalisation, Technology and Process Transformation	<ul style="list-style-type: none"> • AI for Enterprise: For Manufacturer and Industry Leader • E-Invoice Strategy • E-Invoicing Implementation: A Comprehensive Guide and Practical Insights • Roadmap for e-Invoicing Implementation and Transformation Strategies • SAP Business Suite Innovation Day: Start Fresh with Cloud ERP
Occupational Safety and Health	See Section 10.1 – FY2025 OHS Training Activities for the full programme listing of health, safety and environmental training courses conducted during the year.
Environmental Management and Sustainability	<p><i>Scheduled waste and environmental compliance training programmes are listed in full under Section 10.1 – FY2025 OHS Training Activities (Environmental and Waste Management category). Additional industry programme attended during the year:</i></p> <ul style="list-style-type: none"> • Total Energies Industrial Lubrication Seminar
Human Resources Development and Workforce Welfare	<ul style="list-style-type: none"> • Strategic Compensation Management • Pengurusan Penginapan Pekerja Berdasarkan Akta 446 • Bengkel Personel & Pembangunan Modul Akademi dalam Industri • National Engineering Convention 2025

SUSTAINABILITY REPORT (CONT'D)

10 SOCIAL (CONT'D)

Occupational Health and Safety • Training & Development • Diversity • Community • Education Scholarship

10.2 Employee Training and Development (Cont'd)

Our Performance

1,210.1 Total Training Hours (FY2025)	7.76 hours Average Hours per Employee	RM36,657 Training Investment	93.6% Permanent Employees
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Labour Practices & Standards	FY2025	FY2024	FY2023
Total Training Hours	1,210.1	1,666.5	1,144.8
Average Training Hours per Employee per Year	7.76	10.75	7.74
Training Investment (RM)	36,657	59,787	N/A
Permanent Employee (%)	93.6%	94.9%	96.2%
Contract Employee (%)	6.4%	5.1%	3.8%
Number of substantiated complaints concerning human rights violations	0	0	0

† FY2024 average training hours per employee has been restated to 10.75 hours, calculated as total recorded training hours (1,666.5) divided by the FY2024 headcount of approximately 155 employees as reported in the workforce diversity records. Training Investment (RM) for FY2023 is shown as N/A as formal budget tracking for this indicator commenced from FY2024 under LSH's structured ESG data collection programme. The FY2025 average training hours per employee of 7.76 is based on total training hours of 1,210.1 divided by an average workforce of approximately 156 employees in FY2025.

‡ The Group reports 7.74 hours as the official FY2023 average training hours per employee, calculated using training-period headcount of 148 (total training hours: 1,144.8). This is the figure used in all disclosures and trend comparisons. For reference, applying the year-end diversity headcount of 157 would give an alternative figure of 7.29 hours (1,144.8 hours ÷ 157 employees); this alternative is not the reported number.

The decline in FY2025 reflects a deliberate consolidation of our training calendar following an unusually high training year in FY2024. Priority was given to regulatory compliance training — particularly e-invoicing, MACC Act, and sustainability reporting — rather than breadth of coverage. We have set a concrete target of ≥10 average hours per employee for FY2026, with a structured training plan now in development.

Training Hours by Employee Category

Category	Total hours of training		
	FY2025	FY2024	FY2023
Management	182.3	399.0	154.5
Executives	386.5	425.5	258.5
Non-Executives	310.0	401.0	282.5
General Workers	331.3	441.0	449.3
Total Hours	1,210.1	1,666.5	1,144.8

SUSTAINABILITY REPORT (CONT'D)

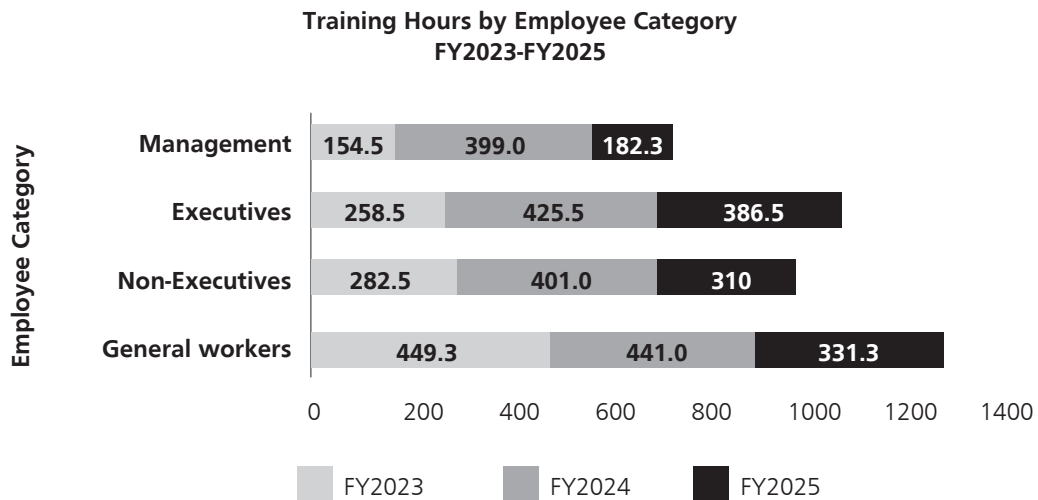
10 SOCIAL (CONT'D)

Occupational Health and Safety • Training & Development • Diversity • Community • Education Scholarship

10.2 Employee Training and Development (Cont'd)

Our Performance (Cont'd)

Training Hours by Employee Category (Cont'd)



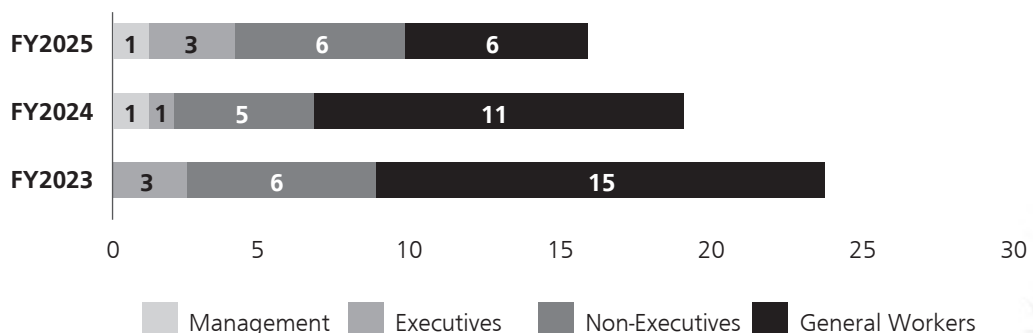
Employee Turnover by Category (Voluntary Departures)

Category	FY2023	FY2024	FY2025
Management	-	1	1
Executives	3	1	3
Non-Executives	6	5	6
General Workers	15	11	6
TOTAL	24	18	16

* Turnover numbers refer to employees who leave the Group voluntarily. FY2023 figures sourced from the FY2024 Annual Report (LSH Annual Report 2024, p.65). Management FY2023 = nil (-). Total FY2025 voluntary departures: 16; FY2024: 18; FY2023: 24.

We recognise that a competitive workforce needs continuous training and a supportive environment that values work-life balance. During FY2024, the Group introduced a Flexible Work Hours Arrangement (FWHA) for office staff, allowing flexible start and end times while ensuring operational coverage. The policy was in place throughout FY2025, supporting employee well-being and talent retention. It is currently implemented for office roles; its feasibility for other employee categories continues to be assessed.

Employee Voluntary Turnover by Category . FY2023-FY2025



SUSTAINABILITY REPORT (CONT'D)

10 SOCIAL (CONT'D)

Occupational Health and Safety • Training & Development • Diversity • Community • Education Scholarship

10.3 Diversity and Equal Opportunity

Why This Matters

Workforce diversity – by gender, age, and employee category – is a Practice Note 9 mandatory disclosure under indicators C3(a) and C3(b). Beyond compliance, the composition of LSH's workforce and board reflects our ability to attract talent from Malaysia's full demographic range and to make decisions informed by varied perspectives. Where gaps exist, particularly in female representation at the general workforce level, acknowledging them and committing to targeted action is the first step toward meaningful improvement.

Our Approach

LSH is committed to building an inclusive workplace that reflects the full diversity of Malaysia's workforce. Our approach to equal opportunity encompasses all dimensions of diversity – gender, age, ethnicity, and employee category. We provide ongoing training for managers and employees to address unconscious bias and cultivate a culture of respect and belonging. Recruitment and promotion decisions are based on merit, with an active focus on broadening representation at all levels. LSH is committed to reviewing recruitment channels and workplace policies to identify and remove barriers to female employment, with the goal of stabilising and progressively increasing representation across all categories.

Our performance

Detailed Breakdown by Employee Category (FY2023–2025)

Age Group by Employee Category (FY2023-FY2025)

Employee Category	Below 30			31–50			Above 50		
	FY2025	FY2024	FY2023	FY2025	FY2024	FY2023	FY2025	FY2024	FY2023
Management	0.00%	0.00%	0.00%	57.89%	60.00%	61.90%	42.11%	40.00%	38.10%
Executive	5.41%	8.11%	5.56%	70.27%	67.57%	75.00%	24.32%	24.32%	19.44%
Non-Executive / Technical	32.65%	34.62%	29.41%	34.69%	38.46%	47.06%	32.66%	26.92%	23.53%
General Workers	60.78%	60.87%	71.43%	31.37%	32.61%	22.45%	7.85%	6.52%	6.12%

Gender Breakdown by Employee Category (FY2023–2025)

Employee Category	Male			Female		
	FY2025	FY2024	FY2023	FY2025	FY2024	FY2023
Management	68.42%	70.00%	66.67%	31.58%	30.00%	33.33%
Executive	43.24%	40.54%	41.67%	56.76%	59.46%	58.33%
Non-Executive / Technical	83.67%	82.69%	82.35%	16.33%	17.31%	17.65%
General Workers	100.00%	100.00%	95.92%	0.00%	0.00%	4.08%

SUSTAINABILITY REPORT (CONT'D)

10 SOCIAL (CONT'D)

Occupational Health and Safety • Training & Development • Diversity • Community • Education Scholarship

10.3 Diversity and Equal Opportunity (Cont'd)

Our performance (Cont'd)

Detailed Breakdown by Employee Category (FY2023–2025) (Cont'd)

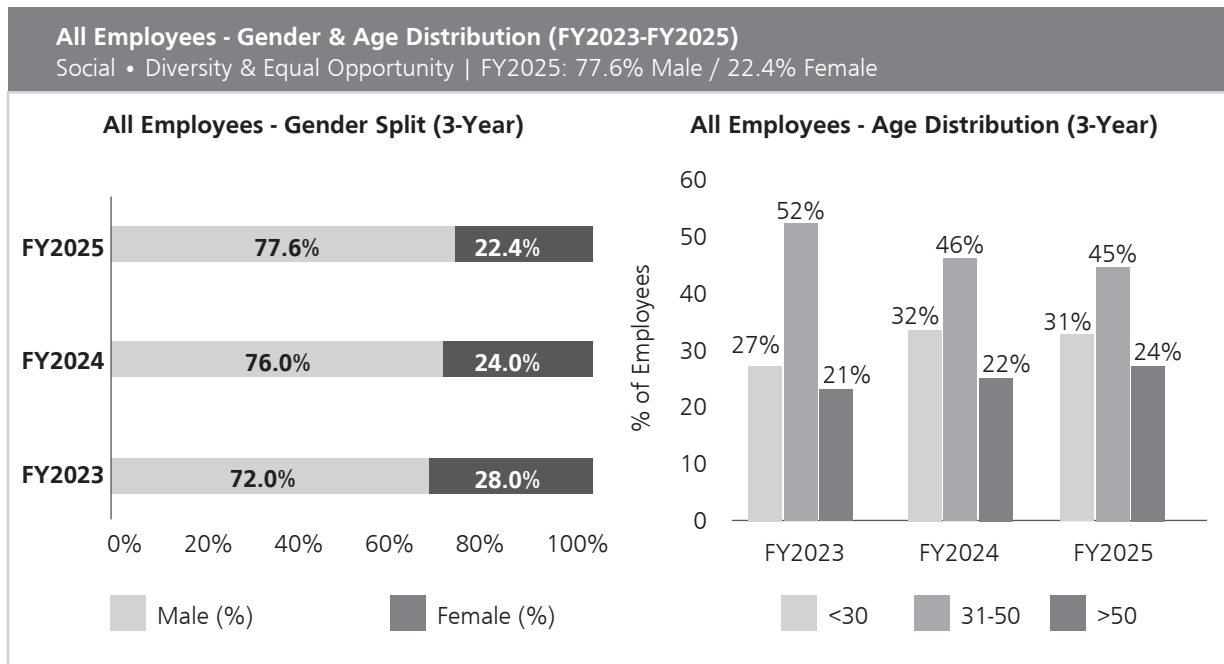


Chart note: Female Employees (% of Total Workforce) – FY2023 to FY2025. Y-axis: Female employees as a percentage of total workforce (%). FY2023: 28%; FY2024: 24%; FY2025: 22.4%. Decline of 1.6 percentage points (pp) year-on-year (24.0% - 22.4% = 1.6 pp absolute change). The Section 12 performance table reports ↓ 6.7%, which is the relative percentage change ((22.4% - 24.0%) ÷ 24.0% = -6.7%). Both figures are mathematically correct and measure different things: the chart shows absolute pp change; the table shows relative % change. Refer to performance table below for full gender breakdown by employee category.

Female representation declined to 22.4% in FY2025, driven primarily by the composition of our general workforce. In terms of age distribution, 31.4% of all employees are below 30, 44.9% are in the 31–50 age group, and 23.7% are above 50, reflecting a balanced workforce profile across all career stages. Note: The 0% female representation in the General Workers category reflects current workforce composition and does not indicate a policy restriction. LSH is committed to reviewing recruitment practices to progressively broaden representation across all employee categories.

SUSTAINABILITY REPORT (CONT'D)

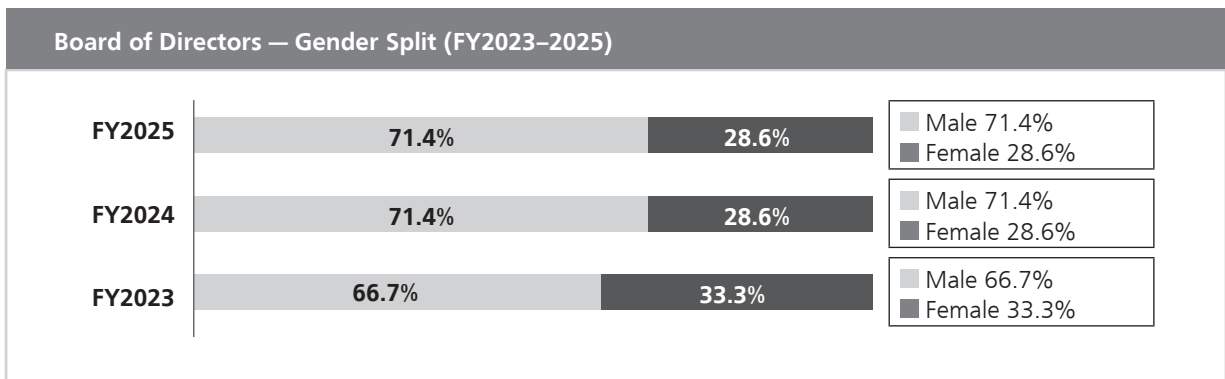
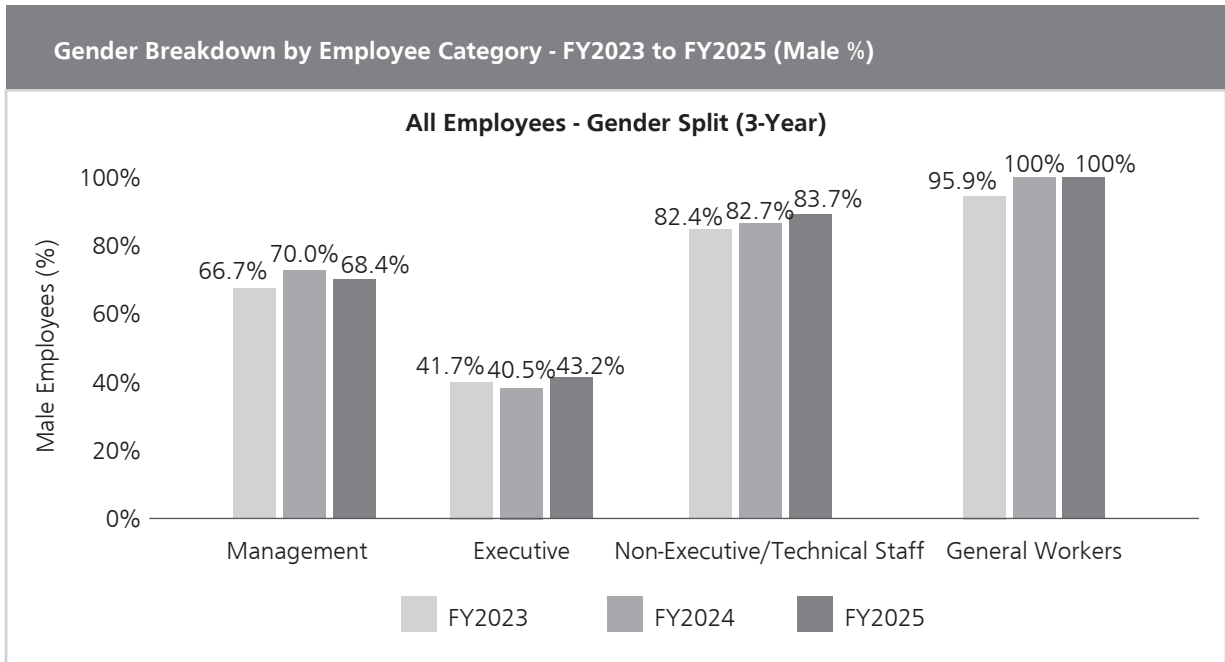
10 SOCIAL (CONT'D)

Occupational Health and Safety • Training & Development • Diversity • Community • Education Scholarship

10.3 Diversity and Equal Opportunity (Cont'd)

Our performance (Cont'd)

Detailed Breakdown by Employee Category (FY2023–2025) (Cont'd)



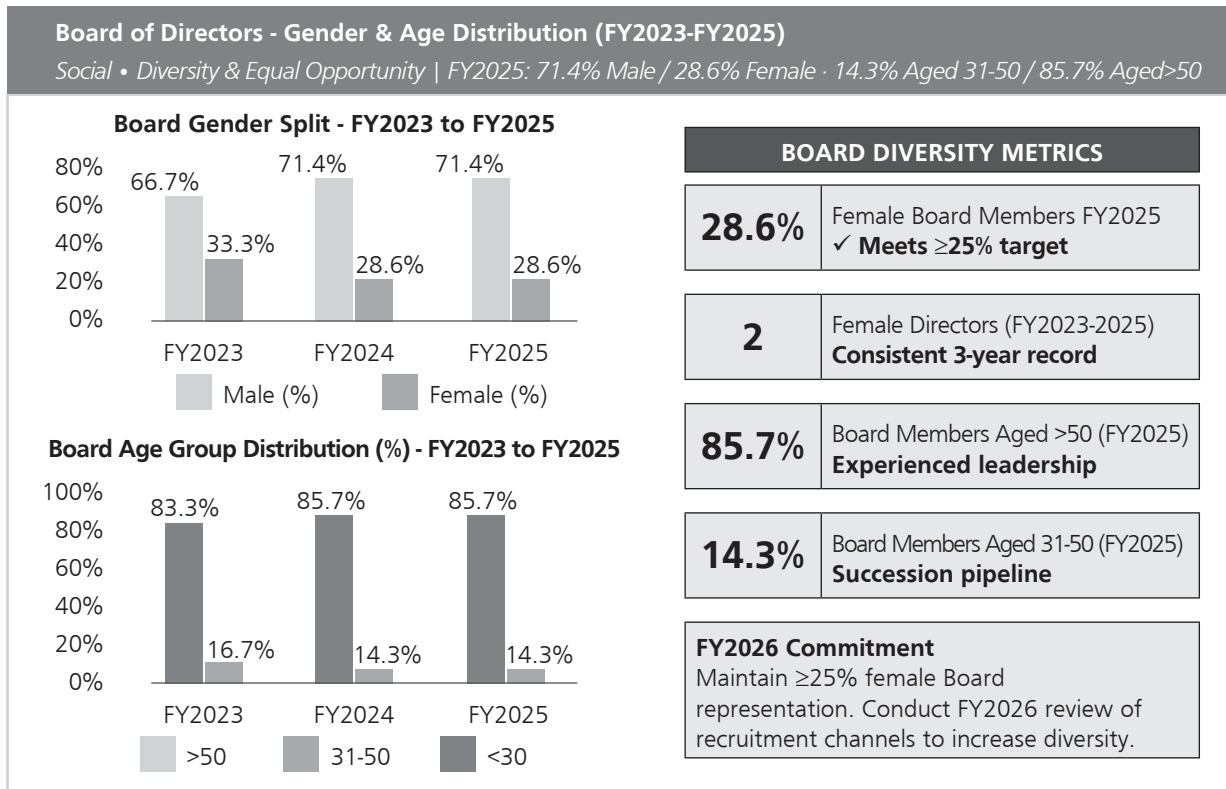
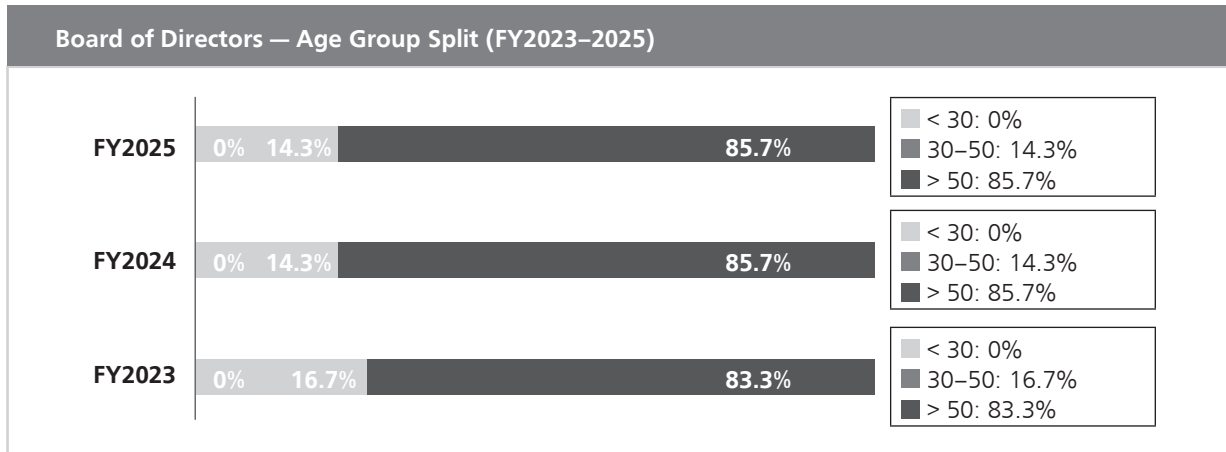
SUSTAINABILITY REPORT (CONT'D)

10 SOCIAL (CONT'D)

Occupational Health and Safety • Training & Development • Diversity • Community • Education Scholarship

10.3 Diversity and Equal Opportunity (Cont'd)

Our performance (Cont'd)



SUSTAINABILITY REPORT (CONT'D)

10 SOCIAL (CONT'D)

Occupational Health and Safety • Training & Development • Diversity • Community • Education Scholarship

10.3 Diversity and Equal Opportunity (Cont'd)

Our performance (Cont'd)

Ethnic Diversity Disclosure

Why This Matters

Ethnic diversity disclosure is provided as a voluntary indicator in this Statement. While Bumiputera workforce composition is not a mandatory indicator under the current Practice Note 9 Annexure-A, LSH voluntarily discloses this data to provide a comprehensive view of workforce diversity.

Our Approach

LSH is committed to building a workforce that reflects the diverse communities of Malaysia. We believe that an inclusive workplace where employees of all ethnic backgrounds are valued and empowered contributes to stronger team performance and sustainable business outcomes. This FY2025 disclosure represents our baseline year under the Practice Note 9 enhanced reporting framework. Comparative headcount data for FY2023 and FY2024 has been incorporated from validated HR records to provide a complete three-year ethnic diversity overview.

Our performance

Ethnic Diversity — Board of Directors (FY2025)

Ethnicity	No. of Directors	FY2025 (%)	FY2024 (%)	FY2023 (%)
Bumiputera	2	28.6%	28.6%	16.7%
Chinese	5	71.4%	71.4%	83.3%
Indian	0	0.0%	0.0%	0.0%
Other	0	0.0%	0.0%	0.0%
TOTAL	7	100%	100%	100%

Note: FY2024 and FY2023 board composition shown for reference. Board size was 7 directors in FY2024 and 6 directors in FY2023.

SUSTAINABILITY REPORT (CONT'D)

10 SOCIAL (CONT'D)

Occupational Health and Safety • Training & Development • Diversity • Community • Education Scholarship

10.3 Diversity and Equal Opportunity (Cont'd)

Our performance (Cont'd)

Ethnic Diversity — All Employees (FY2025)

Ethnicity	FY2025		FY2024		FY2023	
	Headcount	%	Headcount	%	Headcount	%
Bumiputera	74	47.4%	69	44.5%	67	42.7%
Chinese	57	36.5%	58	37.4%	59	37.6%
Indian	1	0.6%	0	0.0%	0	0.0%
Other	24	15.4%	28	18.1%	31	19.7%
TOTAL	156	100%	155	100%	157	100%

Note: FY2024 headcount: 69 Bumiputera, 58 Chinese, 28 Other (total 155). FY2023 headcount: 67 Bumiputera, 59 Chinese, 31 Other (total 157). 'Indian' employee count: first recorded in FY2025 (1 employee, 0.6%). 'Other' includes non-Malaysian citizens and expatriates. Percentages may not sum to exactly 100% due to rounding.

Voluntary Ethnic Diversity Disclosure — Bumiputera Representation (FY2023–2025)

Code	Indicator	Unit	FY2023	FY2024	FY2025	FY2026 Target
Voluntary Disclosure	% Bumiputera Employees	%	42.7%	44.5%	47.4%	Maintain / Increase
Voluntary Disclosure	% Bumiputera Board Members	%	16.7%	28.6%	28.6%	Maintain

Disclosure Note

Ethnicity disclosure is provided as a voluntary indicator in this Statement. Indicator codes C3(c) and C3(d) do not appear in the current Practice Note 9 Annexure-A; this data is therefore labelled as a Voluntary Disclosure pending regulatory confirmation. FY2025 figures represent our baseline year data, with headcount validated against HR records as at 31 December 2025. Comparative headcount data for FY2023 and FY2024 has been incorporated based on validated HR records. Percentages are calculated from actual headcount and may not sum to exactly 100% due to rounding. Ethnic classification follows standard Malaysian workforce reporting categories.

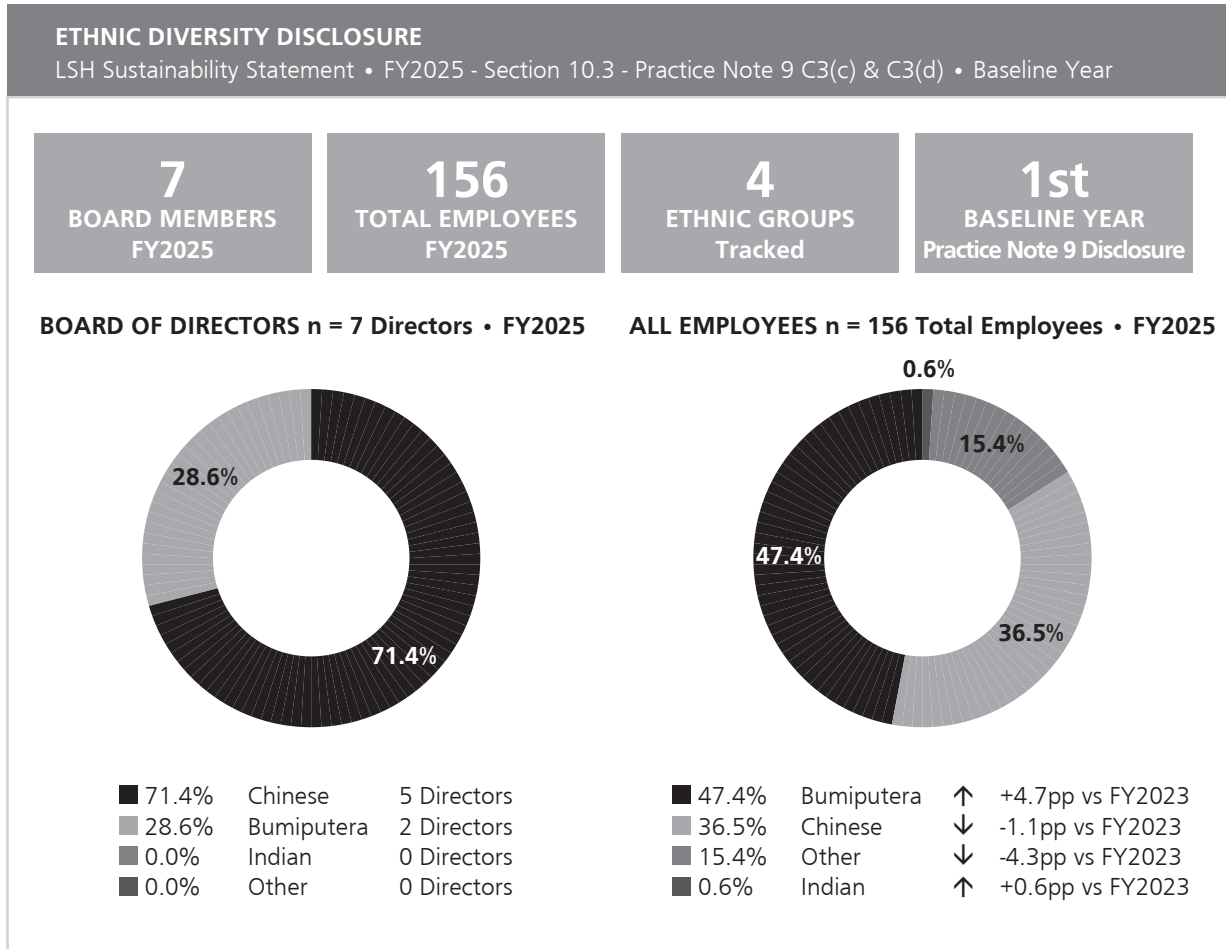
SUSTAINABILITY REPORT (CONT'D)

10 SOCIAL (CONT'D)

Occupational Health and Safety • Training & Development • Diversity • Community • Education Scholarship

10.3 Diversity and Equal Opportunity (Cont'd)

Our Performance (Cont'd)



SUSTAINABILITY REPORT (CONT'D)

10 SOCIAL (CONT'D)

Occupational Health and Safety • Training & Development • Diversity • Community • Education Scholarship

10.3 Diversity and Equal Opportunity (Cont'd)

Our Performance (Cont'd)



SUSTAINABILITY REPORT (CONT'D)

10 SOCIAL (CONT'D)

Occupational Health and Safety • Training & Development • Diversity • Community • Education Scholarship

10.4 Local Community

Why This Matters

LSH operates manufacturing facilities in communities where our presence generates both economic activity and environmental impact. Community investment – through donations, educational contributions, and social programmes – is how we demonstrate that the Group's commercial success translates into tangible benefit for the people around us. Under Practice Note 9 (C10), total community investment and the number of communities supported are mandatory disclosures, providing stakeholders with a quantifiable measure of our social contribution alongside our financial performance.

Our Approach

Contribution to the Community: We are committed to giving back by actively engaging in various CSR initiatives. Our activities span a wide range of programmes aimed at creating positive societal impact, including financial support for local charities and educational institutions through donations, participation in school fundraising activities, and contributions to school infrastructure development.

LSH is working towards introducing a standardised community investment register to record beneficiaries, activity types, and outcomes, enabling more granular impact reporting in future cycles.

Our Performance

RM40,251 invested in community initiatives in FY2025 – a 17.3% increase from FY2024, directly benefiting 457 beneficiaries across charitable, educational and social causes. Our FY2026 commitment is to maintain and expand our community investment reach.

RM40,251 Total Community Investment (FY2025)	RM34,315 Total Community Investment (FY2024)	+17.3% Year-on-Year Increase	457 Beneficiaries
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Sustainability Indicator	Unit	FY2025	FY2024	FY2023
Total amount invested in community initiatives benefiting individuals or organisations outside LSH	RM	40,251	34,315	13,800
Total number of beneficiaries of the investment in communities	Number	457	7	6

Note on beneficiary counting methodology: The FY2025 figure of 457 represents individual beneficiaries (persons) reached through community investment activities. FY2024 (7) and FY2023 (6) figures represent the number of community organisations or groups supported. The change in counting methodology from groups to individual beneficiaries commenced in FY2025 in alignment with Practice Note 9 C2(b) requirements, which specify the total number of beneficiaries. Prior-year figures are retained for reference and reflect the reporting methodology in place at that time. Accordingly, the FY2025 figure of 457 is not directly comparable to prior-year figures of 7 (FY2024) and 6 (FY2023), which counted community groups rather than individuals.

SUSTAINABILITY REPORT (CONT'D)

10 SOCIAL (CONT'D)

Occupational Health and Safety • Training & Development • Diversity • Community • Education Scholarship

10.4 Local Community (Cont'd)

Our Performance (Cont'd)

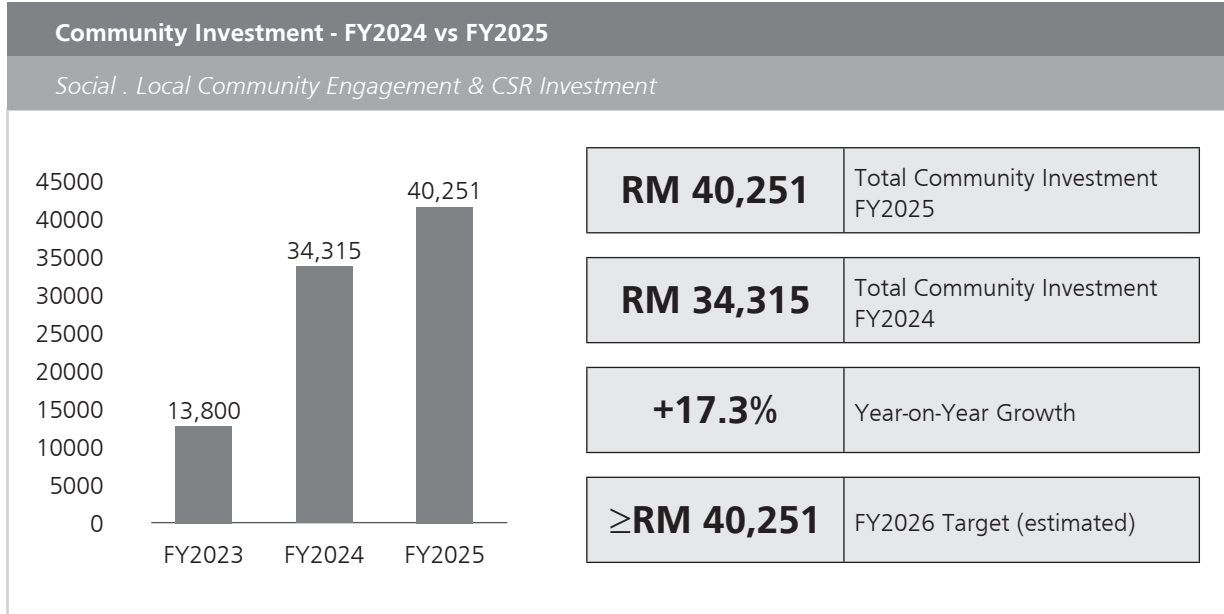


Chart note: Community Investment (RM) – FY2023 to FY2025. Y-axis: Total Community Investment (RM). FY2023: RM13,800; FY2024: RM34,315; FY2025: RM40,251 (+17.3% YoY). FY2025 investment reached 457 individual beneficiaries. Figures disclosed in accordance with Practice Note 9 C2(a).

10.5 Education Scholarship Programme

Why This Matters

Financial pressure on employees' children's education is one of the most tangible stressors affecting workforce stability and morale. The Leader Steel Group Scholarship Programme addresses this directly – recognising academic excellence among employees' children across all major school streams and public examination levels. This is not a community programme; it is a deliberate investment in employee welfare that rewards loyalty, reduces financial anxiety, and reinforces LSH's identity as an employer that cares about its people beyond the factory floor.

Our Approach

The Leader Steel Group Scholarship Programme is designed to recognise and reward academic excellence among employees' children. Open to all confirmed employees with at least one year of continuous service, the programme covers all Malaysian school types and language streams at both primary and secondary levels. A tiered scholarship structure recognises consistent academic performance throughout the school year, with additional excellence awards for outstanding results in major public examinations including SPM, STPM, UEC, and O-Levels. The programme is administered with clear, transparent criteria to ensure fair recognition of academic merit.

SUSTAINABILITY REPORT (CONT'D)

10 SOCIAL (CONT'D)

Occupational Health and Safety • Training & Development • Diversity • Community • Education Scholarship

10.5 Education Scholarship Programme (Cont'd)

Our Performance

In FY2025, we successfully implemented our Employee Education Scholarship Programme, benefiting employees' families across various education levels. Scholarships were awarded to students demonstrating academic excellence across all major school streams in Malaysia. The programme received positive feedback from our workforce, with employees expressing appreciation for this meaningful support. We are committed to continuously enhancing this programme to ensure all eligible employees can benefit.

Leader Steel Group Scholarship Awards – FY2025

Leader Steel Group Scholarship certificates prepared for FY2025 recipients, recognising academic excellence among employees' children.



SUSTAINABILITY REPORT (CONT'D)

11 GOVERNANCE

Anti-Bribery • Anti-Corruption • Whistleblowing • Code of Conduct & Ethics

Upholding integrity, transparency and accountability across all our operations

11.1 Anti-Bribery, Anti-Corruption and Whistleblowing Policy

Why This Matters

Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (MACC Act) imposes corporate liability on organisations where persons associated with them engage in corruption – regardless of whether senior management was aware. This legislative reality makes anti-corruption training, policy maintenance, and risk assessment a legal obligation, not merely a governance best practice. LSH's zero-tolerance stance, supported by our Anti-Bribery and Anti-Corruption Policy, Whistleblowing Policy, and Code of Ethics, is the foundation upon which stakeholder trust – and our operating licence – depends.

Our Approach

LSH strives to cultivate a culture of integrity defined by the highest ethical standards. We uphold a zero-tolerance policy towards bribery and corruption, supported by our comprehensive Anti-Bribery and Anti-Corruption Policy. This policy provides clear guidelines for employees, directors, and business partners to identify and report any suspected misconduct or wrongdoing.

Anti-Bribery and Anti-Corruption Policy	Whistleblowing Policy	Code of Conduct and Code of Ethics
Provides guidance to all Group personnel on recognising and reporting incidents of corruption, gratification, or bribery involving any employee or agent of the Group. Available at www.leadersteel.my	Offers an avenue for all Group employees, suppliers, customers, or members of the public to disclose improper conduct, malpractices, irregularities, or wrongdoing within the Group. Also ensures protection for those who report such concerns. Available at www.leadersteel.my .	Applies to all members of the Board and all employees, establishing a standard of behaviour while safeguarding the Group's business interests.

Our Performance

0 Corruption Cases Confirmed (FY2025)	100% Operations Assessed for Corruption Risk	0 Customer Privacy Breaches	58% Management Anti-Corruption Trained
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SUSTAINABILITY REPORT (CONT'D)

11 GOVERNANCE (CONT'D)

Anti-Bribery • Anti-Corruption • Whistleblowing • Code of Conduct & Ethics

11.1 Anti-Bribery, Anti-Corruption and Whistleblowing Policy (Cont'd)

Our Performance (Cont'd)

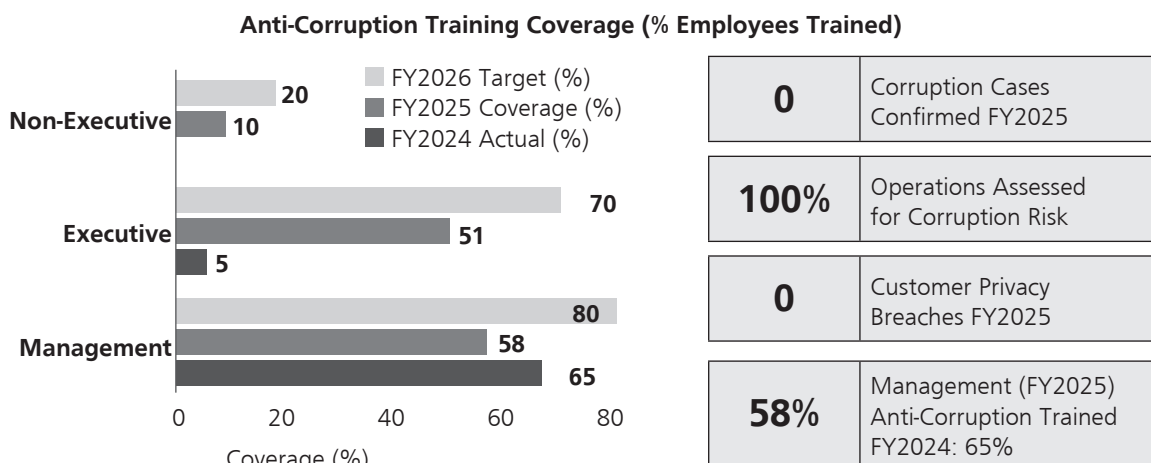
Sustainability Indicator	Unit	FY2023	FY2024	FY2025
Corruption cases reported and action taken	Number	0†	0	0
Percentage of operations assessed for corruption-related risks	%	100%†	100%	100%
% of management employees who received anti-corruption training	%	N/A ‡	65%	58%
% of executive employees who received anti-corruption training	%	N/A ‡	5%	51%
% of non-executive employees who received anti-corruption training	%	N/A ‡	0%	10%
% of general workers who received anti-corruption training	%	N/A ‡	0%	0%
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0†	0	0

† FY2023 figures estimated as consistent with FY2024/FY2025 operational records; formal annual tracking commenced FY2024. ‡ anti-corruption training coverage by employee category was not formally tracked prior to FY2024. Systematic category-level data collection commenced from FY2024 in alignment with Practice Note 9 indicator C1. N/A entries reflect this commencement year and not an absence of training activity. Systematic tracking for non-executive employees commenced in FY2025.

The significant increase in executive training coverage from 5% in FY2024 to 51% in FY2025 reflects a deliberate and expanded rollout to a larger group of executive employees identified as carrying higher corruption risk, in line with our multi-year training plan.

Anti-Corruption Training Coverage & Governance

Governance . FY2025 Anti-Bribery & Whistleblowing Performance



Note: FY2026 Targets - Management ≥80% - Executives ≥70% - Non-Executives ≥20%

A structured multi-year training plan is in development to achieve broader coverage.

FY2024: 65% management. 5% executive trained. FY2023: N/A - tracking commenced FY2024.

SUSTAINABILITY REPORT (CONT'D)

11 GOVERNANCE (CONT'D)

Anti-Bribery • Anti-Corruption • Whistleblowing • Code of Conduct & Ethics

11.1 Anti-Bribery, Anti-Corruption and Whistleblowing Policy (Cont'd)

Our performance (Cont'd)

Note on materiality: Anti-Corruption is identified as a material matter under the Governance pillar of LSH's materiality matrix — reflecting its significance to stakeholders and its regulatory weight under the MACC Act. The Anti-Corruption Training Programme is the Group's primary control response to this material risk and is reported here as an operational performance indicator. These are distinct concepts: the former defines what is material; the latter defines how LSH manages it.

This year, we conducted a comprehensive corruption risk assessment across all our operations, maintaining 100% coverage for the second year of formal tracking (FY2024 and FY2025). All training coverage percentages are calculated based on the total number of employees within each respective employee category. We are pleased to report zero confirmed incidents of corruption, reflecting our commitment to taking swift action whenever suspicions arise. As part of our commitment to this policy, in FY2025, 58% of management and 51% of executive employees completed external anti-corruption training under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (MACC Act). While training coverage for management decreased from 65% in FY2024 to 58% in FY2025, executive coverage expanded significantly from 5% in FY2024 to 51% in FY2025, reflecting a broadened rollout to a larger group of executive employees identified as carrying higher corruption risk. The first-time inclusion of non-executive/technical staff employees (10% coverage) marks the beginning of our broader organisation-wide rollout; general workers recorded 0% coverage in FY2025 as formal training for this category has not yet commenced, and is identified as a priority under our multi-year training plan. We are committed to improving coverage across all employee categories through a structured, multi-year training plan to ensure all employees receive consistent anti-corruption education. We will continue to reinforce this commitment through internal briefing sessions for both new and existing staff members.

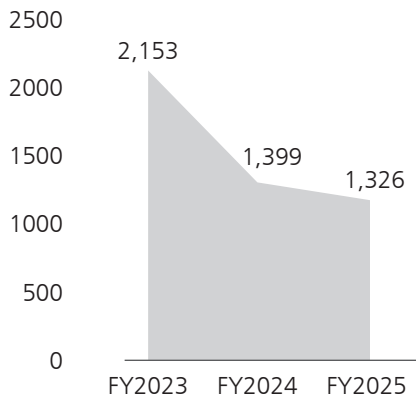
SUSTAINABILITY REPORT (CONT'D)

12 3-YEAR SUSTAINABILITY PERFORMANCE TRENDS

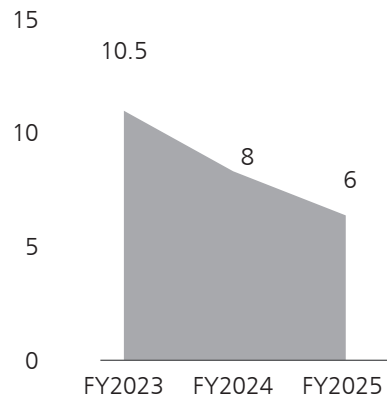
Section 12 · Multi-year Comparative Analysis · All Key Indicators

ALL PILLARS

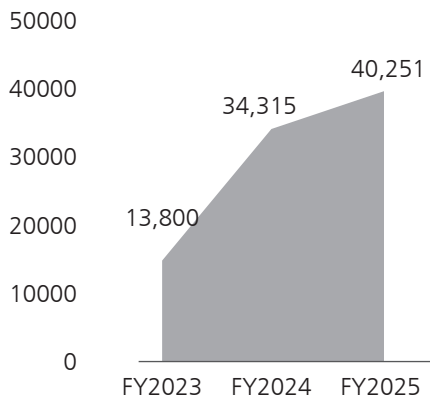
Electricity (MWh)



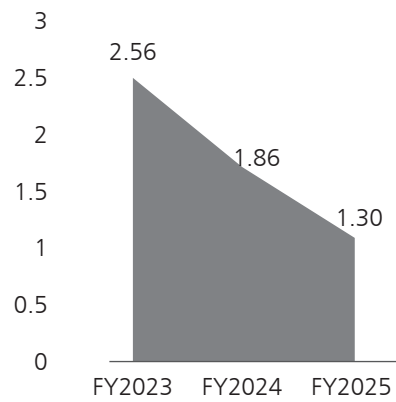
Water (ML)



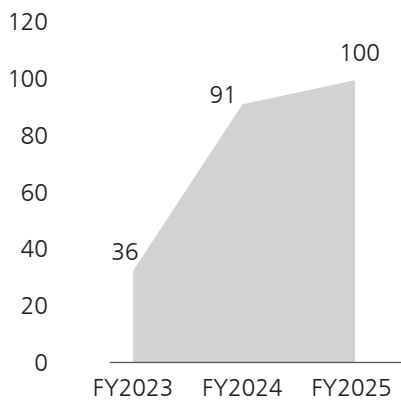
Community Investment (RM)



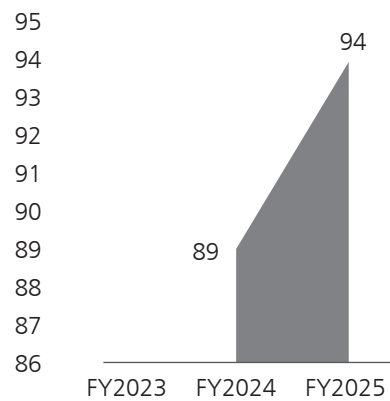
LTIR



OHS Trained



Customer Satisfaction (%)



SUSTAINABILITY REPORT (CONT'D)

12 3-YEAR SUSTAINABILITY PERFORMANCE TRENDS (CONT'D)

Chart legend: ▪ Dark blue = FY2023 ▪ Medium blue = FY2024 ▪ Light blue / teal = FY2025. X-axis: FY2023 | FY2024 | FY2025. Y-axis units per chart: Electricity (MWh) ▪ Water (ML) ▪ Waste SW410 (MT) ▪ LTIR (rate per 1,000,000 hours worked) ▪ Training (hours/employee) ▪ Female Employees (% of total workforce) ▪ Community Investment (RM) ▪ Local Supplier Spend (%). Where FY2023 data is N/A, no bar is shown. All charted figures are directly derived from the Performance Data Table below and are numerically consistent after rounding across graphical and tabular disclosures.

Multi-year Performance Analysis • Environmental • Social • Economic • Governance

Three-Year Comparative Sustainability Performance (in accordance with Practice Note 9 Annexure PN9-A). The table below summarises our key sustainability indicators over the past three financial years. All charted figures in this section are directly derived from this table; all data is internally verified and consistent across graphical and tabular disclosures. Figures may be rounded for presentation purposes; detailed values are shown in the performance tables within each section. Trend arrows show direction relative to the preferred outcome: ↓ means improvement for metrics where lower is better (e.g. energy, water, LTIR); ↑ means improvement for metrics where higher is better (e.g. customer satisfaction, training hours). Where the direction is unfavourable, a downward arrow with a negative value is shown (e.g. ↓ 6.7% indicates female representation declined). * Local Supplier Spending: ↓ 27.5% denotes a decline (negative outcome) – lower local supplier spend is unfavourable. Note: the YoY Change column reports the relative percentage change $((29\%-40\%)\div 40\% = -27.5\%)$. The chart in this section shows the absolute percentage-point change (-11 pp). Both figures are mathematically correct and measure different things. Rounding: chart values are shown to 1 decimal place; table values to 2 decimal places where applicable.

Indicator	FY2023	FY2024	FY2025	YoY Change
Customer Satisfaction Rate	N/A	89%	94%	↑ 5.6%
Local Supplier Spending	26%	40%	29%	↓ 27.5%
Electricity Consumption (MWh)	2,152.6	1,399.4	1,326.2	↓ 5.2%
Water Consumption (ML)	10.523	8.210	6.350	↓ 22.7%
Scheduled Waste Generated – SW410 (MT)	N/A	0.550	0.700	↑ (unfavourable) 27.3%
Lost Time Incident Rate (LTIR)	2.56	1.86	1.30	↓ 30.1%
Employees Trained (Safety)	36	91	100	↑ 9.9%
Average Training Hours / Employee	7.74	10.75	7.76	↓ 27.8%
Training Investment (RM)	N/A	59,787	36,657	↓ 38.7%
Female Employees (%)	28.0%	24.0%	22.4%	↓ 6.7%
Female Board Members	2	2	2	Maintained
Community Investment (RM)	13,800	34,315	40,251	↑ 17.3%
Anti-Corruption Training Coverage	N/A	65% (management)	58% (management)	↓ 10.8%

Note on FY2023 N/A entries: Where FY2023 data is shown as N/A, this indicates that formal data collection for that indicator commenced from FY2024 onwards, in line with LSH's structured ESG data collection programme under Practice Note 9. All FY2023 figures that are available have been included; N/A reflects the absence of a formal tracking system for that indicator in FY2023, and not an absence of activity.

SUSTAINABILITY REPORT (CONT'D)

13 MOVING FORWARD — FY2026 PRIORITIES

Moving Forward - FY2026 Priorities

Strategic Commitments . Climate . Governance . Supply Chain . Community

Climate & Emissions

Commence NSRF/IFRS S1&S2 transitional climate disclosures. Full Scope 1, 2 & 3 GHG disclosure.

Energy

Conduct energy audits across all production facilities.

Governance

Strengthen Three Lines of Defence model to embed sustainability oversight.

Anti-Corruption Training

Implement a structured multi-year anti-corruption programme covering all employee categories.

Supply Chain

Review local supplier target in light of structural raw material supply constraints.

Employee Development

Increase average training hours to ≥ 10 hours/employee.

Inventory

Progress towards full-scale commissioning of in-house barcoding system.

Community & Education

Expand Education Scholarship Programme to ensure all eligible employees' children are covered.

Strategic Commitments • Climate • Governance • Supply Chain • Community

Priority Area	FY2026 Commitment
Climate & Emissions	Prepare and publish the FY2026 Sustainability Statement in compliance with NSRF / IFRS S1 & S2 requirements, applicable to LSH as a Group 2 issuer for financial years ending on or after 31 December 2026. This will include quantitative Scope 1 and Scope 2 GHG emissions data, climate-related risk and opportunity disclosures per IFRS S1, and initial Scope 3 boundary identification. Full adoption is required by FY2028 in accordance with the Bursa Malaysia NSRF implementation schedule.
Energy	Conduct energy audits across all production facilities.
Regulatory Reporting Platform	Prepare for submission of sustainability disclosures via Bursa Malaysia's Centralised Sustainability Intelligence (CSI) platform, which will be required for Main Market listed issuers from FY2026. The CSI platform generates a standardised disclosure summary that must be included in the Sustainability Statement without modification. In conjunction with this, LSH will engage an external assurance provider in FY2026 to cover mandatory quantitative sustainability metrics submitted via the CSI platform, in alignment with Bursa Malaysia's assurance expectations for Main Market issuers.
Governance	Strengthen the Three Lines of Defence model to embed sustainability oversight across all levels of the organisation.
Anti-Corruption Training	Implement a structured, multi-year anti-corruption training programme to achieve $\geq 80\%$ coverage for management, $\geq 70\%$ for executives, and $\geq 20\%$ for non-executives.

SUSTAINABILITY REPORT (CONT'D)

13 MOVING FORWARD — FY2026 PRIORITIES (CONT'D)

Priority Area	FY2026 Commitment
Supply Chain	Review and revise the local supplier target in light of domestic HRC capacity constraints, and engage with local mills on future supply opportunities.
Employee Development	Increase average employee training hours to meet the target of 10 hours per employee per year.
Inventory	Progress towards full-scale commissioning of the in-house barcoding system for comprehensive data reporting.
Community & Education	Expand and enhance the Education Scholarship Programme to ensure all eligible employees can benefit.

Looking ahead to FY2026, LSH will focus on commencing NSRF / IFRS S1 & S2 transitional climate disclosures, broadening anti-corruption training coverage, progressing the barcoding system to full commissioning, and expanding the Employee Education Scholarship Programme. These priorities have been shaped by stakeholder feedback and the Group's own materiality assessment, and will guide our sustainability work in the year ahead.

SUSTAINABILITY REPORT (CONT'D)

Leader Steel Holdings Berhad <small>BM&P Transition Period</small>							<small>Date & Time: 2026-04-27_13:55:42</small> <small>FYE 31/12/2025</small>
Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance		
ANTI-CORRUPTION	(a) Percentage of employees who have received training on anti-corruption by employee category	Percentage	—	—	* Internal		
ANTI-CORRUPTION	Management	Percentage	58%	—	* Internal		
ANTI-CORRUPTION	Executive	Percentage	51%	—	* Internal		
ANTI-CORRUPTION	Non-executive/ Technical Staff	Percentage	10%	—	* Internal		
ANTI-CORRUPTION	General workers	Percentage	0%	—	* Internal		
ANTI-CORRUPTION	(b) Percentage of operations assessed for corruption-related risks	Percentage	100%	—	* Internal		
ANTI-CORRUPTION	(c) Confirmed incidents of corruption and action taken	Number	0	—	* Internal		
COMMUNITY/SOCIETY	(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	Amount	RM40,251	—	* Internal		
COMMUNITY/SOCIETY	(b) Total number of beneficiaries of the investment in communities	Number	457	—	* Internal		
DIVERSITY	(a) Percentage of employees by gender and age group, for each employee category - Gender Group by Employee Category	Percentage	—	—	* Internal		
DIVERSITY	Management (Male)	Percentage	68.42%	—	* Internal		
DIVERSITY	Management (Female)	Percentage	31.58%	—	* Internal		
DIVERSITY	Executive (Male)	Percentage	43.24%	—	* Internal		
DIVERSITY	Executive (Female)	Percentage	56.76%	—	* Internal		
DIVERSITY	Non-executive/ Technical staff (Male)	Percentage	83.67%	—	* Internal		
DIVERSITY	Non-executive/ Technical staff (Female)	Percentage	16.33%	—	* Internal		
DIVERSITY	General workers (Male)	Percentage	100.00%	—	* Internal		

SUSTAINABILITY REPORT (CONT'D)

Date & Time: 2026-04-27_13:55:42
FYE 31/12/2025

Leader Steel Holdings Berhad
ESG Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
DIVERSITY	General workers (Female)	Percentage	0%	—	* Internal
DIVERSITY	- Age Group by Employee Category	Percentage	—	—	* Internal
DIVERSITY	Management (under 30)	Percentage	0%	—	* Internal
DIVERSITY	Management (between 30 to 50)	Percentage	57.89%	—	* Internal
DIVERSITY	Management (above 50)	Percentage	42.11%	—	* Internal
DIVERSITY	Executive (under 30)	Percentage	5.41%	—	* Internal
DIVERSITY	Executive (between 30 to 50)	Percentage	70.27%	—	* Internal
DIVERSITY	Executive (above 50)	Percentage	24.32%	—	* Internal
DIVERSITY	Non-executive/ Technical staff (under 30)	Percentage	32.65%	—	* Internal
DIVERSITY	Non-executive/ Technical staff between (30 to 50)	Percentage	34.69%	—	* Internal
DIVERSITY	Non-executive/ Technical staff (above 50)	Percentage	32.66%	—	* Internal
DIVERSITY	General workers (under 30)	Percentage	60.78%	—	* Internal
DIVERSITY	General workers (between 30 to 50)	Percentage	31.37%	—	* Internal
DIVERSITY	General workers (above 50)	Percentage	7.85%	—	* Internal
DIVERSITY	(b) Percentage of directors by gender and age group	Percentage	—	—	* Internal
DIVERSITY	Male	Percentage	71%	—	* Internal
DIVERSITY	Female	Percentage	29%	—	* Internal

SUSTAINABILITY REPORT (CONT'D)

Date & Time: 2026-04-27_13:55:42
FYE 31/12/2025

Leader Steel Holdings Berhad
BIMB Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
DIVERSITY	Under 30	Percentage	0%	—	* Internal
DIVERSITY	Between 30 to 50	Percentage	14%	—	* Internal
DIVERSITY	Above 50	Percentage	86%	—	* Internal
ENERGY MANAGEMENT	(a) Total energy consumption	Megawatt	1,326	—	* Internal
HEALTH AND SAFETY	(a) Number of work-related fatalities	Number	0	—	* Internal
HEALTH AND SAFETY	(b) Lost time incident rate ("LTIR")	Rate	1.3	—	* Internal
HEALTH AND SAFETY	(c) Number of employees trained on health and safety standards	Number	100	—	* Internal
LABOUR PRACTICES AND STANDARDS	(a) Total hours of training by employee category	—	—	—	* Internal
LABOUR PRACTICES AND STANDARDS	Management	Hours	182.3	—	* Internal
LABOUR PRACTICES AND STANDARDS	Executive	Hours	386.5	—	* Internal
LABOUR PRACTICES AND STANDARDS	Non-executive/ Technical Staff	Hours	310.0	—	* Internal
LABOUR PRACTICES AND STANDARDS	General workers	Hours	331.3	—	* Internal
LABOUR PRACTICES AND STANDARDS	(b) Percentage of employees that are contractors or temporary staff	Percentage	6.4%	—	* Internal
LABOUR PRACTICES AND STANDARDS	(c) Total number of employee turnover by employee category	—	—	—	* Internal
LABOUR PRACTICES AND STANDARDS	Management	Number	1	—	* Internal
LABOUR PRACTICES AND STANDARDS	Executive	Number	3	—	* Internal
LABOUR PRACTICES AND STANDARDS	Non-executive/ Technical Staff	Number	6	—	* Internal

SUSTAINABILITY REPORT (CONT'D)

Date & Time: 2026-04-27_13:55:42
FYE 31/12/2025

Leader Steel Holdings Berhad
BMBF Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
LABOUR PRACTICES AND STANDARDS	General workers	Number	6	—	* Internal
LABOUR PRACTICES AND STANDARDS	(d) Number of substantiated complaints concerning human rights violations	Number	0	—	* Internal
SUPPLY CHAIN MANAGEMENT	(a) Proportion of spending on local suppliers	Percentage	29%	—	* Internal
DATA PRIVACY AND SECURITY	(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	—	* Internal
WATER	(a) Total volume of water used	Megalitres	6.35	—	* Internal
WASTE MANAGEMENT	(a) Total waste generated	Metric tonnes	884.66	—	* Internal
WASTE MANAGEMENT	(b) Total waste diverted from disposal	Metric tonnes	841.34	—	* Internal
WASTE MANAGEMENT	(c) Total waste directed to disposal	Metric tonnes	43.32	—	* Internal

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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 hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2025.

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. Further 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
Loss for the financial year	<u>2,320,506</u>	<u>516,073</u>
Attributable to:		
Owners of the parent	2,312,122	516,073
Non-controlling interests	<u>8,384</u>	<u>0</u>
	<u>2,320,506</u>	<u>516,073</u>

DIVIDEND

No dividend has been paid, declared or proposed by the Company since the end of the previous financial year.

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

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or 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 issuance 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. 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;

DIRECTORS' REPORT (CONT'D)

OPTIONS GRANTED OVER UNISSUED SHARES (CONT'D)

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

- (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;
- (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 and 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 1.1.2025	Exercised	Forfeited*	Balance as at 31.12.2025	Exercisable as at 31.12.2025
Date of grant					
31 May 2023	5,745,800	0	(956,200)	4,789,600	4,789,600

* Due to resignation

REPURCHASE OF SHARES

At the 32nd Annual General Meeting held on 26 May 2025, shareholders of the Company approved the proposed renewal of shareholders' mandate for the Company to repurchase up to ten per centum (10%) of its own ordinary shares.

As at 31 December 2025, 6,195,400 (2024: 6,195,400) treasury shares at a total cost of RM2,419,068 (2024: RM2,419,068) are held by the Company. The shares repurchased are held as treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016 and the Main Market Listing Requirements and applicable guideline of Bursa Malaysia Securities.

DIRECTORS' REPORT (CONT'D)

DIRECTORS

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

Leader Steel Holdings Berhad

Dato' Goh Cheng Huat*

Datin Tan Pak Say*

Lim Leng Han

Goh Wan Jing*

Abdull Sukor bin Ismail

Soon Gim Wooi

Datuk Dr. Roslan Bin A. Ghaffar

* 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 Hong Kent

Anton Ong Lim

Wang Yunyun

Hu PingFan

Ooi Teik Huat (alternate Director to Dato' Goh Cheng Huat)

Goh Li Li (Resigned on 6 April 2026)

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 2025 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 1.1.2025	Bought	Sold	Balance as at 31.12.2025
Shares in the Company				
<u>Direct interests:</u>				
Dato' Goh Cheng Huat	14,998,494	0	0	14,998,494
Datin Tan Pak Say	1,375,006	0	0	1,375,006
Lim Leng Han	18,000	0	0	18,000
<u>Indirect interests:</u>				
Dato' Goh Cheng Huat#	56,622,974	0	0	56,622,974
Datin Tan Pak Say^	70,246,462	0	0	70,246,462

	Number of options over ordinary shares			
	Balance as at 1.1.2025	Granted	Exercised	Balance as at 31.12.2025
Shares options in the Company				
<u>Direct interests:</u>				
Dato' Goh Cheng Huat	350,000	0	0	350,000
Datin Tan Pak Say	500,000	0	0	500,000
Lim Leng Han	250,000	0	0	250,000
Goh Wan Jing	350,000	0	0	350,000
Abdull Sukor bin Ismail	100,000	0	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 as Directors of the subsidiaries.

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 other than ESOS granted to certain Directors.

DIRECTORS' REMUNERATION

Directors' remuneration of the Group and of the Company for the financial year ended 31 December 2025 were as follows:

	Group RM	Company RM
Director's fees	254,203	254,203
Salaries, bonuses and allowances	1,524,125	0
Contribution to defined contribution plans	87,607	0
Social security contribution	2,286	0
Other emoluments	127,095	127,095
	<u>1,995,316</u>	<u>381,298</u>

Estimated monetary value of benefits-in-kind provided to the Executive Directors of the Company is RM45,400.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

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

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and the officers of the Group and of the Company are RM10,000,000 and RM17,965 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.

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONT'D)

(III) AS AT THE DATE OF THIS REPORT (CONT'D)

- (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.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

- (a) On 19 March 2026, a subsidiary of the Company has entered into a conditional sale and purchase agreement with WG Malaysia VIII Sdn. Bhd. in relation to the proposed disposal of a parcel of freehold land measuring approximately 1,437,477 square feet located in Mukim Kapar, Daerah Klang, Negeri Selangor for a cash consideration of approximately RM136.56 million.

As at the date of this report, the disposal has not been completed.

- (b) Since the end of February 2026, the escalation in the US-Iran conflict and the subsequent closure of the Strait of Hormuz might result in disruption to business operations such as risk of fluctuations in bunker fuel and energy prices. This conflict has also threatened the continuity of supply of fuel and may result in inflationary pressure in the near future.

As at the date of authorisation of the financial statements, this conflict is still evolving and remains unpredictable. Consequently, the Group and the Company are unable to estimate the financial effects of the situation at this juncture. The Group and the Company are actively monitoring and managing the operations of the Group and the Company to minimise any impact arising from these developments.

- (c) On 13 April 2026, the Company has granted 19,227,000 ESOS at an exercise price of RM0.3700 per share to eligible employees.

DIRECTORS' REPORT (CONT'D)

SUBSIDIARIES

The details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective ownership interest		Principal activities
		2025 %	2024 %	
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	Property holding
Subsidiaries of Leader Steel Sdn. Bhd.				
ACME United Sdn. Bhd. #	Malaysia	50.5	50.5	Inactive
Padma Minerals Co., Limited *	Hong Kong	100	100	Inactive
Aurea Canyon Mining Sdn. Bhd. #	Malaysia	100	100	Inactive

Subsidiaries audited by BDO PLT in Malaysia.

* Subsidiary not audited by BDO PLT in Malaysia.

DIRECTORS' REPORT (CONT'D)

AUDITORS

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

AUDITORS' REMUNERATION

Auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2025 were as follows:

	Group RM	Company RM
Statutory audit	275,000	109,000
Other services	5,500	5,500
	<u>280,500</u>	<u>114,500</u>

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

Datin Tan Pak Say

Director

Lim Leng Han

Director

24 April 2026

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 119 to 181 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 2025 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

Lim Leng Han

Director

24 April 2026

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 119 to 181 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 24 April 2026

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 2025 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended and notes to the financial statements, including material accounting policy information, as set out on pages 119 to 181.

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 2025 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"), as applicable to audits of financial statement of public interest entities 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 2025, the Group had trade receivables amounted to RM23,719,454, which were net of impairment losses of RM567,989. The details of trade receivables and their credit risks have been disclosed in Note 10 and Note 31 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) Assessed the probability of default using historical data and forward-looking information adjustment by the Group;

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)

a) Recoverability of trade receivables (Cont'd)

Audit response (Cont'd)

Our audit procedures included the following: (Cont'd)

- (ii) Assessed 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;
- (iii) Inquired of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses; and
- (iv) Evaluated the basis applied by management for determining cash flows recoverable in worst-case scenarios.

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

As at 31 December 2025, the Group had carrying amount of inventories amounted to RM28,419,119, which were generally consists of steel 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 and minerals products, 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 and mineral products.

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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

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

Information Other than the Financial Statements and Auditors' Report Thereon (Cont'd)

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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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 (Cont'd)

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: (Cont'd)

- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.

Report on Other Legal and Regulatory Requirements

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

INDEPENDENT AUDITORS' REPORT (CONT'D)

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

Other Matters

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

BDO PLT

201906000013 (LLP0018825-LCA) & AF 0206

Chartered Accountants

Penang

24 April 2026

Goh Chee Beng

03535/11/2026 J

Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	260,305,127	255,290,373	0	0
Right-of-use assets	6	34,076,058	37,298,184	0	0
Investment properties	7	52,000,000	52,000,000	0	0
Investments in subsidiaries	8	0	0	96,131,661	86,131,661
Goodwill		58,426	58,426	0	0
		346,439,611	344,646,983	96,131,661	86,131,661
Current assets					
Inventories	9	28,419,119	42,114,976	0	0
Trade and other receivables	10	32,539,086	31,536,497	2,836,852	637,513
Current tax assets		2,375,476	1,877,822	45,633	0
Other investments	11	17,441,563	16,045,901	9,023	7,637,069
Cash and bank balances	12	14,745,435	25,261,735	17,458	571,337
		95,520,679	116,836,931	2,908,966	8,845,919
TOTAL ASSETS		441,960,290	461,483,914	99,040,627	94,977,580
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	13	75,028,490	75,028,490	75,028,490	75,028,490
Treasury shares, at cost	13	(2,419,068)	(2,419,068)	(2,419,068)	(2,419,068)
Reserves	14	268,679,114	270,991,236	21,401,364	21,917,437
		341,288,536	343,600,658	94,010,786	94,526,859
Non-controlling interests	8	28,835	37,219	0	0
TOTAL EQUITY		341,317,371	343,637,877	94,010,786	94,526,859

STATEMENTS OF FINANCIAL POSITION (CONT'D)

AS AT 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
LIABILITIES					
Non-current liabilities					
Borrowings	15	18,201,936	20,686,363	0	0
Lease liabilities	6	35,342	209,195	0	0
Deferred tax liabilities	16	30,350,501	31,815,705	0	0
		48,587,779	52,711,263	0	0
Current liabilities					
Trade and other payables	17	8,047,948	17,630,680	5,029,841	390,737
Current tax liabilities		2,782	68,214	0	59,984
Borrowings	15	43,822,713	47,056,669	0	0
Lease liabilities	6	181,697	379,211	0	0
		52,055,140	65,134,774	5,029,841	450,721
TOTAL LIABILITIES		100,642,919	117,846,037	5,029,841	450,721
TOTAL EQUITY AND LIABILITIES		441,960,290	461,483,914	99,040,627	94,977,580

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 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Revenue	19	157,034,829	218,403,751	0	13,000,000
Cost of sales		(145,801,829)	(210,325,571)	0	0
Gross profit		11,233,000	8,078,180	0	13,000,000
Other income	20	2,883,146	16,466,114	230,772	712,689
Distribution expenses		(3,939,770)	(3,310,302)	0	0
Administrative expenses		(12,083,738)	(17,907,731)	(653,141)	(606,916)
Impairment losses on trade receivables	10(g)	(91,063)	0	0	0
Reversal of impairment losses on trade receivables	10(g)	0	548,113	0	0
Finance costs	21	(1,503,192)	(2,141,395)	(97,975)	0
(Loss)/Profit before tax		(3,501,617)	1,732,979	(520,344)	13,105,773
Taxation	25	1,181,111	499,146	4,271	(135,872)
(Loss)/Profit for the financial year		(2,320,506)	2,232,125	(516,073)	12,969,901
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Realisation of revaluation reserve upon disposal		0	(23,358,316)	0	0
Transfer of revaluation surplus to retained earnings		0	23,358,316	0	0
Other comprehensive income, net of tax		0	0	0	0
Total comprehensive (loss)/income		(2,320,506)	2,232,125	(516,073)	12,969,901
(Loss)/Profit attributable to:					
Owners of the parent		(2,312,122)	2,239,759	(516,073)	12,969,901
Non-controlling interests	8(d)	(8,384)	(7,634)	0	0
		(2,320,506)	2,232,125	(516,073)	12,969,901
Total comprehensive (loss)/ income attributable to:					
Owners of the parent		(2,312,122)	2,239,759	(516,073)	12,969,901
Non-controlling interests	8(d)	(8,384)	(7,634)	0	0
		(2,320,506)	2,232,125	(516,073)	12,969,901
(Loss)/Earnings per ordinary share attributable to equity holders of the Company (sen):					
- Basic	27(a)	(1.50)	1.45		
- Diluted	27(b)	(1.50)	1.45		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

Group	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 2025	75,028,490	(2,419,068)	173,999,625	1,034,244	95,957,367	343,600,658	37,219	343,637,877
Loss for the financial year	0	0	0	0	(2,312,122)	(2,312,122)	(8,384)	(2,320,506)
Other comprehensive income, net of tax	0	0	0	0	0	0	0	0
Total comprehensive loss	0	0	0	0	(2,312,122)	(2,312,122)	(8,384)	(2,320,506)
Transactions with owners								
Share options lapsed	0	0	0	(172,116)	172,116	0	0	0
Balance as at 31 December 2025	75,028,490	(2,419,068)	173,999,625	862,128	93,817,361	341,288,536	28,835	341,317,371

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

Group	Note	Share capital	Treasury shares	Revaluation reserve	Share options reserve	Retained earnings	Total attributable to owners of the parent	Non-controlling interests	Total equity
		RM	RM	RM	RM	RM	RM	RM	RM
Balance as at 1 January 2024		74,654,370	(2,209,815)	197,357,941	1,153,314	73,441,181	344,396,991	44,853	344,441,844
Profit for the financial year		0	0	0	0	2,239,759	2,239,759	(7,634)	2,232,125
Realisation of revaluation reserve upon disposal	14(a)	0	0	(23,358,316)	0	0	(23,358,316)	0	(23,358,316)
Transfer of revaluation surplus to retained earnings		0	0	0	0	23,358,316	23,358,316	0	23,358,316
Other comprehensive (loss)/ income, net of tax		0	0	(23,358,316)	0	23,358,316	0	0	0
Total comprehensive (loss)/ income		0	0	(23,358,316)	0	25,598,075	2,239,759	(7,634)	2,232,125
Transactions with owners									
Ordinary shares issued pursuant to ESOS	13(a)	374,120	0	0	(106,722)	0	267,398	0	267,398
Purchase of treasury shares	13(b)	0	(209,253)	0	0	0	(209,253)	0	(209,253)
Share options lapsed		0	0	0	(12,348)	12,348	0	0	0
Dividend paid	26	0	0	0	0	(3,094,237)	(3,094,237)	0	(3,094,237)
Total transactions with owners		374,120	(209,253)	0	(119,070)	(3,081,889)	(3,036,092)	0	(3,036,092)
Balance as at 31 December 2024		75,028,490	(2,419,068)	173,999,625	1,034,244	95,957,367	343,600,658	37,219	343,637,877

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

Company	Share capital RM	Treasury shares RM	Share options reserve RM	Retained earnings RM	Total equity RM
Balance as at 1 January 2025	75,028,490	(2,419,068)	1,034,244	20,883,193	94,526,859
Loss for the financial year	0	0	0	(516,073)	(516,073)
Other comprehensive income, net of tax	0	0	0	0	0
Total comprehensive loss	0	0	0	(516,073)	(516,073)
Transactions with owners					
Share options lapsed	0	0	(172,116)	172,116	0
Balance as at 31 December 2025	75,028,490	(2,419,068)	862,128	20,539,236	94,010,786
Balance as at 1 January 2024	74,654,370	(2,209,815)	1,153,314	10,995,181	84,593,050
Profit for the financial year	0	0	0	12,969,901	12,969,901
Other comprehensive income, net of tax	0	0	0	0	0
Total comprehensive income	0	0	0	12,969,901	12,969,901
Transactions with owners					
Ordinary shares issued pursuant to ESOS	13(a) 374,120	0	(106,722)	0	267,398
Purchase of treasury shares	13(b) 0	(209,253)	0	0	(209,253)
Share options lapsed	0	0	(12,348)	12,348	0
Dividend paid	26 0	0	0	(3,094,237)	(3,094,237)
Total transactions with owners	374,120	(209,253)	(119,070)	(3,081,889)	(3,036,092)
Balance as at 31 December 2024	75,028,490	(2,419,068)	1,034,244	20,883,193	94,526,859

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before tax		(3,501,617)	1,732,979	(520,344)	13,105,773
Adjustments for:					
Depreciation of:					
- property, plant and equipment	5	4,046,586	4,133,784	0	0
- right-of-use assets	6	1,471,175	1,772,412	0	0
Distribution income	20	(403,743)	(600,095)	(11,801)	(130,421)
Dividend income	19	0	0	0	(13,000,000)
Fair value gain on other investments	20	(1,723)	(9,541)	(153)	(2,282)
Gain on disposal of property, plant and equipment	20	(24,000)	(3,440,450)	0	0
Gain on lease termination	6(g), 20	(86)	(516)	0	0
Impairment losses on property, plant and equipment	5	264,728	5,429,362	0	0
Impairment losses on trade receivables	10(g)	91,063	0	0	0
Interest expense	21	1,503,192	2,141,395	97,975	0
Interest income	20	(74,809)	(76,570)	(218,818)	(579,986)
Inventories written down	9(b)	107,841	0	0	0
Inventories written off	9(b)	0	998,541	0	0
Reversal of impairment losses on trade receivables	10(g)	0	(548,113)	0	0
Unrealised gain on foreign exchange	20	(219,272)	(22,367)	0	0
Operating profit/(loss) before changes in working capital		3,259,335	11,510,821	(653,141)	(606,916)
Decrease in inventories		13,588,016	3,640,077	0	0
(Increase)/Decrease in trade and other receivables		(1,083,826)	12,142,124	10,083,755	25,989,032
(Decrease)/Increase in trade and other payables		(9,306,087)	(1,038,187)	1,701,129	(126,879)
Cash generated from operations		6,457,438	26,254,835	11,131,743	25,255,237
Interest paid		(1,483,631)	(2,102,156)	0	0
Interest received		74,614	76,570	2,358	0
Tax paid		(930,992)	(2,080,898)	(110,966)	(94,180)
Tax refunded		83,813	14,619	9,620	92
Net cash from operating activities		4,201,242	22,162,970	11,032,755	25,161,149

STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment		24,000	33,240,450	0	0
Purchase of property, plant and equipment	5(e)	(6,351,039)	(15,702,225)	0	0
Purchase of right-of-use assets	6(d)	0	(72,422)	0	0
Subscriptions of redeemable preference shares of subsidiaries	8(c)	0	0	(10,000,000)	(29,800,000)
Redemption of redeemable preference shares of a subsidiary		0	0	0	15,700,000
Advances to subsidiaries		0	0	(22,434,843)	0
Repayment from subsidiaries		0	0	6,378,672	0
Net (placement)/withdrawal of short-term funds		(990,001)	(15,436,265)	7,640,000	(7,504,366)
Net cash (used in)/from investing activities		(7,317,040)	2,029,538	(18,416,171)	(21,604,366)
CASH FLOWS FROM FINANCING ACTIVITIES					
Advances from subsidiaries		0	0	6,829,537	0
Dividend paid	26	0	(3,094,237)	0	(3,094,237)
Interest paid	5(e)	(1,217,414)	0	0	0
Payments of lease liabilities	6	(397,506)	(823,807)	0	0
Repayments of short-term borrowings		(3,223,287)	(23,919,465)	0	0
Drawdown of term loans		0	24,690,000	0	0
Repayments of term loans		(2,484,427)	(1,814,637)	0	0
Proceed from issuance of ordinary shares pursuant to ESOS	13(a)	0	267,398	0	267,398
Purchase of treasury shares	13(b)	0	(209,253)	0	(209,253)
Net cash (used in)/from financing activities		(7,322,634)	(4,904,001)	6,829,537	(3,036,092)
Net (decrease)/increase in cash and cash equivalents		(10,438,432)	19,288,507	(553,879)	520,691
Effect of exchange rate changes on cash and cash equivalents		(67,199)	3,817	0	0
Cash and cash equivalents at beginning of financial year		25,251,066	5,958,742	571,337	50,646
Cash and cash equivalents at end of financial year	12(b)	14,745,435	25,251,066	17,458	571,337

STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities (Note 6) RM	Short-term borrowings* (Note 15) RM	Term loans (Note 15) RM
Group			
Balance as at 1 January 2025	588,406	44,577,000	23,155,363
Cash flows:			
- Payment of lease liabilities	(397,506)	0	0
- Net repayment of short-term borrowings	0	(3,223,287)	0
- Repayment of term loans	0	0	(2,484,427)
- Interest paid	0	0	(1,217,414)
Non-cash flows:			
- accretion of interest	19,561	0	0
- additions	20,805	0	0
- capitalisation of borrowing costs	0	0	1,217,414
- termination	(14,227)	0	0
Balance as at 31 December 2025	<u>217,039</u>	<u>41,353,713</u>	<u>20,670,936</u>
Balance as at 1 January 2024	744,787	68,496,465	280,000
Cash flows:			
- Payment of lease liabilities	(823,807)	0	0
- Net repayment of short-term borrowings	0	(23,919,465)	0
- Net drawdown of term loans	0	0	22,875,363
Non-cash flows:			
- accretion of interest	39,239	0	0
- additions	642,854	0	0
- termination	(14,667)	0	0
Balance as at 31 December 2024	<u>588,406</u>	<u>44,577,000</u>	<u>23,155,363</u>

* Short-term borrowings includes bankers' acceptances but exclude bank overdrafts.

STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONT'D)

	Amount due to a subsidiary (Note 17) RM
Company	
Balance as at 1 January 2025/2024	0
Cash flows	6,829,537
Non-cash flows:	
- interest expense	97,975
- offset against amounts due by subsidiaries	(2,348,951)
Balance as at 31 December 2025/2024	<u>4,578,561</u>

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

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 2025 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 24 April 2026.

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. Further 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 disclosed in Note 32.1 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

4. OPERATING SEGMENTS

The Group has three (3) 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 holding.

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 2025

4. OPERATING SEGMENTS (CONT'D)

(a) Reportable segments

2025	Steel segment RM	Mineral segment RM	Others RM	Elimination RM	Total RM
Revenue from external customers	150,271,834	6,845,206	0	(82,211)	157,034,829
Interest income	281,877	0	218,818	(425,886)	74,809
Distribution income	391,942	0	11,801	0	403,743
Finance costs	(1,839,862)	(13,443)	(97,975)	448,088	(1,503,192)
Net finance expense	(1,166,043)	(13,443)	132,644	22,202	(1,024,640)
Taxation	1,160,688	16,152	4,271	0	1,181,111
Segment (loss)/profit	(1,654,510)	(185,786)	(516,073)	35,863	(2,320,506)
Other material non-cash items:					
- Depreciation of property, plant and equipment	(3,825,008)	(221,578)	0	0	(4,046,586)
- Depreciation of right-of-use assets	(1,893,426)	(75,058)	0	497,309	(1,471,175)
- Impairment losses on trade receivables	(91,063)	0	0	0	(91,063)
- Impairment losses on property, plant and equipment	(264,728)	0	0	0	(264,728)
- Inventories written down	(107,841)	0	0	0	(107,841)
- Gain on disposal of property, plant and equipment	24,000	0	0	0	24,000
- Gain on lease termination	86	0	0	0	86
- Fair value gain on other investments	1,570	0	153	0	1,723
- Unrealised gain/(loss) on foreign exchange	275,920	(56,648)	0	0	219,272
Additions to non-current assets other than financial instruments, goodwill on consolidation and deferred tax assets	7,568,453	20,805	0	0	7,589,258
Segment assets	415,686,961	20,976,094	2,863,333	0	439,526,388
Segment liabilities	64,963,950	287,174	5,029,841	8,671	70,289,636

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

4. OPERATING SEGMENTS (CONT'D)

(a) Reportable segments (Cont'd)

2024	Steel segment RM	Mineral segment RM	Others RM	Elimination RM	Total RM
Revenue from external customers	201,806,614	16,597,137	0	0	218,403,751
Inter-segment revenue	0	0	13,000,000	(13,000,000)	0
Total revenue	201,806,614	16,597,137	13,000,000	(13,000,000)	218,403,751
Interest income	1,046,943	0	579,986	(1,550,359)	76,570
Distribution income	469,674	0	130,421	0	600,095
Finance costs	(3,669,015)	(32,266)	0	1,559,886	(2,141,395)
Net finance expense	(2,152,398)	(32,266)	710,407	9,527	(1,464,730)
Taxation	667,093	(32,075)	(135,872)	0	499,146
Segment profit/(loss)	2,740,392	(457,798)	12,969,901	(13,020,370)	2,232,125
Other material non-cash items:					
- Depreciation of property, plant and equipment	(4,030,278)	(103,506)	0	0	(4,133,784)
- Depreciation of right-of-use assets	(1,618,206)	(154,206)	0	0	(1,772,412)
- Impairment losses on property, plant and equipment	(5,429,362)	0	0	0	(5,429,362)
- Inventories written off	0	(998,541)	0	0	(998,541)
- Reversal of impairment losses on trade receivables	101,889	446,224	0	0	548,113
- Gain on disposal of property, plant and equipment	3,440,450	0	0	0	3,440,450
- Gain on lease termination	516	0	0	0	516
- Fair value gain on other investments	7,259	0	2,282	0	9,541
- Unrealised gain/(loss) on foreign exchange	69,472	(47,105)	0	0	22,367
Additions to non-current assets other than financial instruments, goodwill on consolidation and deferred tax assets	16,015,565	401,936	0	0	16,417,501
Segment assets	419,334,833	36,903,443	8,845,919	(5,536,529)	459,547,666
Segment liabilities	88,933,776	1,858,160	390,737	(5,220,555)	85,962,118

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

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	2025 RM	2024 RM
(Loss)/Profit for the financial year		
Total (loss)/profit for reportable segments	(3,501,617)	1,732,979
Taxation	1,181,111	499,146
(Loss)/Profit for the financial year	(2,320,506)	2,232,125
Assets		
Segment assets	439,526,388	459,547,666
Goodwill on consolidation	58,426	58,426
Current tax assets	2,375,476	1,877,822
Total assets	441,960,290	461,483,914
Liabilities		
Segment liabilities	70,289,636	85,962,118
Deferred tax liabilities	30,350,501	31,815,705
Current tax liabilities	2,782	68,214
Total liabilities	100,642,919	117,846,037

(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	
	2025 RM	2024 RM	2025 RM	2024 RM
Malaysia	150,189,623	203,252,546	346,439,611	344,646,983
China	6,845,206	15,151,205	0	0
	157,034,829	218,403,751	346,439,611	344,646,983

Major customers

During the financial year, the Group does not have any major customer that contributed ten percent (10%) or more of its total revenue.

In the previous financial year, a major customer of the Group, with revenue equal or more than ten percent (10%) of the revenue of the Group, contributed approximately RM48,871,061 of the revenue of the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

5. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.1.2025 RM	Additions RM	Impairment for the financial year RM	Depreciation charge for the financial year RM	Reclassification from right-of-use asset (Note 6) RM	Balance as at 31.12.2025 RM
Carrying amount						
<u>At Valuation</u>						
Buildings	48,240,249	248,437	0	(1,617,501)	0	46,871,185
Freehold land	169,390,000	0	0	0	0	169,390,000
<u>At Cost</u>						
Plant and machinery	13,344,659	92,352	(264,728)	(1,777,267)	0	11,395,016
Furniture, fittings and office equipment	690,148	18,380	0	(103,146)	0	605,382
Electrical and other installations	1,028,601	0	0	(138,575)	0	890,026
Tools and equipment	78,603	0	0	(11,735)	0	66,868
Motor vehicles	72,811	0	0	(398,362)	1,757,615	1,432,064
Capital work-in-progress	22,445,302	7,209,284	0	0	0	29,654,586
	<u>255,290,373</u>	<u>7,568,453</u>	<u>(264,728)</u>	<u>(4,046,586)</u>	<u>1,757,615</u>	<u>260,305,127</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

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

Group	2025				
	Cost RM	Valuation RM	Accumulated depreciation RM	Accumulated impairment losses RM	Carrying amount RM
Buildings	0	50,082,380	(3,211,195)	0	46,871,185
Freehold land	0	169,390,000	0	0	169,390,000
Plant and machinery	131,719,265	0	(114,630,159)	(5,694,090)	11,395,016
Furniture, fittings and office equipment	4,998,946	0	(4,393,564)	0	605,382
Electrical and other installations	4,550,007	0	(3,659,981)	0	890,026
Tools and equipment	2,191,734	0	(2,124,866)	0	66,868
Motor vehicles	5,425,011	0	(3,992,947)	0	1,432,064
Capital work-in-progress	30,143,678	0	0	(489,092)	29,654,586
	179,028,641	219,472,380	(132,012,712)	(6,183,182)	260,305,127

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

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

Group	Balance as at 1.1.2024 RM	Additions RM	Disposals RM	Impairment for the financial year RM	Depreciation charge for the financial year RM	Balance as at 31.12.2024 RM
Carrying amount						
<u>At Valuation</u>						
Buildings	48,405,000	1,428,943	0	0	(1,593,694)	48,240,249
Freehold land	199,190,000	0	(29,800,000)	0	0	169,390,000
<u>At Cost</u>	20,745,050	74,005	0	(5,429,362)	(2,045,034)	13,344,659
Plant and machinery	818,590	36,759	0	0	(165,201)	690,148
Furniture, fittings and office equipment	1,166,045	0	0	0	(137,444)	1,028,601
Electrical and other installations	77,821	13,220	0	0	(12,438)	78,603
Tools and equipment	252,784	0	0	0	(179,973)	72,811
Motor vehicles	8,296,004	14,149,298	0	0	0	22,445,302
Capital work-in-progress	278,951,294	15,702,225	(29,800,000)	(5,429,362)	(4,133,784)	255,290,373

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

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

Group	2024				
	Cost RM	Valuation RM	Accumulated depreciation RM	Accumulated impairment losses RM	Carrying amount RM
Buildings	0	49,833,943	(1,593,694)	0	48,240,249
Freehold land	0	169,390,000	0	0	169,390,000
Plant and machinery	131,626,913	0	(112,852,892)	(5,429,362)	13,344,659
Furniture, fittings and office equipment	4,980,566	0	(4,290,418)	0	690,148
Electrical and other installations	4,550,007	0	(3,521,406)	0	1,028,601
Tools and equipment	2,191,734	0	(2,113,131)	0	78,603
Motor vehicles	3,795,728	0	(3,722,917)	0	72,811
Capital work-in-progress	22,934,394	0	0	(489,092)	22,445,302
	<u>170,079,342</u>	<u>219,223,943</u>	<u>(128,094,458)</u>	<u>(5,918,454)</u>	<u>255,290,373</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

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	
	2025 RM	2024 RM
Buildings	16,748,467	17,985,027
Freehold land	49,423,055	49,423,055
	<u>66,171,522</u>	<u>67,408,082</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

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	
	2025 RM	2024 RM
Level 3		
Buildings	46,871,185	48,240,249
Freehold land	169,390,000	169,390,000
	<u>216,261,185</u>	<u>217,630,249</u>

(i) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 December 2025 and 31 December 2024.

(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 obsolescence, 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 2025, freehold land and buildings of the Group with carrying amount of RM58,780,079 (2024: RM59,736,232) have been charged to banks for credit facilities granted to the Group as disclosed in Note 15(c) to the financial statements.

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

	Group	
	2025 RM	2024 RM
Additions of property, plant and equipment	7,568,453	15,702,225
Capitalisation of borrowing costs	(1,217,414)	0
Cash payments on purchase of property, plant and equipment	<u>6,351,039</u>	<u>15,702,225</u>

(f) Impairment loss on property, plant and equipment of the Group of RM264,728 (2024: RM5,429,362) for plant and machinery was recognised during the financial year due to decline in or cessation of operations of a subsidiary of the Group. The recoverable amount was determined based on the valuation carried out by an independent professional valuer during the financial year. In the previous financial year, the recoverable amount was determined based on the fair value less cost to sell.

(g) Included in property, plant and equipment of the Group are amount of RM1,217,414 (2024: Nil) for borrowing costs capitalised at interest rate of 5.69% (2024: Nil) per annum.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group as lessee

Right-of-use assets

Carrying amount	Balance as at 1.1.2025 RM	Addition RM	Termination RM	Depreciation charge for the financial year RM	Reclassification to property, plant and equipment (Note 5) RM	Balance as at 31.12.2025 RM
<u>At Valuation</u>						
Leasehold land	34,767,648	0	0	(1,252,352)	0	33,515,296
<u>At Cost</u>						
Buildings	22,444	20,805	(14,141)	(13,507)	0	15,601
Motor vehicles	2,508,092	0	0	(205,316)	(1,757,615)	545,161
	<u>37,298,184</u>	<u>20,805</u>	<u>(14,141)</u>	<u>(1,471,175)</u>	<u>(1,757,615)</u>	<u>34,076,058</u>
<u>Carrying amount</u>						
<u>At Valuation</u>						
Leasehold land	36,020,000	0	0	(1,252,352)		34,767,648
<u>At Cost</u>						
Land	24,764	0	(14,151)	(10,613)		0
Buildings	23,140	18,854	0	(19,550)		22,444
Motor vehicles	2,301,567	696,422	0	(489,897)		2,508,092
	<u>38,369,471</u>	<u>715,276</u>	<u>(14,151)</u>	<u>(1,772,412)</u>		<u>37,298,184</u>
<u>Balance as at 1.1.2024 RM</u>						
	36,020,000	0	0	(1,252,352)		34,767,648
<u>Balance as at 31.12.2024 RM</u>						
	36,020,000	0	0	(1,252,352)		34,767,648

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

The Group as lessee (Cont'd)

Lease liabilities

	Balance as at 1.1.2025 RM	Addition RM	Termination RM	Lease payments RM	Accretion of Interest RM	Balance as at 31.12.2025 RM
Carrying amount						
Buildings	22,686	20,805	(14,227)	(14,003)	555	15,816
Motor vehicles	565,720	0	0	(383,503)	19,006	201,223
	588,406	20,805	(14,227)	(397,506)	19,561	217,039
	Balance as at 1.1.2024 RM	Additions RM	Termination RM	Lease payments RM	Accretion of Interest RM	Balance as at 31.12.2024 RM
Land	25,530	0	(14,667)	(11,100)	237	0
Buildings	23,585	18,854	0	(20,400)	647	22,686
Motor vehicles	695,672	624,000	0	(792,307)	38,355	565,720
	744,787	642,854	(14,667)	(823,807)	39,239	588,406

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

The Group as lessee (Cont'd)

Lease liabilities (Cont'd)

	2025 RM	2024 RM
Represented by:		
Current liabilities	181,697	379,211
Non-current liabilities	35,342	209,195
	217,039	588,406
Lease liabilities owing to financial institutions	201,223	565,720
Lease liabilities owing to non-financial institutions	15,816	22,686
	217,039	588,406

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

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 28 years to 57 years (2024: 29 years to 58 years).

- (b) The leasehold land was revalued on 4 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 2025

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (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	
	2025	2024
	RM	RM
Leasehold land	<u>2,823,447</u>	<u>2,921,690</u>

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

	Group	
	2025	2024
	RM	RM
Level 3		
Leasehold land	<u>33,515,296</u>	<u>34,767,648</u>

(i) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 December 2025 and 31 December 2024.

(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	
	2025	2024
	RM	RM
Addition of right-of-use assets	20,805	715,276
Financed by lease liabilities	<u>(20,805)</u>	<u>(642,854)</u>
Cash payments on purchase of right-of-use assets	<u>0</u>	<u>72,422</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

The Group as lessee (Cont'd)

- (e) The leasehold land of the Group with carrying amount of RM8,751,724 (2024: RM9,075,862) have been charged to banks for credit facilities granted to the Group as disclosed in Note 15(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	
	2025	2024
	RM	RM
Depreciation charge of right-of-use assets (included in cost of sales)	1,265,859	1,282,515
Depreciation charge of right-of-use assets (included in administrative expenses)	205,316	489,897
Interest expense on lease liabilities (included in finance costs)	19,561	39,239
Gain on early termination (included in other income)	86	516
Expenses relating to leases of low-value assets (included in administrative expenses)	10,864	11,850
	<u>1,501,686</u>	<u>1,824,017</u>

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

	Group	
	2025	2024
	RM	RM
Included in net cash from operating activities:		
Payment relating to low-value assets	10,864	11,850
Included in net cash (used in)/from investing activities:		
Purchase of right-of-use assets	0	72,422
Included in net cash used in financing activities:		
Payments of lease liabilities	397,506	823,807
Total cash outflows for leases	<u>408,370</u>	<u>908,079</u>

- (i) Information on financial risks of lease liabilities is disclosed in Note 31 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (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 receivables as at the end of each reporting period as follows:

	Group	
	2025	2024
	RM	RM
Less than one (1) year	10,800	1,434,112
One (1) to two (2) years	5,400	660,632
	<u>16,200</u>	<u>2,094,744</u>

7. INVESTMENT PROPERTIES

	Group	
	2025	2024
	RM	RM
Freehold land	31,650,000	31,650,000
Building	20,350,000	20,350,000
Balance as at 1 January/31 December	<u>52,000,000</u>	<u>52,000,000</u>

- (a) Investment properties are initially measured at cost, which includes transaction 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 properties 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 cost approach for building and comparison approach for freehold land 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 are 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 Group with a carrying amount of RM52,000,000 (2024: RM52,000,000) have been charged to a bank for credit facilities granted to the Group as disclosed in Note 15(c) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

7. INVESTMENT PROPERTIES (CONT'D)

- (d) Rental income generated from rental of investment properties of the Group during the financial year amounted to RM1,309,410 (2024: RM1,407,557).
- (e) Direct operating expenses from investment properties of the Group which generated rental income during the financial year amounted to RM18,290 (2024: RM17,433).

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2025	2024
	RM	RM
At cost:		
Unquoted shares, at cost		
- ordinary shares	34,538,493	34,538,493
- redeemable convertible preference shares	65,511,000	55,511,000
Fair value of share options allocated to subsidiaries	2,405,849	2,405,849
Less: Impairment loss	(6,323,681)	(6,323,681)
	<u>96,131,661</u>	<u>86,131,661</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 2025

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
		2025 %	2024 %	
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	Property holding
Subsidiaries of Leader Steel Sdn. Bhd.				
ACME United Sdn. Bhd. #	Malaysia	50.5	50.5	Inactive
Padma Minerals Co., Limited *	Hong Kong	100	100	Inactive
Aurea Canyon Mining Sdn. Bhd. #	Malaysia	100	100	Inactive

Subsidiaries audited by BDO PLT in Malaysia.

* Subsidiary not audited by BDO PLT in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(c) Changes in shareholdings in subsidiaries

(i) FerroNet Asia Sdn. Bhd.

During the financial year, a wholly-owned subsidiary of the Company, FerroNet Asia Sdn. Bhd. issued 100 redeemable preference shares of RM100,000 each. The Company had subscribed 100 redeemable preference shares for a total consideration of RM10,000,000 by way of capitalising the amount owing to the Company.

In the previous financial year, a wholly-owned subsidiary of the Company, FerroNet Asia Sdn. Bhd. redeemed the 157 redeemable convertible preference shares of RM100,000 each by the way of out of profit of that subsidiary. FerroNet Asia Sdn. Bhd. further issued an additional 38 redeemable preference shares of RM100,000 each. The Company had subscribed 38 redeemable preference shares for a total consideration of RM3,800,000 by way of capitalising the amount owing to the Company.

The Company's equity interest in FerroNet Asia Sdn. Bhd. remained at 100% (2024: 100%).

(ii) Leader Steel Sdn. Bhd.

In the previous financial year, a wholly-owned subsidiary of the Company, Leader Steel Sdn. Bhd. had issued 260,000 redeemable preference shares of RM100 each. The Company had subscribed 260,000 redeemable preference shares for a total cash consideration of RM26,000,000.

The Company's equity interest in Leader Steel Sdn. Bhd. remained at 100% (2024: 100%).

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

	ACME United Sdn. Bhd.	
	2025	2024
NCI percentage of ownership interest and voting interest	49.5%	49.5%
Carrying amount of NCI (RM)	<u>28,835</u>	<u>37,219</u>
Loss allocated to NCI (RM)	<u>(8,384)</u>	<u>(7,634)</u>
Total comprehensive loss allocated to NCI (RM)	<u>(8,384)</u>	<u>(7,634)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (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.	
	2025	2024
	RM	RM
Assets and liabilities		
Current assets	3,350	3,835
Current liabilities	<u>(62,355)</u>	<u>(45,902)</u>
Net liabilities	<u>(59,005)</u>	<u>(42,067)</u>
Results		
Revenue	0	0
Loss for the financial year	(16,938)	(15,423)
Total comprehensive loss	<u>(16,938)</u>	<u>(15,423)</u>
Cash flows used in non-operating activities	<u>(485)</u>	<u>(556)</u>
Net decrease in cash and bank balances	<u>(485)</u>	<u>(556)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

9. INVENTORIES

	Group	
	2025	2024
	RM	RM
At cost		
Raw materials	10,245,577	9,692,229
Manufactured inventories	9,701,485	14,530,037
Trading inventories	7,264,690	17,292,248
	<u>27,211,752</u>	<u>41,514,514</u>
At net realisable value		
Raw materials	189,620	165,877
Manufactured inventories	2,464	184,662
Trading inventories	1,015,283	249,923
	<u>1,207,367</u>	<u>600,462</u>
Total	<u>28,419,119</u>	<u>42,114,976</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 RM145,801,829 (2024: RM210,325,571). The Group has also written down inventories by RM107,841 (2024: Nil).

In the previous financial year, the Group has written off inventories amounting to RM998,541.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Trade receivables				
Third parties	22,616,622	18,744,653	0	0
Related parties	1,670,821	617,354	0	0
	24,287,443	19,362,007	0	0
Less: Impairment losses				
- third parties	(362,753)	(271,690)	0	0
- related parties	(205,236)	(205,236)	0	0
	(567,989)	(476,926)	0	0
	23,719,454	18,885,081	0	0
Other receivables				
Third parties	7,249,577	11,089,294	0	0
Related party	85,616	669,601	0	0
Subsidiaries	0	0	2,821,677	622,338
	7,335,193	11,758,895	2,821,677	622,338
Less: Impairment losses				
- third parties	(979,691)	(979,691)	0	0
	6,355,502	10,779,204	2,821,677	622,338
Total receivables	30,074,956	29,664,285	2,821,677	622,338
Deposits	262,913	266,813	1,000	1,000
Prepayments	2,201,217	1,605,399	14,175	14,175
	32,539,086	31,536,497	2,836,852	637,513

- (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 (2024: 14 to 90 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (c) Non-trade portion of amount due by a related party is unsecured, non-interest bearing and payable within next twelve (12) months in cash and cash equivalents.
- Amounts due by subsidiaries are unsecured, bear interest rates ranging from 4.60% to 5.06% (2024: 5.13% to 5.40%) per annum and payable within next twelve (12) months in cash and cash equivalents.
- (d) Included in other receivables are advance payments made to suppliers amounting to RM6,266,439 (2024: RM9,960,127).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

10. TRADE AND OTHER RECEIVABLES (CONT'D)

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

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Ringgit Malaysia	25,917,337	22,994,125	2,822,677	623,338
Renminbi	4,420,532	6,936,973	0	0
	<u>30,337,869</u>	<u>29,931,098</u>	<u>2,822,677</u>	<u>623,338</u>

(f) 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 in the 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, amounts due by subsidiaries and a related party 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 and a related party 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 trade receivables past due more than three (3) months, other receivables and amounts due by subsidiaries and a related party.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

10. TRADE AND OTHER RECEIVABLES (CONT'D)

(f) (Cont'd)

Lifetime expected loss provision for trade receivables of the Group are as follows:

	Gross carrying amount RM	Lifetime expected credit losses RM	Net carrying amount RM
2025			
Collective assessment			
Not past due	17,270,787	35,867	17,234,920
Past due			
- 1 to 30 days	3,708,299	39,354	3,668,945
- 31 to 60 days	370,360	19,218	351,142
- 61 to 90 days	964,823	104,966	859,857
- More than 90 days	1,973,174	368,584	1,604,590
	<u>24,287,443</u>	<u>567,989</u>	<u>23,719,454</u>
2024			
Collective assessment			
Not past due	15,053,973	138,775	14,915,198
Past due			
- 1 to 30 days	1,492,415	23,941	1,468,474
- 31 to 60 days	2,536,441	190,236	2,346,205
- 61 to 90 days	279,178	123,974	155,204
	<u>19,362,007</u>	<u>476,926</u>	<u>18,885,081</u>

Trade receivables are not secured by any collateral or credit enhancement.

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

(g) Movements in the impairment loss for trade receivables are as follows:

	Group	
	2025 RM	2024 RM
Balance as at 1 January	476,926	1,025,039
Charge for the financial year	91,063	0
Reversal of impairment losses	0	(548,113)
Balance as at 31 December	<u>567,989</u>	<u>476,926</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

10. TRADE AND OTHER RECEIVABLES (CONT'D)

(h) Movements in the impairment loss for other receivables are as follows:

Group	Lifetime expected credit losses Credit impaired	
	2025 RM	2024 RM
Balance as at 1 January/31 December	<u>979,691</u>	<u>979,691</u>

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.

No further expected credit loss is recognised arising from the other receivables as it is negligible.

(i) Information on financial risks of trade and other receivables is disclosed in Note 31 to the financial statements.

11. OTHER INVESTMENTS

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Short-term funds	<u>17,441,563</u>	<u>16,045,901</u>	<u>9,023</u>	<u>7,637,069</u>

(a) Other investments are classified as financial assets measured at fair value through profit or loss.

(b) Other investments are denominated in Ringgit Malaysia.

(c) Short-term funds are mainly money market funds, which are designated to manage free cash flows and optimise working capital so as to provide a steady stream of income returns. It is an integral part of the overall cash management.

(d) The fair value of short-term funds are determined by reference to the exchange quoted market bid prices at the close of the business at the end of each reporting period. Short-term funds of the Group and of the Company are categorised at Level 1 in the fair value hierarchy. There has been no transfer between levels in the hierarchy during the financial year.

(e) Information on financial risks of financial guarantees are disclosed in Note 31 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

12. CASH AND BANK BALANCES

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Cash and bank balances	14,745,435	25,261,735	17,458	571,337

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

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Ringgit Malaysia	10,105,026	15,836,015	17,458	571,337
United States Dollar	30,822	25,417	0	0
Renminbi	4,607,108	9,396,592	0	0
Others	2,479	3,711	0	0
	14,745,435	25,261,735	17,458	571,337

(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	
	2025	2024	2025	2024
	RM	RM	RM	RM
Cash and bank balances	14,745,435	25,261,735	17,458	571,337
Bank overdrafts included in borrowings (Note 15)	0	(10,669)	0	0
	14,745,435	25,251,066	17,458	571,337

(c) No expected credit losses were recognised arising from the cash and 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 31 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

13. SHARE CAPITAL

(a) Share capital

	Group and Company			
	2025		2024	
	Number of ordinary shares	RM	Number of ordinary shares	RM
Issued and fully paid with no par value:				
Balance as at 1 January	160,927,860	75,028,490	160,334,960	74,654,370
Issuance of ordinary shares pursuant to ESOS	0	0	592,900	374,120
Balance as at 31 December	<u>160,927,860</u>	<u>75,028,490</u>	<u>160,927,860</u>	<u>75,028,490</u>

In the previous financial year, the issued and fully paid-up ordinary share capital of the Company was increased from 160,334,960 ordinary shares to 160,927,860 ordinary shares by way of issuance of 592,900 new ordinary shares pursuant to 592,900 options exercised under ESOS at an exercise price of RM0.4510 each for cash totalling of RM267,398.

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

At the 32nd Annual General Meeting held on 26 May 2025, shareholders of the Company approved the proposed renewal of shareholders' mandate for the Company to repurchase up to ten per centum (10%) of its own ordinary shares.

	Group and Company			
	2025		2024	
	Number of shares	RM	Number of shares	RM
Balance as at 1 January	(6,195,400)	(2,419,068)	(5,802,400)	(2,209,815)
Purchase of treasury shares	0	0	(393,000)	(209,253)
Balance as at 31 December	<u>(6,195,400)</u>	<u>(2,419,068)</u>	<u>(6,195,400)</u>	<u>(2,419,068)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

13. SHARE CAPITAL (CONT'D)

(b) Treasury shares (Cont'd)

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

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

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

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

- (ii) In the previous financial year, the Company repurchased its issued ordinary shares from the open market as summarised below:

Date	Number of ordinary shares	Market price			Consideration paid RM
		Lowest RM	Highest RM	Average RM	
4 June 2024	213,000	0.530	0.535	0.535	113,855
13 June 2024	180,000	0.523	0.535	0.530	95,398
	<u>393,000</u>				<u>209,253</u>

- (iii) As at 31 December 2025, 6,195,400 (2024: 6,195,400) out of the total 160,927,860 (2024: 160,927,860) 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 2025 after excluding the treasury shares is 154,732,460 (2024: 154,732,460).

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.

14. RESERVES

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Non-distributable:				
Revaluation reserve	173,999,625	173,999,625	0	0
Share options reserve	862,128	1,034,244	862,128	1,034,244
Distributable:				
Retained earnings	93,817,361	95,957,367	20,539,236	20,883,193
	<u>268,679,114</u>	<u>270,991,236</u>	<u>21,401,364</u>	<u>21,917,437</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

14. 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, net of tax.

	Group	
	2025	2024
	RM	RM
Balance as at 1 January	173,999,625	197,357,941
Realisation of revaluation reserve upon disposal	0	(23,358,316)
Balance as at 31 December	<u>173,999,625</u>	<u>173,999,625</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.

15. BORROWINGS

	Group	
	2025	2024
	RM	RM
Current		
<i>Secured</i>		
Bankers' acceptances	41,353,713	44,577,000
Bank overdrafts (Note 12)	0	10,669
Term loans	2,469,000	2,469,000
	<u>43,822,713</u>	47,056,669
Non-current		
<i>Secured</i>		
Term loans	<u>18,201,936</u>	20,686,363
Total borrowings		
Bankers' acceptances	41,353,713	44,577,000
Bank overdrafts (Note 12)	0	10,669
Term loans	<u>20,670,936</u>	23,155,363
	<u>62,024,649</u>	<u>67,743,032</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

15. 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 RM 209,093,750 (2024: RM212,180,000) 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 31 to the financial statements.

16. DEFERRED TAX LIABILITIES

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

	Group	
	2025	2024
	RM	RM
Balance as at 1 January	31,815,705	32,574,063
Recognised in profit or loss (Note 25)	(1,465,204)	(758,358)
Balance as at 31 December	<u>30,350,501</u>	<u>31,815,705</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

16. DEFERRED TAX LIABILITIES (CONT'D)

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

Group	Assets			Liabilities			Net	
	2025 RM	2024 RM	2025 RM	2024 RM	2025 RM	2024 RM	2025 RM	2024 RM
Property, plant and equipment	0	0	4,047,517	5,016,585	4,047,517	5,016,585	5,016,585	
Provisions	(367,170)	(406,887)	0	0	(367,170)	(406,887)	(406,887)	
Others	(411,961)	(445,668)	0	0	(411,961)	(445,668)	(445,668)	
Revaluation of freehold and leasehold land and buildings	0	0	27,082,115	27,651,675	27,082,115	27,651,675	27,651,675	
Deferred tax (assets)/liabilities	(779,131)	(852,555)	31,129,632	32,668,260	30,350,501	31,815,705	31,815,705	
Set off	779,131	852,555	(779,131)	(852,555)	0	0	0	
Net deferred tax liabilities	0	0	30,350,501	31,815,705	30,350,501	31,815,705	31,815,705	
Group								
				Revaluation of freehold and leasehold land and buildings	Property, plant and equipment		Total	
Balance as at 1 January 2025		(406,887)	(445,668)	27,651,675	5,016,585	(1,465,204)	31,815,705	
Recognised in profit or loss	39,717	39,717	33,707	(569,560)	(969,068)	(1,465,204)	(1,465,204)	
Balance as at 31 December 2025	(367,170)	(406,887)	(411,961)	27,082,115	4,047,517	30,350,501	30,350,501	
Balance as at 1 January 2024	(527,570)	(527,570)	(464,727)	28,221,235	5,345,125	(758,358)	32,574,063	
Recognised in profit or loss	120,683	120,683	19,059	(569,560)	(328,540)	(758,358)	(758,358)	
Balance as at 31 December 2024	(406,887)	(406,887)	(445,668)	27,651,675	5,016,585	31,815,705	31,815,705	

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

16. 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	
	2025 RM	2024 RM
Unabsorbed capital allowances	343,770	343,770
Unabsorbed tax losses		
- Expires by 31 December 2028	345,900	345,900
- Expires by 31 December 2029	9,350	9,350
	699,020	699,020

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.

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the respective local and foreign tax authorities. Unutilised tax losses of the subsidiaries incorporated in Malaysia can be carried forward up to ten (10) consecutive years of assessment immediately following the year of assessment under the tax legislation of Inland Revenue Board.

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Trade payables				
Third parties	522,355	2,026,460	0	0
Related party	0	18,818	0	0
	522,355	2,045,278	0	0
Other payables				
Third parties	5,136,883	13,264,528	361,680	316,337
Related parties	0	37,817	0	0
Subsidiary	0	0	4,578,561	0
Accrued expenses	2,388,710	2,283,057	89,600	74,400
	7,525,593	15,585,402	5,029,841	390,737
	8,047,948	17,630,680	5,029,841	390,737

- (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 (2024: 14 to 120 days).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

17. TRADE AND OTHER PAYABLES (CONT'D)

- (c) The amount due to a subsidiary is unsecured, bore interest rates ranging from 4.60% to 5.06% (2024: Nil) per annum and payable within next twelve (12) months in cash and cash equivalents.
- (d) In the previous financial year, the amounts due to related parties were non-trade in nature, unsecured, non-interest bearing and payable within next twelve (12) months in cash and cash equivalents.
- (e) The currency exposure profile of trade and other payables are as follows:

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Ringgit Malaysia	5,889,602	15,195,689	5,029,841	390,737
United States Dollar	576,012	633,230	0	0
Renminbi	1,582,334	1,801,761	0	0
	<u>8,047,948</u>	<u>17,630,680</u>	<u>5,029,841</u>	<u>390,737</u>

- (f) Information on financial risks of trade and other payables is disclosed in Note 31 to the financial statements.

18. CAPITAL COMMITMENTS

	Group	
	2025	2024
	RM	RM
Capital expenditure in respect of purchase of property, plant and equipment: Contracted but not provided for	<u>0</u>	<u>7,600,000</u>

19. REVENUE

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Revenue from contracts with customers				
Recognised at point in time:				
- Sales of goods	157,034,829	218,403,751	0	0
Other revenue:				
- Dividend income from subsidiaries	0	0	0	13,000,000
	<u>157,034,829</u>	<u>218,403,751</u>	<u>0</u>	<u>13,000,000</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

19. REVENUE (CONT'D)

(a) Sale of goods

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

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

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

(b) Dividend income

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

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

20. OTHER INCOME

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Compensation from government grant	0	9,319,781	0	0
Distribution income	403,743	600,095	11,801	130,421
Fair value gain on other investments	1,723	9,541	153	2,282
Gain on disposal of property, plant and equipment	24,000	3,440,450	0	0
Gain on lease termination	86	516	0	0
Interest income	74,809	76,570	218,818	579,986
Realised foreign exchange gain	83,642	0	0	0
Unrealised gain on foreign exchange	219,272	22,367	0	0
Rental income	1,894,655	2,768,147	0	0
Service income	88,008	134,524	0	0
Other income	93,208	94,123	0	0
	2,883,146	16,466,114	230,772	712,689

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

21. FINANCE COSTS

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Interest expenses on:				
- amount owing to subsidiaries	0	0	97,975	0
- term loans	0	4,892	0	0
- bankers' acceptances	1,483,631	1,857,264	0	0
- revolving credit	0	240,000	0	0
- lease liabilities	19,561	39,239	0	0
	1,503,192	2,141,395	97,975	0

22. EMPLOYEE BENEFITS

	Group	
	2025	2024
	RM	RM
Wages, salaries, bonuses and incentive	7,947,573	8,648,345
Contributions to defined contribution plan	846,340	943,033
Social security contributions	111,476	103,990
	8,905,389	9,695,368

23. DIRECTORS' REMUNERATION

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Directors of the Company				
Executive:				
- fees	108,000	108,000	108,000	108,000
- remuneration	1,614,018	1,690,577	0	0
- other emoluments	7,500	7,000	7,500	7,000
	1,729,518	1,805,577	115,500	115,000
Non-executive:				
- fees	146,203	135,541	146,203	135,541
- other emoluments	119,595	49,755	119,595	49,755
	265,798	185,296	265,798	185,296
Total Directors' remuneration	1,995,316	1,990,873	381,298	300,296

Estimated monetary value of benefits-in-kind provided to the Executive Directors of the Company is RM45,400 (2024: RM39,150).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

24. EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The establishment of ESOS was approved by the shareholders at an Extraordinary General Meeting held on 30 May 2022. 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;

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

24. EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (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 and 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 options over ordinary shares of the Company are as follows:

	Number of options over ordinary shares				
	Balance as at 1.1.2025	Exercised	Forfeited*	Balance as at 31.12.2025	Exercisable as at 31.12.2025
Date of grant					
31 May 2023	5,745,800	0	(956,200)	4,789,600	4,789,600
Exercise price					RM0.4510
Remaining contractual life (months)	41				29

* Due to resignation

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 2025

25. TAXATION

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Current tax expense based on (loss)/profit for the financial year	357,999	312,647	0	139,308
Overprovision of tax expenses in prior years	(73,906)	(53,435)	(4,271)	(3,436)
	284,093	259,212	(4,271)	135,872
Deferred tax (Note 16):				
Relating to origination and reversal of temporary differences	(271,291)	(351,362)	0	0
Crystallisation of deferred tax liabilities on revaluation surplus	(569,561)	(569,561)	0	0
(Over)/Underprovision of deferred tax in prior years	(624,352)	162,565	0	0
	(1,465,204)	(758,358)	0	0
Taxation for the financial year	(1,181,111)	(499,146)	(4,271)	135,872

The Malaysian income tax is calculated at the statutory tax rate of 24% (2024: 24%) of the taxable profits for the fiscal year.

The numerical reconciliation between the taxation and the product of accounting (loss)/profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
(Loss)/Profit before tax	(3,501,617)	1,732,979	(520,344)	13,105,773
Tax at Malaysian statutory tax rate of 24% (2024: 24%)	(840,388)	415,915	(124,883)	3,145,386
Tax effects in respect of:				
Non-allowable expenses	677,344	2,785,454	124,883	113,922
Non-taxable income	(319,809)	(3,809,645)	0	(3,120,000)
	(482,853)	(608,276)	0	139,308
(Over)/Underprovision in prior years:				
- current tax	(73,906)	(53,435)	(4,271)	(3,436)
- deferred tax	(624,352)	162,565	0	0
	(1,181,111)	(499,146)	(4,271)	135,872

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

26. DIVIDEND [2024 ONLY]

	Group and Company Dividend per share RM	Amount of dividend RM
In respect of the financial year ended 31 December 2024: First single-tier interim dividend	<u>0.020</u>	<u>3,094,237</u>

27. BASIC AND DILUTED (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/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 2025	2024
(Loss)/Profit attributable to equity holders of the parent (RM)	<u>(2,312,122)</u>	<u>2,239,759</u>
Weighted average number of ordinary shares in issue (unit)	<u>154,587,668</u>	<u>154,587,668</u>
Basic (loss)/earnings per ordinary share (sen)	<u>(1.50)</u>	<u>1.45</u>

(b) Diluted

Diluted (loss)/earnings per ordinary share for the financial year has been calculated based on the consolidated (loss)/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.

	Group 2025	2024
(Loss)/Profit attributable to equity holders of the parent (RM)	<u>(2,312,122)</u>	<u>2,239,759</u>
Weighted average number of ordinary shares in issue applicable to basic earning per ordinary share (unit)	<u>154,587,668</u>	<u>154,587,668</u>
Effect of dilution due to:		
- ESOS (unit)	<u>0</u>	<u>244,925</u>
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share (unit)	<u>154,587,668</u>	<u>154,832,593</u>
Diluted (loss)/earnings per ordinary share (sen)	<u>(1.50)</u>	<u>1.45</u>

Diluted loss per ordinary share equal basic loss per ordinary share as the effect on the basic loss per ordinary share is anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

28. 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 interests.
Eonmetall Technology Sdn. Bhd.	A company in which certain Directors of the Company have substantial interests.
Eonmetall Systems Sdn. Bhd.	A company in which certain Directors of the Company have substantial interests.
EMT Systems Sdn. Bhd.	A company in which certain Directors of the Company have substantial interests.
GL Business Advisory Sdn. Bhd.	A company in which certain Directors of the Company have substantial interests.
Golden Valley Capital Sdn. Bhd.	A company in which certain Directors of the Company have substantial interests.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

28. RELATED PARTY DISCLOSURES (CONT'D)

(b) Significant related parties transactions

In addition to the related parties information detailed elsewhere in the financial statements, the Group and the Company had the following significant transactions with related parties during the financial year:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Related parties:				
Purchase of property, plant and equipment	0	(49,757)	0	0
Sales	1,646,670	899,291	0	0
Purchases	(19,771)	(49,083,909)	0	0
Rental income	892,802	938,873	0	0
Maintenance fees	60,836	0	0	0
Shared service costs	(435,153)	(231,086)	0	0
Subsidiaries:				
Dividend income	0	0	0	13,000,000
Interest income	0	0	216,460	579,986
Interest expense	0	0	(97,975)	0

Balances with related parties at the end of the financial year are disclosed in Note 10 and Note 17 to the financial statements.

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

(c) Compensation of key management personnel

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

28. RELATED PARTY DISCLOSURES (CONT'D)

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

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

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
<u>Directors</u>				
Fees	254,203	243,541	254,203	243,541
Remuneration	1,614,018	1,690,577	0	0
Other emoluments	127,095	56,755	127,095	56,755
	1,995,316	1,990,873	381,298	300,296
<u>Other Key Management Personnel</u>				
Remuneration	1,432,800	1,400,191	0	0
Other emoluments	356,018	431,950	0	0
	1,788,818	1,832,141	0	0
	3,784,134	3,823,014	381,298	300,296

Estimated monetary value of benefits-in-kind provided to the Executive Directors and key management personnel of the Group is RM111,967 (2024: RM106,550).

29. FINANCIAL GUARANTEES

	Company	
	2025 RM	2024 RM
Unsecured		
Financial guarantees given to financial institutions for credit facilities granted to subsidiaries:		
- Limit of guarantee	209,093,750	212,180,000
- Amount utilised	62,024,649	67,743,032

- The Company provides financial guarantees to banks for credit facilities granted to certain subsidiaries.
- The maximum exposure to credit risk in relation to financial guarantee contracts provided as credit enhancements to the secured loans of subsidiaries amounts to RM62,024,649 (2024: RM67,743,032) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.
- Financial guarantees have not been recognised since the fair value was insignificant on initial recognition. As at the end of the reporting period, there was no indication that the subsidiaries would default on repayment.
- 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.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

29. FINANCIAL GUARANTEES (CONT'D)

(d) (Cont'd)

The subsidiaries defaulting on the credit lines is remote. Consequently, the Company is of the view that the loss allowance is not material and hence, it is not provided for.

(e) Information on financial risks of financial guarantees are disclosed in Note 31 to the financial statements.

30. 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	
	2025 RM	2024 RM	2025 RM	2024 RM
Borrowings	62,024,649	67,743,032	0	0
Lease liabilities	217,039	588,406	0	0
Trade and other payables	8,047,948	17,630,680	5,029,841	390,737
Total loans and borrowings	70,289,636	85,962,118	5,029,841	390,737
Total equity	341,317,371	343,637,877	94,010,786	94,526,859
Debt-to-equity ratio	0.21 : 1	0.25 : 1	0.054 : 1	0.004 : 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 2025 and 31 December 2024.

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 2025

30. FINANCIAL INSTRUMENTS (CONT'D)

(b) Categories of financial instruments

	Group RM	Company RM
31 December 2025		
Financial assets		
Amortised cost		
Trade and other receivables, net of prepayments	30,337,869	2,822,677
Cash and bank balances	14,745,435	17,458
	<u>45,083,304</u>	<u>2,840,135</u>
Financial liabilities		
Amortised cost		
Borrowings	62,024,649	0
Trade and other payables	8,047,948	5,029,841
	<u>70,072,597</u>	<u>5,029,841</u>
31 December 2024		
Financial assets		
Amortised cost		
Trade and other receivables, net of prepayments	29,931,098	623,338
Cash and bank balances	25,261,735	571,337
	<u>55,192,833</u>	<u>1,194,675</u>
Financial liabilities		
Amortised cost		
Borrowings	67,743,032	0
Trade and other payables	17,630,680	390,737
	<u>85,373,712</u>	<u>390,737</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

31. 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, short-term funds 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.

In respect of the cash and bank balances placed with major financial institutions, the Directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

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:

	2025		2024	
	RM	% of total	RM	% of total
By countries				
Malaysia	19,298,923	81%	11,948,108	63%
China	4,420,531	19%	6,936,973	37%
	<u>23,719,454</u>	<u>100%</u>	<u>18,885,081</u>	<u>100%</u>

	2025		2024	
	RM	% of total	RM	% of total
By industry sectors				
Minerals	4,420,531	19%	6,936,973	37%
Steel and trading	19,298,923	81%	11,948,108	63%
	<u>23,719,454</u>	<u>100%</u>	<u>18,885,081</u>	<u>100%</u>

At the end of each reporting period, approximately 7% (2024: 3%) of the trade receivables of the Group were due from related parties. The Company's receivables consist 100% (2024: 100%) of amounts due by subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

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

(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.

As at 31 December 2025, the Company's current liabilities exceeded its current assets by RM 2,120,875. The Group and the Company have sufficient cash flows from its business activities for the next twelve months from the reporting date to meet its operating and financing obligations as and when they fall due. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

The table below summarises the maturity profile of the 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	More than five (5) years RM	Total RM
Group				
As at 31 December 2025				
Financial liabilities				
Lease liabilities	193,891	39,019	0	232,910
Trade and other payables	8,047,948	0	0	8,047,948
Borrowings	45,040,127	11,634,477	8,791,170	65,465,774
Total undiscounted financial liabilities	<u>53,281,966</u>	<u>11,673,496</u>	<u>8,791,170</u>	<u>73,746,632</u>
As at 31 December 2024				
Financial liabilities				
Lease liabilities	433,496	238,817	0	672,313
Trade and other payables	17,630,680	0	0	17,630,680
Borrowings	47,782,605	11,961,617	11,481,176	71,225,398
Total undiscounted financial liabilities	<u>65,846,781</u>	<u>12,200,434</u>	<u>11,481,176</u>	<u>89,528,391</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

31. 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 (continued).

	On demand or within one (1) year RM	One (1) to five (5) years RM	Total RM
Company			
As at 31 December 2025			
Financial liabilities			
Other payables	5,029,841	0	5,029,841
Financial guarantee contracts	62,024,649	0	62,024,649
Total undiscounted financial liabilities	<u>67,054,490</u>	<u>0</u>	<u>67,054,490</u>
As at 31 December 2024			
Financial liabilities			
Other payables	390,737	0	390,737
Financial guarantee contracts	67,743,032	0	67,743,032
Total undiscounted financial liabilities	<u>68,133,769</u>	<u>0</u>	<u>68,133,769</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').

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

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

(c) Foreign currency risk (Cont'd)

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

		Group	
		2025	2024
		RM	RM
(Loss)/Profit after tax			
USD/RM	- strengthen by 10% (2024: 10%)	(41,434)	(46,194)
	- weaken by 10% (2024: 10%)	41,434	46,194
		<hr/>	<hr/>
RMB/RM	- strengthen by 10% (2024: 10%)	565,843	1,104,417
	- weaken by 10% (2024: 10%)	(565,843)	(1,104,417)
		<hr/>	<hr/>

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.

(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	
	2025	2024	2025	2024
	RM	RM	RM	RM
(Loss)/Profit after tax				
- Increase by 0.1%				
(2024: 0.1%)	(47,139)	(51,477)	(1,336)	473
- Decrease by 0.1%				
(2024: 0.1%)	47,139	51,477	1,336	(473)
		<hr/>	<hr/>	<hr/>

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 2025

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

(d) Interest rate risk (Cont'd)

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

Group	Note	Effective interest rates %	Within one (1) year RM	One (1) to two (2) years RM	Two (2) to three (3) years RM	Three (3) to four (4) years RM	Four (4) to five (5) years RM	Total RM
As at 31 December 2025								
Fixed rates								
Lease liabilities	6	3.49 - 4.34*	10,432	5,384	0	0	0	15,816
Lease liabilities	6	3.35 - 3.57	171,265	29,958	0	0	0	201,223
Floating rates								
Bankers' acceptances	15	3.19 - 5.27	41,353,713	0	0	0	0	41,353,713
Term loans	15	5.69	2,469,000	2,469,000	2,469,000	2,469,000	10,794,936	20,670,936
* Represents incremental borrowings rate per annum.								
As at 31 December 2024								
Fixed rates								
Lease liabilities	6	3.49 - 4.34*	14,738	7,948	0	0	0	22,686
Lease liabilities	6	3.35 - 3.57	364,473	179,410	21,837	0	0	565,720
Floating rates								
Bankers' acceptances	15	3.19 - 5.27	44,577,000	0	0	0	0	44,577,000
Term loans	15	5.69	2,469,000	2,469,000	2,469,000	2,469,000	13,279,363	23,155,363
* Represents incremental borrowings rate per annum.								

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

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

(d) Interest rate risk (Cont'd)

Company	Note	Effective interest rates %	Within one (1) year RM	One (1) to two (2) years RM	Two (2) to three (3) years RM	Three (3) to four (4) years RM	Four (4) to five (5) years RM	Total RM
As at 31 December 2025								
Floating rates								
Amounts due by subsidiaries	10	4.60 - 5.06	2,821,677	0	0	0	0	2,821,677
Amount due to a subsidiary	17	4.60 - 5.06	4,578,561	0	0	0	0	4,578,561
As at 31 December 2024								
Floating rates								
Amounts due by subsidiaries	10	5.13 - 5.40	622,338	0	0	0	0	622,338

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

32. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

32.1 New MFRSs adopted during the financial year

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

Title	Effective Date
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025

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

32.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2026

Title	Effective Date
Amendments to MFRS 9 and MFRS 7 <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
<i>Annual Improvements to MFRS Accounting Standards-Volume 11</i>	1 January 2026
Amendments to MFRS 9 and MFRS 7 <i>Contracts Referencing Nature - dependent Electricity</i>	1 January 2026
MFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
<i>Amendments to MFRS 19 Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to MFRS 121 <i>Translation to Hyperinflationary Presentation Currency</i>	1 January 2027
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.

33. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

- (a) On 19 March 2026, a subsidiary of the Company has entered into a conditional sale and purchase agreement with WG Malaysia VIII Sdn. Bhd. in relation to the proposed disposal of a parcel of freehold land measuring approximately 1,437,477 square feet located in Mukim Kapar, Daerah Klang, Negeri Selangor for a cash consideration of approximately RM136.56 million.

As at the date of this report, the disposal has not been completed.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2025

33. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD (CONT'D)

- (b) Since the end of February 2026, the escalation in the US-Iran conflict and the subsequent closure of the Strait of Hormuz might result in disruption to business operations such as risk of fluctuations in bunker fuel and energy prices. This conflict has also threatened the continuity of supply of fuel and may result in inflationary pressure in the near future.

As at the date of authorisation of the financial statements, this conflict is still evolving and remains unpredictable. Consequently, the Group and the Company are unable to estimate the financial effects of the situation at this juncture. The Group and the Company are actively monitoring and managing the operations of the Group and the Company to minimise any impact arising from these developments.

- (c) On 13 April 2026, the Company has granted 19,227,000 ESOS at an exercise price of RM0.3700 per share to eligible employees.

34. STATUTORY DISCLOSURE

Pursuant to Section 249(4)(e) of Companies Act 2016, details of auditors' remuneration payable by the Group and the Company were as follows:

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Statutory audit				
- BDO PLT	270,000	256,000	109,000	98,600
- Other auditors	5,000	5,000	0	0
Other services	5,500	5,500	5,500	5,500
	280,500	266,500	114,500	104,100

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 2025 (RM'000)
Leader Steel Sdn. Bhd.							
Plot 85, Lorong Perusahaan Utama, Kawasan Perusahaan Bukit Tengah, 14000 Bukit Tengah, Seberang Perai Tengah, Pulau Pinang, Malaysia	31/12/2023	Lot No. PT 2965, Mukim 11 District of Seberang Perai Tengah Pulau Pinang	Leasehold 60 years, expiring 21.12.2052	33 years	34,011	Factory	38,536
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	31 years	111	Residential premise for rent	455
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	31 years	111	Residential premise for rent	455
Lot 841, Block 7 MTL, 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	32 years	33,600	Factory	22,909
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	13 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	27 years	73	Residential premise for factory workers	91
Leader Steel Service Centre Sdn. Bhd.							
Geran 43145, Lot No. 6483, Kapar, Klang, Selangor, Malaysia.	31/12/2023	Lot 6483, Mukim of Kapar District of Klang Selangor	Freehold Land	22 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	17 years	17,720	Factory	12,911
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	19 years	130	Residential premise for rent	624

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 2025 (RM'000)
Leader Steel Service Centre Sdn. Bhd. (Cont'd)							
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	19 years	130	Residential premise for rent	624
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	18 years	130	Residential premise for rent	662
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	16 years	186	Residential premise for factory workers	595
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	17 years	130	Residential premise for rent	691
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	13 years	191	Residential premise for factory workers	624
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	43 years	6,133	Factory	1,210
FerroNet Asia Sdn. Bhd.							
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	3 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	3 year	55,186	Industrial land	34,800

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2026

Issued Share Capital	:	160,927,860 ordinary shares (including 6,195,400 treasury shares)
Class of Share	:	Ordinary Shares
No. of Shareholders	:	2,111
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	11	0.52	329	0.00
100 - 1,000	276	13.08	179,600	0.11
1,001 - 10,000	1,220	57.79	6,872,263	4.27
10,001 - 100,000	539	25.53	16,420,100	10.20
100,001 – 8,046,392*	61	2.89	71,572,400	44.48
8,046,393 – 160,927,860**	4	0.19	65,883,168	40.94
TOTAL:	2,111	100.00	160,927,860	100.00

* - 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	14,998,494	9.69	^56,622,974	^36.59
2.	Datin Tan Pak Say	1,375,006	0.89	^70,246,462	^45.40
3.	Bischart Sdn. Bhd.	54,035,868	34.92	-	-

DIRECTORS' INTEREST IN THE SHARE CAPITAL

No.	Name of Directors	← Direct →		← Indirect →	
		No. of Shares	%	No. of Shares	%
1.	Dato' Goh Cheng Huat	14,998,494	9.69	^56,622,974	^36.59
2.	Datin Tan Pak Say	1,375,006	0.89	^70,246,462	^45.40
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 through direct and indirect shares via spouse and children and shares pursuant to Section 59(11)(c) of the Act.

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

ANALYSIS OF SHAREHOLDINGS (CONT'D)

AS AT 31 MARCH 2026

LIST OF TOP 30 HOLDERS AS AT 31 MARCH 2026

No.	Name	Holdings	%
1.	BISCHART SDN. BHD.	18,035,868	11.21
2.	BISCHART SDN. BHD.	18,000,000	11.19
3.	BISCHART SDN. BHD.	18,000,000	11.19
4.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR GOH CHENG HUAT (SMART)	11,847,300	7.36
5.	PULAU ANGKASA INDUSTRIES SDN. BHD.	7,694,100	4.78
6.	TAN HAN CHUAN	7,476,700	4.65
7.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN CHING CHING	7,430,700	4.62
8.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ONG HUEY PENG	6,488,800	4.03
9.	LEADER STEEL HOLDINGS BERHAD SHARE BUY BACK ACCOUNT	6,195,400	3.85
10.	ONG HAR HONG	6,032,300	3.75
11.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR GOH TING HONG	5,522,900	3.43
12.	POO CHOO @ ONG POO CHOI	3,000,000	1.86
13.	DATO' GOH CHENG HUAT	2,950,600	1.83
14.	GOLDEN VALLEY LOGISTIC SDN.BHD.	2,944,000	1.83
15.	GOH HONG KENT	1,212,100	0.75
16.	TAN PHAIK HOON	1,160,000	0.72
17.	DATIN TAN PAK SAY	1,155,006	0.72
18.	CHEANG BENG CHEE	847,000	0.53
19.	LEE HENG WAI	821,000	0.51
20.	TAN AIK CHOON	639,300	0.40
21.	TAN KHENG HWA	500,000	0.31
22.	SONG HUAT CHAN HOLDINGS SDN. BHD.	493,300	0.31
23.	TAN AIK CHOON	491,300	0.31
24.	KUEH CHIAW BOON	380,000	0.24
25.	KUEH TUNG BOON	336,000	0.21
26.	RHB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR NG KIM VOOY	330,000	0.21
27.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR HO KOK KIANG (8123858)	326,800	0.20
28.	LIM SOON HUAT	320,200	0.20
29.	LIM KIAN HUAT	310,900	0.19
30.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-R ES)	300,000	0.19
Total:		131,241,574	81.55

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FORM OF PROXY

**Thirty-Third (33rd)
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 33rd Annual General Meeting of the Company to be held at 2nd Floor, Wisma Leader Steel, Plot 85, Lorong Perusahaan Utama, Kawasan Perusahaan Bukit Tengah, 14000 Bukit Tengah, Seberang Perai Tengah, Pulau Pinang, Malaysia on Thursday, 25 June 2026 at 2:00 pm or at any adjournment thereof.

	Ordinary Resolutions						
	1	2	3	4	5	6	7
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 _____ 2026

Signature of Shareholder

Common Seal to be affixed here
if Shareholder is a Corporation

Notes:

- 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 at the Company's Registered Office at 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Pulau Pinang, Malaysia at least forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
- In respect of deposited securities, only a depositor whose name appears on the Record of Depositors on 18 June 2026 (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 33rd Annual General Meeting of the Company and any adjournment thereof.



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**Affix
Stamp**

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

Then fold here

Fold this flap for sealing

Leader Steel Holdings Berhad

199301012471 (267209-K)

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

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