LYSAGHT GALVANIZED STEEL BERHAD

(Registration No. 197901002195 (46426-P))

ANNUAL REPORT

2020

TABLE OF CONTENTS

FINANCIAL STATEMENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-Second Annual General Meeting ("42nd AGM") of **LYSAGHT GALVANIZED STEEL BERHAD** ("the Company") will be held at Ballroom 1, Level 6, Weil Hotel, 292, Jalan Sultan Idris Shah, 30000 Ipoh, Perak Darul Ridzuan on Thursday, 17 June 2021 at 10:00 a.m. to transact the following business: -

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Directors' and Auditors' Reports thereon.

2. To declare a final single tier dividend of 1 sen per ordinary share for the financial year ended 31 December 2020. ***Ordinary Resolution 1***

3. To approve the payment of Directors' Fees of RM432,000/- for the financial year ending 31 December 2021 to the Non-Executive Directors. ***Ordinary Resolution 2***

4. To approve the payment of the meeting allowances up to RM107,000/- for the financial year ending 31 December 2021 to the Non-Executive Directors. ***Ordinary Resolution 3***

5. To re-elect the following Directors who retire pursuant to Article 23.4 of the Company's Constitution and who have offered themselves for re-election:-

   i. Mr Chong Sai Sin ***Ordinary Resolution 4***
   ii. Ir. Chua Tia Bon ***Ordinary Resolution 5***
   iii. Mr Ee Beng Guan ***Ordinary Resolution 6***

6. To re-appoint Ernst & Young PLT as Auditors of the Company for the financial year ending 31 December 2021 at such remuneration to be determined by the Directors. ***Ordinary Resolution 7***

7. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT the final single tier dividend of 1 sen per ordinary share for the financial year ended 31 December 2020, if approved by shareholders at the 42nd AGM, will be paid on 16 July 2021 to Depositors whose names appear in the Record of Depositors of the Company at the close of business on 5 July 2021.

A Depositor shall qualify for entitlement to the dividend in respect of:-

(a) Shares transferred to the Depositor's Securities Account before 4:30 p.m. on 5 July 2021 in respect of the transfers; and

(b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

LIM CHIEN JOO
MAICSA No.: 7063152
SSM PC No.: 201908004025
Company Secretary

Kuala Lumpur
Date: 30 April 2021

NOTICE OF ANNUAL GENERAL MEETING
cont'd

Notes:

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 10 June 2021 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the 42nd AGM.*

2. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies (subject to a maximum of two (2) proxies) to attend and vote in his/her stead. A proxy may but need not be a member of the Company.*

3. *Where the member appoints two (2) proxies to attend and vote at the 42nd AGM, such appointment shall be invalid unless the member specifies the proportion of his/her holdings to be represented by each proxy.*

4. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.*

5. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one 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.*

6. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under common seal or under the hand of an officer or attorney duly authorised.*

7. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's Registered Office at Suite 13.03, 13th Floor, Menara Tan & Tan, 207 Jalan Tun Razak, 50400 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjournment meeting at which the person named in the instrument proposes to vote.*

8. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of this 42nd AGM will be put to vote by poll.*

Explanatory Notes:

1. ***Audited Financial Statements for the financial year ended 31 December 2020***

   This item of the Agenda is for discussion purposes only, as Section 340(1)(a) of the Companies Act 2016 ("Act") does not require the shareholders to formally approve the Audited Financial Statements. Hence, this item will not put forward for voting.

2. ***Ordinary Resolution 1 – Final Dividend***

   With reference to Section 131 of the Act, a company may only make a distribution to the shareholders out of profits of the Company available if the Company is solvent. On 25 March 2021, the Board had considered the amount of dividend and decided to recommend the same for the shareholders' approval.

   The Directors of the Company are satisfied that the Company will be solvent as it will be able to pay its debts as and when the debts become due within twelve (12) months immediately after the distribution is made on 16 July 2021 in accordance with the requirements under Section 132(2) and (3) of the Act.

3. ***Ordinary Resolution 3 – Payment of meeting allowances to the Non-Executive Directors***

   The total estimated amount of meeting allowances payable is calculated based on the number of scheduled Board's and Board Committees' meetings for the current financial year ending 31 December 2021.

NOTICE OF ANNUAL GENERAL MEETING
cont'd

Measures to minimise risk of COVID-19:

(a) Your safety is the Company's top priority. As a precautionary measure from the exposure to COVID-19, you are required to undergo a temperature screening and make health declaration before you enter for registration at the meeting. If your temperature is 37.5°C or higher, you may not be allowed into the meeting. Face masks will be provided to all present and hand sanitisers will be placed at the common areas for your use.

(b) If you are unwell with sore throat/fever/ flu/ cough/ shortness of breath or showed symptoms of respiratory illness such as coughing and sneezing, you are strongly encouraged not to attend the meeting. In view of this, we encourage that you appoint a proxy and deposit the Proxy Form as per Note 7 above in the event you are not able to attend and vote on the date of the meeting. The appointment of a proxy does not preclude you from attending the meeting should you wish to and are fit to attend.

(c) On the seating arrangements and number of individuals to be present at the meeting venue, the Company will observe and abide by the prevailing directives, safety and precautionary requirements as prescribed by the Government, the Ministry of Health, the Malaysian National Security Council and other relevant authorities to curb the spread of the COVID-19 pandemic. Shareholders are advised to arrive early at the 42nd AGM venue given that the above-mentioned precautionary measures may cause delay in the registration process.

(d) There will be no refreshment served at the 42nd AGM venue.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING
PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. Details of individuals who are standing for election as Directors (excluding Directors standing for re-election)

   No individual is seeking election as a Director at the forthcoming 42nd Annual General Meeting of the Company.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Ir. Wan Razali Bin Wan Muda
Independent Non-Executive Chairman

Ir. Chua Tia Bon
Executive Director/Chief Executive Officer

Chew Meu Jong
Non-Independent Non-Executive Director

Ir. Aik Siaw Kong, KMN
Independent Non-Executive Director

Cheam Low Soo
Independent Non-Executive Director

Ee Beng Guan
Senior Independent Non-Executive Director

Chong Sai Sin
Independent Non-Executive Director

AUDIT COMMITTEE

Chong Sai Sin (Chairman)
Cheam Low Soo
Ee Beng Guan

NOMINATION COMMITTEE

Cheam Low Soo *(Chairman)*
Dato' Ir. Wan Razali Bin Wan Muda
Ee Beng Guan

REMUNERATION COMMITTEE

Chew Meu Jong *(Chairman)*
Dato' Ir. Wan Razali Bin Wan Muda
Ir. Aik Siaw Kong, KMN

RISK MANAGEMENT COMMITTEE

Ir. Aik Siaw Kong, KMN *(Chairman)*
Dato' Ir. Wan Razali Bin Wan Muda
Chew Meu Jong

COMPANY SECRETARY

Lim Chien Joo
MAICSA 7063152
SSM PC No. 201908004025

REGISTERED OFFICE

Suite 13.03,13th Floor, Menara Tan & Tan
207 Jalan Tun Razak, 50400 Kuala Lumpur
Wilayah Persekutuan, Malaysia
Tel No : 03-2164 0206/03-2164 0118
Fax No : 03-2164 0207

PRINCIPAL PLACE OF BUSINESS

No. 11, Jalan Majistret U1/26, Seksyen U1
Hicom-Glenmarie Industrial Park
40150 Shah Alam, Selangor Darul Ehsan
Tel No : 03-7880 4728
Fax No : 03-7880 4766
Email : lysaghtg@lysaghtmarketing.com.my
Website : http://lysaghtgalvanizedsteelbhd.com

SHARE REGISTRAR

Securities Services (Holdings) Sdn. Bhd.
[Registration No. 197701005827 (36869-T)]
Level 7, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur, Malaysia
Tel No : 603-2084 9000
Fax No : 603-2094 9940

EXTERNAL AUDITORS

Ernst & Young PLT
[202006000003 (LLP0022760-LCA) & AF0039]
21 & 23, Jalan Hussein
30250 Ipoh, Perak Darul Ridzuan
Tel No : 05-210 2168
Fax No : 05-254 1572

PRINCIPAL BANKERS

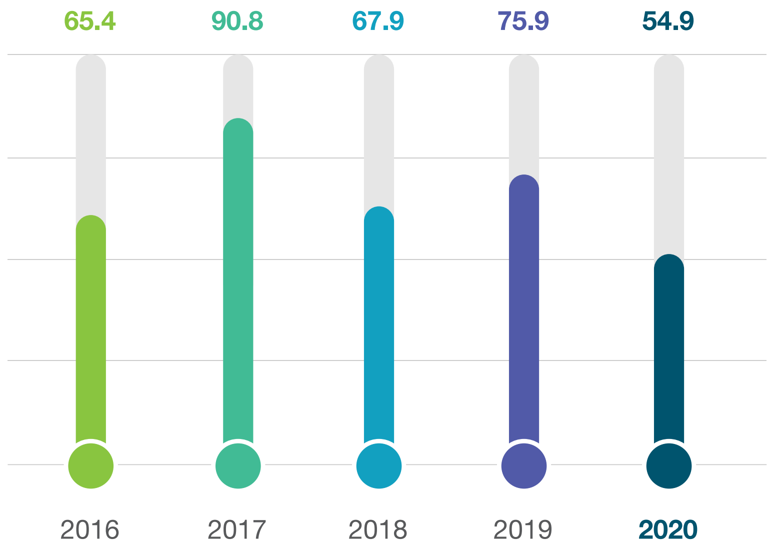
Standard Chartered Bank Malaysia Bhd.

STOCK EXCHANGE LISTING

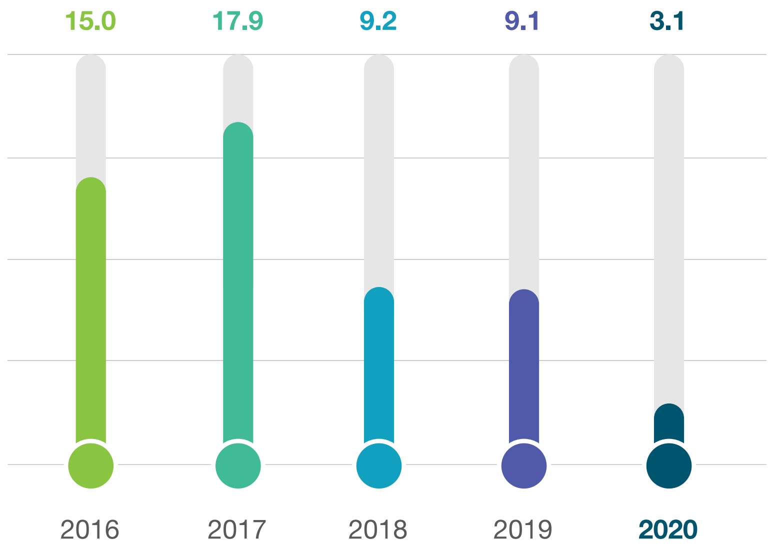
Main Market of Bursa Malaysia Securities Berhad
Stock Name : LYSAGHT
Stock Code : 9199

FINANCIAL HIGHLIGHTS

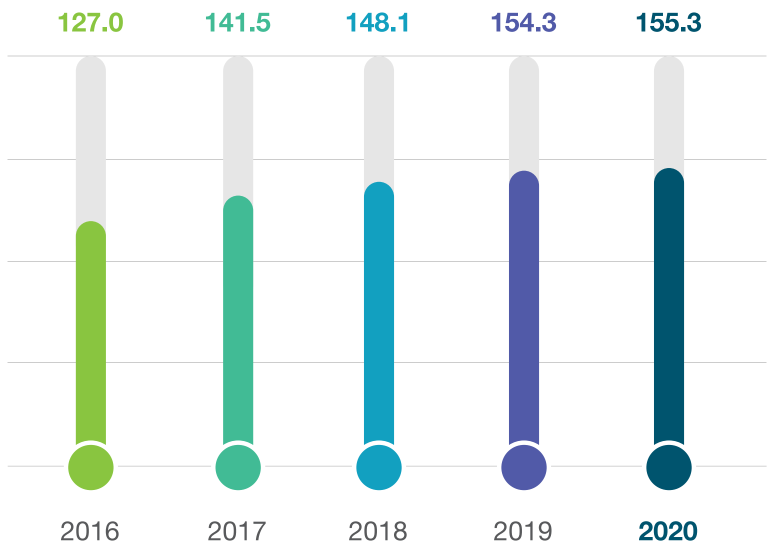
REVENUE
(RM'Mil)



PROFIT AFTER TAX
(RM'Mil)



SHAREHOLDERS' FUND
(RM'Mil)



CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

"It is a privilege to write to you as the Chairman of the Board of Lysaght Galvanized Steel Berhad ("Lysaght").

On behalf of the Board of Directors ("Board"), it is my pleasure to present to you the Annual Report and Financial Statements of our Group for the financial year ended 31 December 2020 ("FY2020")."

OPERATING ENVIRONMENT

For many of us, FY2020 is undeniably a year like no other we have seen in our lifetime. To combat the spread of the Coronavirus Disease 2019 ("COVID-19") pandemic, strict lockdown measures were implemented nationwide and across many countries around the world, resulting in a global economic slowdown. The business environment became more challenging than ever before.

The International Monetary Fund ("IMF") has projected a deep recession in 2020 with global gross domestic product ("GDP") estimated to contract by 3.5%. Meanwhile in Malaysia, our economy is certainly not spared from the devastating effects of this unprecedented shock brought by the COVID-19. As reported by the Department of Statistics Malaysia, Malaysia's GDP contracted by 5.6% in 2020. This marked the first GDP decline since the Global Financial Crisis in 2009 and the biggest contraction since the 1998 Asian Financial Crisis.

(Source : IMF, World Economic Outlook Update, January 2021)

Against the backdrop of this highly challenging environment, our Group's financial performance in FY2020 continued to remain profitable. The Group recorded total revenue of RM54.9 million in FY2020 as compared to total revenue of RM75.9 million in the financial year ended 31 December 2019 ("FY2019") and was able to make a profit before tax of RM3.8 million in FY2020, as compared to profit before tax of RM11.7 million in FY2019. The revenue and profit before tax recorded a decrease of 27.6% and 67.2% respectively, largely due to the first nationwide Movement Control Order ("MCO") from 18 March 2020 declared by the Malaysian Government as an effort to curb COVID-19 infections which unfortunately disrupted the Group's business activities. Our operations were suspended or reduced to comply with the MCO to ensure the safety of our staff, customers and vendors during that period.

Nonetheless, the recorded strong recovery in fourth quarter of FY2020 has demonstrated the resilience of Lysaght amidst this economic turbulence.

Going forward, as the world economy starts to recover, IMF expects global GDP to grow by 5.5% in 2021. However, it warned that the renewed waves and new variants of the virus pose concerns for the outlook. On the home front, Malaysia's GDP is projected to bounce by 6.5% to 7.5% in 2021 based on the Economic Outlook 2021 report published by the Ministry of Finance.

CHAIRMAN'S STATEMENT
cont'd

The Group anticipates that business conditions will likely remain challenging in 2021 with uncertainties continuing to cloud global and local markets. Nevertheless we are cautiously optimistic on the Group's prospects in the foreseeable future as we endeavour to remain focused on delivering growth and long-term shareholders' value. With a fair balance of strength and resilience, prudence and sound enterprise risk management, we continue to navigate our way through the challenges to promote and grow the Group's business.

A more in-depth review of our financial and operational performance will be reported under "Management Discussion and Analysis of Business Operations and Financial Performance" in this Annual Report.

DIVIDEND

Sustainable long-term shareholder returns and value creation remain top of our priority list. Amid the unprecedented macroeconomic and global uncertainties, our stable operational performance and prudent cost management efforts have enabled us to reward our shareholders with final single-tier dividend of 1 sen per share (FY2019: 5 sen per share), which to be approved by shareholders at the forthcoming Annual General Meeting of the Company. This has, in turn, translating to a pay-out of RM0.4 million to our shareholders.

We look forward to continuing to reward our loyal shareholders with an attractive dividend yield while also exercising financial prudence to enable us to reinvest into our business and it is always our intention to pay dividends to shareholders to allow our shareholders to participate in our profits.

ACKNOWLEDGEMENT

On behalf of the Board of the Company, I take this opportunity to express our greatest appreciation and gratitude to our shareholders for their trust and confidence in our Group. I would also like to convey my deep appreciation to all employees for your dedication and commitment that contribute to the Group's perseverance and success.

On behalf of the Board, I also would like to thank our business partners, advisors, and the relevant government and regulatory agencies for their invaluable support and advice throughout FY2020.

Last but not least, I wish to place on record my appreciation for the commitment, understanding and wise counsel which I have received from my fellow Directors to-date. We remain committed to create substantial value for our shareholders in the years to come and over the long term, and I look forward to report on our continued progress.

Dato' Ir. Wan Razali bin Wan Muda
Chairman of the Board

21 April 2021

MANAGEMENT DISCUSSION AND ANALYSIS
OF BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE

OVERVIEW OF BUSINESS OPERATIONS

Background

The Group is today a leading manufacturer of galvanized steel poles and masts in Malaysia with a team of in-house design engineers to ensure that its products are suitably designed for a wide variety of applications and meet the stringent international codes and standards. These engineers graduated from diverse universities and are trained in various disciplines worldwide thus contributing to strengthening the aesthetic, quality and consistent standard of our products.

We offer sales support to and work closely with our customers to find efficient, cost-effective solutions on all our products. Our technical support readily advises on structural design, alternative design requirements to adapt to various wind conditions or limitations presented by access or existing surroundings and more.

We are the leading manufacturer of steel poles and masts in terms of volume and quality. We pride ourselves on our workmanship.

Market and products

The Group's products are supplied mainly to infrastructure, construction and telecommunication projects domestically and internationally.

Over time, requirements for our products have evolved from standard generic structures to include customised designs as customers now demand cost efficient solutions. Our production process is accredited by ISO 9001:2015 – Quality Management System.

Our Street Light Column and High Mast Steel Lighting Column are accepted worldwide as they have been certified by SIRIM QAS International Sdn. Bhd. and compliant with international standards such as:

- BS EN 40-5:2002 (a British and European standard for steel street lighting column)
- AASHTO 2001 (standards for highway design and construction set by American Association of State Highway and Transportation Officials)

Our poles and mast-product range are mainly used as lighting columns for streets, highways, transport terminals, traffic interchanges, airports, ports, sports complexes and stadiums, golf courses etc. Another product of ours is tubular steel structures, which are mostly used to support overhead power transmission lines and power substation structures and for mounting high voltage equipment. These products are marketed under the Group's proprietary registered trade names LYCORPOLE® and Safe-T-Pole®.

Operations

The sales and marketing of the Group's products are carried out by our wholly-owned subsidiaries corporations, Lysaght Marketing Sdn Bhd and Lysaght Marketing (S) Pte Ltd, located at Shah Alam and Singapore respectively.

As part of the Group's strategy to ensure continued growth, the Group is committed in upgrading our current manufacturing facilities as well as expansion of the existing factory. As mentioned in our previous Annual Report, the Group, in 2017, acquired a piece of leasehold land together with a factory and office erected thereon located adjacent to our existing factory in Ipoh. Following the acquisition, the approval from local authority to amalgamate the two pieces of land had been obtained during the first quarter of financial year ended 31 December 2020 ("FY2020"). Despite the unprecedented circumstances in FY2020, the amalgamation and construction of factory extension building has been successfully completed during the second quarter of FY2020.

Our Group has been growing from strength to strength, embracing new challenges as we expand our expertise. Being a community-focused, growth and value-oriented galvanized steel poles and masts manufacturer, we place reliability at the core of our operations and will continue to ensure better value creation for its stakeholders, focusing especially on our customers.

MANAGEMENT DISCUSSION AND ANALYSIS

OF BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE

cont'd

YEAR-ON-YEAR FINANCIAL REVIEW

2020 has been a truly tumultuous year. The emergence of the Coronavirus Disease 2019 ("COVID-19") has caused unparalleled disruption to economies and lives around the world. International travel arrived at a standstill, global supply chains were derailed, healthcare systems were overwhelmed, and lives - as well as livelihoods - were lost. Besides the COVID-19 pandemic, the historical collapse of crude oil prices to an all-time low and domestic political uncertainty were among the factors that led to challenging market conditions for business in Malaysia.

Despite the dismal year, our Group was able to navigate the pandemic and achieve a healthy and commendable financial performance by maintaining our focus on delivering outstanding sustainable value to customers and stakeholders, regardless of prevailing market conditions.

Revenue

For FY2020, the revenue for the Group of RM54.9 million was 27.6% or RM21.0 million lower than that of financial year ended 31 December 2019 ("FY2019"). The decrease in revenue was largely attributable to the decrease in sales volume in Malaysian and Singaporean markets.

Revenue by country	FY2020 RM' million	FY2019 RM' million
Malaysia	26.8	37.4
Singapore	15.9	22.0
New Zealand	6.0	6.5
Qatar	2.5	2.5
Sri Lanka	2.0	2.5
Others	1.7	5.0
Total	**54.9**	**75.9**

The fact of year-on-year ("YoY") decrease in revenue in FY2020 was largely due to lower revenue recorded in the second quarter ended 30 June 2020 as a result of the suspension and disruption of the physical work on ongoing development projects during the implementation of first Movement Control Order ("MCO") from 18 March 2020 to curb the spread of COVID-19. In addition to that, the poor domestic and global market sentiments driven by the shock from the COVID-19 pandemic has resulted in delays in the infrastructure and construction projects during FY2020. Hence, this has inevitably impacted our financial performance adversely in FY2020.

Amidst the uncertainties and volatilities, Lysaght remained resilience and committed to meeting customers' expectations and continued to expand the Group's capabilities to carry out higher value-added activities. The Group's revenue in the third quarter ended 30 September 2020 has more than doubled quarter-on-quarter following the resumption of business activities during the Conditional Movement Control Order.

Gross profit and margin

In congruence with the decline in revenue, the Group recorded a gross profit of RM12.3 million in FY2020 as compared to RM20.4 million recorded in FY2019 with a YoY decrease of RM8.1 million or 39.8%. In view of the challenging business environment as mentioned above, the gross margin for FY2020 declined by 4.5% when compared to FY2019.

Profit before tax ("PBT")

As a result of the decline in gross profit in FY2020 coupled with a mere decrease of net operating expenses of RM0.2 million or 2.8%, the Group's PBT dropped by RM7.9 million or 67.2% from RM11.7 million in FY2019 to RM3.8 million in FY2020.

Profit net of tax attributable to the equity holders of the Company ("Net profit")

Consistent with the above analysed PBT, the Group achieved a net profit of RM3.1 million for FY2020 which is lower than net profit of RM9.1 million in FY2019 by RM6.0 million or 66.4%. As a result, the basic earnings per share for FY2020 dropped to 7.38 sen, which was 14.57 sen lower than that of 21.95 sen achieved in FY2019.

Liquidity, capital resources and gearing

The Group's cash and cash equivalents decreased from RM38.3 million as of 31 December 2019 to RM21.2 million as of 31 December 2020, which was mainly due to cash flow used in operating activities as well as the net cash flow used in investing activities as a result of the placement of short term deposits. The summary of the Group's cash inflows and outflows during FY2020 is set out below:

(i) The lower operating profit recorded in FY2020 has resulted in our net cash used in operating activities recorded at RM0.2 million in FY2020 as compared with net cash generated from operating activities of RM4.7 million in FY2019.

(ii) Net cash flows used in investing activities in FY2020 was amounted to RM14.4 million, while net cash flows generated from investing activities in FY2019 was RM14.2 million in FY2019. This was largely due to the placement of short-term deposit of RM13.9 million during FY2020 as compared to withdrawal of short-term deposit of RM18.2 million during FY2019. If we do not consider the said placement and withdrawal of short-term deposit, the net cash flow used in investing activities was actually RM0.5 million in FY2020 as compared to RM4.0 million in FY2019 as a result of the lower capital expenditure incurred in FY2020.

(iii) The cash outflow from financing activities for both FY2020 and FY2019 was largely due to the payment of dividends of RM2.1 million in FY2020 and RM2.9 million in FY2019.

The management has allocated a capital commitment totalling of RM23.3 million for the purpose of consolidation and amalgamation of our current and new factories and replacing some of our current manufacturing facilities to improve our production efficiency. The Management believes that there will be adequate working capital to meet our present and foreseeable day-to-day business operation requirements.

The Group has no borrowings as of 31 December 2020.

Save as aforementioned, we are not aware of any other known trends and events that are reasonably likely to have a material effect on our operations, performance, financial condition and liquidity.

LOOKING AHEAD

The World Bank has forecasted Malaysia's economy to grow by 6.7% in 2021, after contracting by 5.6% in 2020. According to the World Bank, the 6.7% Gross Domestic Product growth forecast will be contingent upon several factors - the effective roll-out of a COVID-19 vaccine, gradual improvements in exports and a build-up in consumption and investment. In the year ahead, economic activity is expected to improve though a return to pre-pandemic levels remains only in the medium-term horizon.

(Source: World Bank Malaysia Economic Monitor: Sowing the Seeds)

In addition to that, on 6 November 2020, Finance Minister Tengku Zafrul Aziz presented the government's 2021 draft budget. The expansionary plan envisions significantly higher public spending (the largest in history) and aims to address the harsh economic impact of the health crisis and lay the foundations for a strong recovery in 2021. Spending for 2021 is forecasted at RM322.5 billion, an increase of around 8.5% relative to 2020's original budget. Looking at individual spending areas, infrastructure spending is expected to receive a substantial boost as the government restarts key projects in a bid to revive construction activity.

(Source: www.focus-economics.com.my)

Albeit the positive outlook, the Group will continue to exercise prudence in expenditure as well as continue our journey to strengthen the Group so that we remain resilient to market uncertainties and business challenges. The Group will continue our efforts of brand building and deliver outstanding products as well as service quality in order to remain competitive so as to strengthen and expand our current products and customers base and source for new business opportunities.

SUSTAINABILITY REPORT

We are proud to present our Sustainability Report on our efforts towards simultaneously achieving business profitability and contributing to the community within the areas in which we operate whilst effectively managing our environmental footprint. Over the years we have been taking steps to progressively improve our sustainability performance.

COMMITMENT TO SUSTAINABILITY

As part of our growing, continuing commitment and passion towards sustainability and contribution to the community, we have developed our very own company philosophy on sustainability, used as a tool of guidance in all decisions made in respect of the economics and operations of Lysaght Galvanized Steel Berhad ("Lysaght") as well as our subsidiaries (collectively known as "Group").

Sustainability has always been a pillar of the Group's culture as we strived to achieve continuing growth and profitability in a safe, caring and sustainable environment.

In line with Bursa Malaysia Securities Berhad's Sustainability Reporting Guide (2nd Edition), the Group's sustainability practices are to ensure that economic, environmental and social risks and opportunities are tied in with our governance framework and social responsibilities. This enables our corporate success and behaviour to be judged and measured by the public.

In this respect, our mission, as a responsible corporate citizen, is to ensure high standards of governance across our business to promote responsible business practices, manage environmental impacts, and meet the social needs of the community in which we operate.

SUSTAINABILITY REPORT
cont'd

The Group continued success in maintaining a sustainable business and generating long-term shareholder value is influenced by several internal and external factors. Each material factor presents unique risks and opportunities to our organisation, and is a key consideration in our approach to strategies formulation and execution as it substantially influences the assessments and decisions of our stakeholders. We regularly review these factors to assess their impacts on our business model over the near, medium and long term.

PRODUCT QUALITY | **TECHNOLOGY** | **MANAGEMENT** | **TALENT**

ECONOMIC	ENVIRONMENT	SOCIAL
Sustaining our economy Delivering sustainable returns to our shareholders Delivering quality products to achieve consumers' satisfaction	**Conserving our environment** Protecting and preserving the environment pursuant to Environmental Quality Act	**Building a resilient workforce** Ensuring a positive workplace for our employees **Serving our community** Contributing to the well-being of the community around us

OUR SCOPE OF REPORTING

This Report covers Lysaght and its subsidiaries. Information disclosed in this Report encompasses our activities related to manufacturing and distribution of galvanized steel poles and masts in Malaysia as well as other countries.

This Report covers data which had been compiled internally from 1 January 2020 to 31 December 2020. Where available and relevant, historical data of preceding year has been included for comparison.

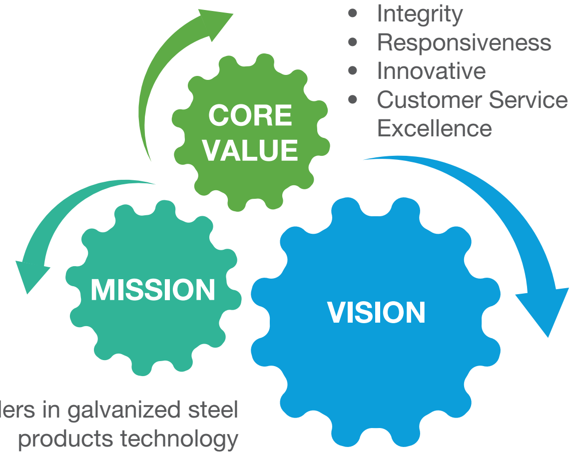
SUSTAINABILITY GOVERNANCE

Vision, Mission and Core Value

Our vision and mission are the cornerstones of our commitment to the sustainability of the Group. Our core values are the guiding principles that we uphold in day-to-day operations and conduct ourselves to support our vision and shape our culture.

- Professionalism
- Integrity
- Responsiveness
- Innovative
- Customer Service Excellence

To enhance community living quality by creating a safer environment



To be leaders in galvanized steel products technology

SUSTAINABILITY REPORT
cont'd

Corporate Governance

Sustainability is embedded in our organisational approach and is led from the top. The Board of Directors ("Board") plays a vital guidance and oversight role in advancing sustainability across the organisation with the assistance from the Executive Management to oversee the implementation of the organisation's sustainability approach and ensure that key targets are being met. Aside from this, the Group has set up a Quality Steering Council, which led by Chief Executive Officer, that also partially subsumed the responsibilities for sustainability into the day-to-day operations of the Group, particularly on the products' quality and customer satisfaction.

The Board also acknowledges that risk management and internal control are integral to our corporate governance and that it is responsible for establishing a sound risk management framework and internal control system as well as to ensure their adequacy and effectiveness. The review of the adequacy and effectiveness of the risk management framework and the system of internal control is delegated by the Board to the Risk Management Committee. Asides, the Group's performance is also tracked with the assistance of Audit Committee, Nomination Committee, and Remuneration Committee.

Board of Directors

Oversees the Group's sustainability initiatives and endorses the proposed sustainability matters related to the Group

Audit Committee	Remuneration Committee	Nomination Committee	Risk Management Committee
Review the Group's processes for producing timely and accurate financial data, its internal controls and independence of the Group's external and internal auditors	Assists the Board in developing and establishing competitive remuneration policies and packages	Oversees matters related to proposal of suitable new candidates for appointment to fill the seats of Board and Senior Management	Assists the Board in overseeing all risk management activities within the Group and review the efficiency and effectiveness of the internal controls within the Group

The responsibility of the Board to promote and embed sustainability in the Group includes overseeing the following:

- Stakeholders' engagement
- Materiality assessment and identification of sustainability risks and opportunities relevant to us
- Management of material sustainability risks and opportunities

Ethical Business Practices

The Board recognises the importance of ethical business conduct across the operations to maintain our stakeholders' trust. Our business is conducted with integrity through good governance as mentioned by the Code of Business Ethics. Our Whistle Blowing Policy, uploaded on our website, provides all stakeholders a direct channel for reporting instances of misconduct that contradict to our Code of Business Ethics and/or other non-compliance offences. The policy ensures confidentiality for those filing the reports who can voice their concerns without fear of reprisal.

The Group adopts a zero-tolerance approach to bribery and corruption in all its forms. It is committed to conduct business free from any acts of bribery or corruption in upholding high standards of ethics and integrity. In line with Section 17(A) of Malaysian Anti-Corruption Commission (Amendment) Act, 2018, all staff across the Group received communication on the Group's anti-corruption practices.

Good governance is the bedrock of our business, led by ethical business practices and integrity. We have embedded the highest standards of governance in our business not only by complying with the law, but through processes and directives that continue to reinforce the principles.

STAKEHOLDERS ENGAGEMENT

We continued to engage our stakeholders actively throughout the financial year as part of our sustainability assessment process. Engagement with stakeholders allows us to gain more complete understanding on our materiality issues and matters. Whilst, we are also able to capture the key aspects and impacts of our sustainability journey.

The table below lists our key stakeholder groups and their respective areas of interest as well as methods by which we engage them.

STAKEHOLDERS	ENGAGEMENT METHODS	ENGAGEMENT AREAS
Shareholders	• Annual & Extraordinary General Meetings • Bursa announcements • Quarterly report • Annual report • Timely update on corporate website	• Financial and operational performance • Dividend policy • Return on investments
Government	• Compliances to laws and regulations • Compliances to standards and specifications	• Operation regulations • Bursa listing requirements • Companies Act • Labour law • Taxations • Compliance with Department of Environment ("DOE") • Ministry of Natural Resources and Environment Malaysia • Compliance with Jabatan Kerja Raya, Construction Industry Development Board, SIRIM and Majlis Bandaraya • Compliance with Jabatan Keselamatan dan Kesihatan Pekerjaan Malaysia requirement
Board of directors	• Board meetings	• Corporate strategy • Corporate governance
Employees	• Trainings • Performance appraisal • Team building activities	• Occupational safety & health • Remuneration policy • Career development • Performance review • Fair employment practices • Trade union
Customers	• Regular meetings • Marketing activities • Conference • Presentation • Exhibition	• Customer satisfactions • After-sales services • Quality assurance • Innovative product
Suppliers	• Regular meetings • Quality audit on products • Contract negotiation	• Products' quality • Legal compliances
Communities	• Community events	• Social contribution • Job opportunities • Donation and financial aid
Analyst/Media	• Annual & Extraordinary General Meetings	• Financial and operational performance

SUSTAINABILITY REPORT
cont'd

MATERIAL SUSTAINABILITY MATTERS

We conducted a materiality assessment, collecting views from our stakeholders on key material sustainability matters that may have a significant economic, environmental and social ("EES") impact on our business or substantively influence the assessment and decisions of our stakeholders.

We define and align our material sustainability matters with reference to the United Nation's 17 Sustainable Development Goals ("SDGs") enacted in 2015 by the United Nation General Assembly. We share our responsibilities in supporting the efforts of tackling the EES challenges through the implementation of sustainable practices as follows:

Ranking	Material Sustainability Matters	EES Pillars	Related SDGs
1.	Customers & Products		9 Industry, Innovation and Infrastructure; 12 Responsible Consumption and Production
2.	Shareholders		8 Decent Work and Economic Growth
3.	Suppliers		8 Decent Work and Economic Growth; 9 Industry, Innovation and Infrastructure; 12 Responsible Consumption and Production
4.	Resource's Preservation		12 Responsible Consumption and Production; 13 Climate Action; 15 Life on Land
5.	Safe Workplace		8 Decent Work and Economic Growth; 3 Good Health and Well-Being
6.	Waste Management		12 Responsible Consumption and Production; 13 Climate Action; 15 Life on Land
7.	Talent & Skill development		8 Decent Work and Economic Growth
8.	Diversity & Inclusion		8 Decent Work and Economic Growth; 5 Gender Equality; 10 Reduced Inequalities

SUSTAINABILITY REPORT
cont'd

Ranking	Material Sustainability Matters	EES Pillars	Related SDGs
9.	Water Savings		12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 6 CLEAN WATER AND SANITATION
10.	Community Engagement		8 DECENT WORK AND ECONOMIC GROWTH; 11 SUSTAINABLE CITIES AND COMMUNITIES

Economic

Environment

Social

Economic

Shareholders

Our shareholders are the ultimate owners of the Group and as such, they are entitled to timely and quality information on the Group's financial performance and position. Apart from the Annual General Meeting where shareholders are encouraged to ask questions to the Board and Executive Management on business operations, and the financial performance and position of the Group, the Group's corporate website at www.lysaghtgalvanizedsteelbhd.com also provides a link on investor relations where quarterly and annual financial statements, announcements, financial information, annual reports, circulars/statements to shareholders and other pertinent information are uploaded on a timely basis when available.

Customers & Products

The Group is committed to see that not only our shareholders' interests are taken care of but also those of our customers and suppliers. For our customers, we will supply quality products and services which meet their satisfaction and expectations through continual improvements in technology, processes and services as the case may be. In order to ensure that our products are of consistent standard and quality, our production process is accredited by ISO 9001:2015 - Quality Management System.

Additionally, our core products, namely Street Light Column and High Mast Lighting Column have been certified by SIRIM QAS International Sdn Bhd and compliant with international standards such as BS EN 40-5:2002 (a British and European standard for steel street lighting column) and AASHTO 2001 (standards for highway design and construction set by American Association of State Highway and Transportation Officials) respectively. These certifications provide worldwide recognition and acceptance of the said products.

As quality is always our priority, as mentioned earlier, the Group has setup a Quality Steering Council to lead the implementation and maintenance of the Quality System in compliance to our Quality Policy. The Quality Policy enables every employee to be committed, to understand, implement and maintain the Group's policy using process approach and risk based thinking. The policy will be used as a basis for setting measurable quality objectives.

Our products quality with international quality accreditation has gained us as one of the market leaders in this industry. Our team is well equipped with industry knowledge and manage to deliver customers' expectation.

CONSUMERS' SATISFACTION
Internationally recognised best practices and international quality accreditation
Experienced management that equipped with industry knowledge and comprehensive training
Prompt delivery and reliable customer service
Efficient after-sales service, create an integrated and resilient workforce

SUSTAINABILITY REPORT
cont'd

Suppliers

To our suppliers, we are committed to enhance our processes and engage with our suppliers to identify and manage risks, increase productivity and efficiency within the supply chain, underpinned by values of integrity and transparency. We look to create value, by looking for opportunities to collaborate and to share best practices with our suppliers. In compliance with ISO 9001:2015, every specification and material involved in the production process are being closely monitored. Hence, our suppliers are filtered through careful selection ensuring only the ones with specific criteria met are engaged.

Environment

As our business involves manufacturing in which is heavily regulated by the local and federal authorities, the Group is conscious of complying with all applicable environmental laws, guidelines and regulations in relation to emission standards, noise level management and treatment of plant effluents and waste water. The Group is committed that the business does not generate any major environmental concerns.

Our standard operating procedures for environmental management include:

- Preserving, conserving, minimising wastage of resources and ensuring that the work environment is free from pollution hazards;
- Complying with all acts, rules, regulations and orders of the DOE, Ministry of Natural Resources and Environment Malaysia;
- Communicating clearly to all employees, customers and suppliers to instil in them the environmental awareness culture and values of our Group.

Resource's Preservation

Our galvanization process involves applying a protective zinc coating to steel in order to prevent rusting. As in the case of all metallurgical processes, galvanization also generates effluents. In order to ensure that these effluents are not discharged untreated, the Group operates a DOE approved effluent treatment plant to treat the said effluents before discharging them thus ensuring no environmental impact. Our galvanized products also contribute to sustainable development as they offer long-lasting, maintenance-free corrosion protection at a reasonable cost for years.

Beyond providing great quality services to our customers, our Group aims to contribute to the society no matter where we build and deliver. We want to create products and services that improve the lives of others. We aim to encourage fair trade, spread kindness and also reduce our impact and conserve the earth by conserving energy, reducing waste and taking care of our Mother Earth.

Waste Management

Proper waste disposal has wide ranging implications on the environment and the surrounding communities' health. Eliminating waste altogether is obviously the ideal scenario though it is a daunting goal for the industry. The Group seeks to contribute whatever extent feasible towards its eventual realisation. Part of the Group's commitment to waste management is ensuring the disposal of scheduled wastes are in compliance with the Environmental Quality (Scheduled Wastes) Regulations, 2005. In this respect, the scheduled wastes will be packaged, labelled and transported in accordance with the prescribed DOE guidelines and regulations.

Paper recycling initiatives are already in progress by encouraging the employees to prioritise electronic means to share and store documents, and to reduce printing or photocopying, otherwise, to use double sided printing. Additionally, other material such as furnishing and fixture are recycled or reused where possible.

Water Savings

Water is a limited resource, and as the world continues to advance and the global population continues to grow, an increasing strain is being placed on the supply of clean water. Water conservation is therefore an area that our Group works hard on, both improving the efficiency with which we use our water, as well as working to educate our employees about the need to conserve it.

Social

The Group recognises that employees are our greatest assets hence we proactively provide opportunities for growth and development for talent in the organisation through targeted development plans and succession planning. Ensuring our long-term sustainability, we continuously invest time and effort in recruiting (internal and external), upskilling, engaging and rewarding talents/employees of the organisation accordingly.

Safe Workplace

The Group believes that the safety and well-being of its employees are the foundation of its success. Hence, we strive to provide a safe and healthy environment for our employees and to ensure safe practices in all aspects of our business operations. The Group has in place an occupational safety & health policy that highlights our commitment to:

- prevent injury and ill health to our employees;
- ensure compliance with laws and regulations in relation to occupational safety and health;
- require contractors to meet our occupational safety and health standards across all operations;
- set targets and measures to drive occupational safety and health performance across the organisation; and
- promote a culture where all employees share the commitment to prevent harm to the safety and health of our employees, contractors and general public.

The Group regularly engages and educates employees to inculcate a culture of safety and compliance through safety and health training and initiatives. In this respect, the Group places utmost importance on compliance with all relevant health and safety laws and regulations such as Occupational Safety and Health Act, 1994.

As Coronavirus Disease 2019 ("COVID-19") has affected all areas of business throughout the world since year 2020, it has become a social responsibility for the Group to act accordingly. It is our Group's immediate priority to protect the health and safety of our employees. Amidst the outbreak of COVID-19 pandemic, with the approval obtained from Ministry of International Trade and Industry (MITI), we have kept the minimum number of employees to attend to work during the Movement Control Order. Asides, our essential workers deserve most accolades, we ensure protective masks put on and body temperatures checked before entering into business premise. We also practice social distancing with at least one metre.

Talent & Skill Development

For critical and leadership roles, succession planning is vital to our long-term performance as part of our Group's sustainability move. Our Nomination Committee, with the assistance from Risk Management Committee, will review the Group's human resources plan including the succession management framework and activities, human resources initiatives such as jobs and salary review, and the annual manpower budget. The succession planning across the Group is implemented by stages where training programme also designed specifically for management staff. A detailed job description is established for each job level.

Apart from safety, promoting good health, and motivation is an essential part of the Group's responsibility to our employees. In addition to the day-to-day motivation measures, it is the Group's tradition to have an Annual Chinese New Year Luncheon for its employees and business associates to mingle and celebrate the year past. The Annual Chinese New Year Luncheon was held at Hotel Excelsior, Ipoh in January 2020.

The Group also recognises that the Industrial Revolution 4.0 will place pressure in organisations to continuously upskill and reskill our workforce, to stay relevant and productive. Employees are encouraged to attend internal or external training or pursue professional development to enhance their knowledge and skill for career enhancement and personal development.

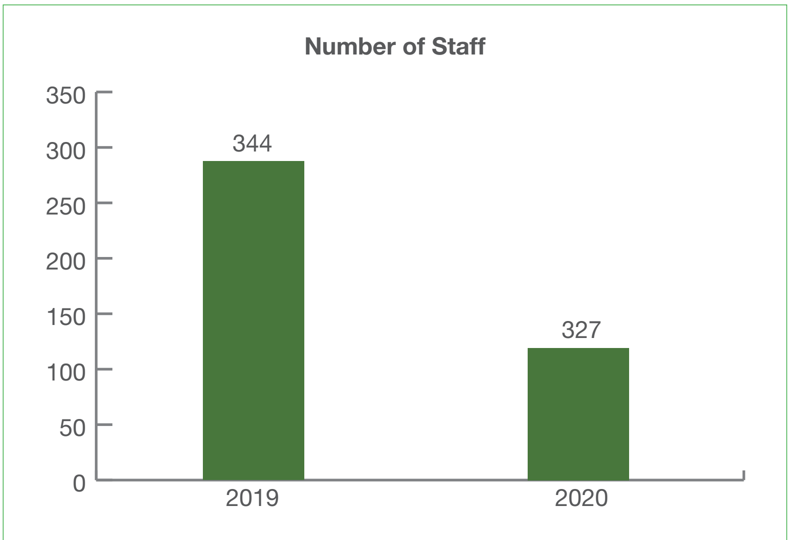
For many years, we have recognized the importance of engaging with our workforce. Employee engagement is important to an organization because it motivates employees to do their best. We consider effective engagement a key element of the Company's ability to create value as we recognize that our people are our greatest asset.

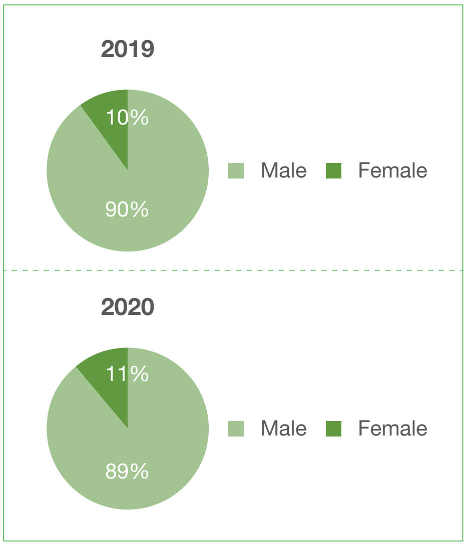
Diversity & Inclusion

In the appointment and recruitment process, we pride ourselves on being an employer that provides equal opportunities and continuously seek to promote it regardless of religious belief, age, marital status, gender, family status or any disability. Our commitment in that respect applies to all areas of the work environment, all employment activities, resource allocation and all employment terms and conditions. Every employee is given equal opportunity to rise up in their careers through hard work and dedication.

SUSTAINABILITY REPORT
cont'd

We draw strength from the diversity and inclusiveness that is prevalent in our workplace. As at 31 December 2020, total number of employees stood at 327 employees (2019: 344 employees), of which 11% (2019: 10%) is female and the remaining 89% (2019: 90%) is male. Having a diverse team of employees, across gender and industry experience, encourages open-minded dialogues, broadens our positive influence and reach, helps bridge gaps, and brings in new perspectives and strategies. The graphs below illustrate the distribution of our team by gender.





Community Engagement

As we are deeply rooted in the community we operate, we actively engage in community outreach programmes and activities. We are proud of having the privilege to serve various segments of the community towards providing for social empowerment and helping to make a positive difference for people across all walks of life. We have from time to time made donations to various charitable organisations. Helping the less fortunate members of our community is our way of giving back to society. Our community responses to the COVID-19 crisis has focused by channelling the financial donations to support the needs of medical frontliners and vulnerable groups.

OUR COMMITMENT

As a responsible corporate citizen, the Group shall endeavour to undertake sustainable and responsible practices to add value to sustainable business growth, environmental stewardship and social responsibility. We aim to set a benchmark for sustainable business practices. Year-on-year, we endeavour to enhance and integrate sustainable initiatives into our daily business operations, leveraging the positive impacts of sustainability to achieve greater business growth.

Rewarding our shareholder	Sustaining long term value	Advancing our business	Investing in our human resources	Contributing to society
Dividend	Investment in our resources to ensure long-term benefits to our various stakeholders	Reinvestment in our core business	Competitive remuneration, compensation, benefits and trainings	Continued upliftment of our society's well-being through taxes and donations

DIRECTORS' PROFILE

DATO' IR. WAN RAZALI BIN WAN MUDA

Chairman/ Independent Non-Executive Director

67 years of age, Malaysian, Male

Dato' Ir. Wan Razali Bin Wan Muda, was appointed to the Board as an Independent Non-Executive Director of the Company on 20 August 2014 and was redesignated as Chairman of the Company on 8 July 2015. He is currently a member of our Remuneration, Nomination and Risk Management Committees.

Dato' Ir. Wan Razali holds a degree in Mechanical Engineering from the University of Technology Malaysia. He is a registered Professional Engineer with the Board of Engineers, Malaysia, a Fellow Member with Institution of Engineers Malaysia, a registered ASEAN Chartered Professional Engineer and Council Member of Road Engineering Association Malaysia.

He started his career in 1977 as an officer with the Royal Malaysian Air Force and was with Senior Management Team in a few Semi-Government Bodies. He then joined the MTD Group of Companies in 1994 and was entrusted to manage the Company fleet operation in heavy machineries and highway consultancy. He later led the group Tollways Division which took charge of tolled highway concession of Kuala Lumpur – Karak Highway, Lebuhraya Pantai Timur Phase 1 and East West Link of KL-Seremban Expressway for 6 consecutive years. During his involvement with highway concessionaires, he was appointed as the honorary secretary for Persatuan Syarikat-syarikat Konsesi Lebuhraya Malaysia. He retired in April 2014, after 20 years serving the group in various capacities and positions. He has vast experience in aircraft engineering, highway engineering, building maintenance and gold mining.

He sits as Director in a few engineering companies and engineering consultancy firms. He also sits on the Board of MTD ACPI Engineering Berhad.

Dato' Ir. Wan Razali has attended all four (4) Board Meetings held during the financial year ended 31 December 2020.

IR. CHUA TIA BON

Executive Director/ Chief Executive Officer

70 years of age, Malaysian, Male

Ir. Chua Tia Bon, was elected to the Board as Non-Independent Non-Executive Director on 30 June 2015 and was redesignated as Executive Director of the Company on 9 July 2015. He was then appointed as an Acting Chief Executive Officer on 1 June 2016. On 1 January 2017, he was redesignated as the Chief Executive Officer.

Ir. Chua obtained a Bachelor of Science (Honours) Degree in Mechanical Engineering from University of Strathclyde, Glasgow, United Kingdom. He is a Member of Institute of Engineers, Malaysia. He is also a Professional Engineer in Mechanical Engineering, Board of Engineers, Malaysia.

In 1972, being one of the first batch of employees of the Group, he joined Lysaght Corrugated Pipe Sdn. Bhd. ("LCPSB") as Production Supervisor. He was promoted to Production Engineer in LCPSB in 1978. In 1979, he was appointed as Product Development Engineer and in 1981, as Deputy Works Manager. In 1987, he was promoted to the position of General Manager for the Lysaght Group. He has extensive experience in the expansion of manufacturing operations, development of the company's products, research and development in improvement of manufacturing equipment and processes and general functions to ensure smooth operations of the business. His responsibility further includes overseeing and managing sales and marketing of some local and overseas customers. In 1994, when LGSB was listed on Bursa Malaysia, he continued his functions and responsibilities as before, a position he held until recently, when he was redesignated to Director Operations from July 2014.

Ir. Chua has attended all four (4) Board Meetings held during the financial year ended 31 December 2020.

DIRECTORS' PROFILE
cont'd

CHEW MEU JONG

Non-Independent Non-Executive Director

65 years of age, Australian, Female

Madam Chew Meu Jong, was elected to the Board as Non-Independent Non-Executive Director at the Extraordinary General Meeting held on 30 September 2014 following the demise of her late father, who was a founder member of the Lysaght Group of Companies. She is currently the Chairman of our Remuneration Committee and a member of our Risk Management Committee.

Madam Chew was a Fellow of the Chartered Association of Certified Accountants, United Kingdom. Since July 1987, Chew Meu Jong managed the operations of the Lysaght (Malaysia) Sdn. Bhd.'s Group (LMSB Group) in Australia engaged in investment holding of real estate. From 2009, she has been involved in assisting the late Mr Chew Kar Heing in the businesses of LMSB Group.

She is the sister of Ms Chew Mee Lee who is a substantial shareholder of the Company and Mr Liew Swee Mio @ Liew Hoi Foo, spouse of Ms Chew Mee Lee and is her brother-in-law, who is also a substantial shareholder of the Company.

Madam Chew has attended all four (4) Board Meetings held during the financial year ended 31 December 2020.

IR. AIK SIAW KONG, KMN

Independent Non-Executive Director

70 years of age, Malaysian, Male

Ir. Aik Siaw Kong, was appointed to the Board as an Independent Non-Executive Director on 20 August 2014. He is currently the Chairman of our Risk Management Committee and a member of our Remuneration Committee.

Ir. Aik graduated from University of Malaya with Bachelor of Civil Engineering (Hons) in 1975. In 2001, he obtained his MSc (Highway & Transportation) from UPM. He began his work career with the Public Works Department and had served as a Project Engineer on the construction of Kuantan-Segamat Highway (2 years), highway planning engineer with the Ministry of Works (3 years) and Highway Design Engineer with the Road Design Section JKR HQ (6 years).

He has also served as an Assistant Director of Operations with the Malaysian Highway Authority for coordinating the planning, design and construction of the North-South Toll Expressway section in Kedah, Penang and Perak (5 years). From 1990 to 1994, he was the Senior Assistant Director of Roads Maintenance Section, overseeing the planning, budgeting and implementation of all maintenance programme of Federal Roads in Malaysia. In 1995, he joined the private sector and was involved in engineering consultancy services, specialising in road design and road safety auditing. He is an accredited Road Safety Auditor with JKR since 2005.

Ir. Aik has attended all four (4) Board Meetings held during the financial year ended 31 December 2020.

DIRECTORS' PROFILE
cont'd

CHEAM LOW SOO

Independent Non-Executive Director

69 years of age, Malaysian, Male

Mr. Cheam Low Soo, was elected to the Board as Independent Non-Executive Director of the Company on 25 June 2014. He is currently the Chairman of our Nomination Committee and a member of our Audit Committee.

Mr. Cheam was an associate member of the Institute of Chartered Secretaries and Administrators, United Kingdom.

He served with the Inland Revenue Department of Malaysia from 1977 to 1982. In 1982, Mr. Cheam joined Lysaght Corrugated Pipe Sdn. Bhd. as the Company Secretary and was responsible for the financial and company secretarial functions of the Lysaght (Malaysia) Group of Companies. He had more than 12 years of experience with the Group and he was appointed to the Board of Lysaght Galvanized Steel Berhad on 30 August 1993. He left the Group in 1995 and now sits on the Board of a private limited company with interests in property investment.

Mr. Cheam has attended all four (4) Board Meetings held during the financial year ended 31 December 2020.

EE BENG GUAN

Senior Independent Non-Executive Director

65 years of age, Malaysian, Male

Mr. Ee Beng Guan, was elected to the Board as an Independent Non-Executive Director on 30 June 2015. On 30 March 2017, he was appointed as the Senior Independent Non-Executive Director. He is presently a member of our Nomination and Audit Committees.

Mr. Ee is a lawyer by training and obtained his bachelor degree in law (LLB Hons) from the University of Hull, England in 1978, Utter Degree of Barrister-at-Law from the Middle Temple Inn, London in 1979 and Masters in Law (LLM) from University College London in 1980. Mr Ee was admitted as advocate and solicitor in the High Court of Malaya in 1981.

He worked as an advocate and solicitor for approximately 4 years before joining a conglomerate in 1985 as its Head of Legal until his retirement in March, 2015. During his time with the conglomerate, he spent 7 years as corporate nominee and executive director of a stock broking company. As Head of Legal, he was in charge of legal, compliance, secretarial and share registration. He is presently in practice as an Advocate & Solicitor.

Mr. Ee has attended all four (4) Board Meetings held during the financial year ended 31 December 2020.

DIRECTORS' PROFILE
cont'd

CHONG SAI SIN

Independent
Non-Executive Director

54 years of age,
Malaysian, Male

Mr. Chong Sai Sin was appointed to the Board on 17 June 2016. He is an Independent Non-Executive Director and the Chairman of our Audit Committee of the Company.

Professionally, he is a Chartered Accountant, an Approved Company Auditor under the Companies Act, 2016 and Labuan Companies Act, 1990 and an Approved Tax Agent under the Income Tax Act, 1967.

He is a Partner in Messrs. CL Associates PLT, Messrs. H. S. Lee & Partners and Lum & Co., approved audit firms of Chartered Accountants.

He is also a member of the Malaysian Institute of Accountants (MIA), the Malaysian Institute of Certified Public Accountants (MICPA), Institute of Internal Auditors Malaysia (IIAM), and Chartered Tax Institute of Malaysia (CTIM).

He signed up as an article student in MICPA and started audit experience in Messrs. Kassim Chan & Co. (now known as Deloitte) since 1987. He joined Messrs. BDO Binder (now known as BDO) in 1993 after he completed the MICPA articleship. He accumulated more than 8 years' experience in 2 established audit firms before joining commercial organisations as an Accountant, Corporate Finance Manager and Financial Controller from 1995 to 2002. Thereafter, he started his public practice as an audit principal and became an audit partner in 2005 in a mid-sized audit firm. He left that firm to establish his own audit firm named CL Associates PLT in 2016, with 2 other audit partners.

He also serves as a co-opted member of the Public Practice Committee of the MICPA since February 2016.

He has more than 30 years' experience in commercial organisations and public practice and gained good exposure in corporate finance and restructuring, due diligence review, listing exercise, auditing, taxation and accounting.

Presently, he is on the Board of Bonia Corporation Bhd as an Independent Non-Executive Director and a member of its Audit & Risk Management Committee and Nomination & Remuneration Committee.

Mr. Chong has attended all four (4) Board Meetings held during the financial year ended 31 December 2020.

Notes to Board of Directors' profile:-

1. ***Family Relationship***
   Save as disclosed of family relationship by Madam Chew Meu Jong, none of the Directors have any family relationship with any Director and/or major shareholder of the Company.

2. ***Conflict of Interest***
   None of the Directors has any conflict of interest with the Company.

3. ***Conviction of Offences***
   None of the Directors has been convicted of any offence within the past five (5) years, other than traffic offences (if any) and no public sanctions or penalties were imposed on them by the relevant regularity bodies during the financial year ended 31 December 2020.

4. ***Shareholdings***
   The details of the Directors' interest in the securities of the Company are set out on page 109 of the Annual Report.

KEY MANAGEMENT PROFILE

FOO KOK SENG
General Manager
67 years of age, Malaysian, Male

Mr Foo Kok Seng joined Lysaght Galvanized Steel Bhd in 1983 as Development Engineer and was promoted to Deputy Works Manager of the Company in 1987.

Mr Foo obtained a Bachelor of Science (Honours) Degree in Mechanical Engineering from University of East London, United Kingdom. He is a Member of Institute of Engineers, Malaysia, and a Professional Engineer in Mechanical Engineering, Board of Engineers, Malaysia. He is also an Associate Member of Institution of Mechanical Engineer, United Kingdom.

Mr Foo retired from the Company in 2009 with more than 25 years of experience in the manufacturing, product development, equipment design and technical supports for international market.

In 2016, Mr Foo rejoined the Company as Senior General Manager. He was redesignated as General Manager with effect from 8 January 2021 and is currently responsible for overseeing the sales and marketing of international customers and mechanical and electrical maintenance of machinery and equipment in the factory.

JOHNNY CH'NG
Area Sales Manager / Director
58 years of age, Malaysian, Male

Mr Johnny Ch'ng joined Lysaght Corrugated Pipe (S) Pte Ltd in 1989 as Sales Executive and in 1993, he was promoted to Area Manager. In 2002, he served as Area Sales Manager in Lysaght Marketing (S) Pte Ltd. He obtained a Diploma in Building from Singapore Institute of Building.

In 2014, he was appointed as Director of Lysaght Marketing (S) Pte Ltd and his responsibilities include overseeing and managing sales and marketing in Singapore and some overseas customers.

ONG SIEW SUNG
Chief Financial Officer
46 years of age, Malaysian, Female

Ms Ong Siew Sung joined Lysaght Galvanized Steel Bhd in 2008 as Finance & Administration Manager. She obtained Diploma in Commerce from Tunku Abdul Rahman College in 1998 and also obtained professional Association of Chartered Certified Accountants (ACCA) qualification in 2004. She is also a Fellow member of ACCA and a member of the Malaysian Institute of Accountants.

She started her career as audit assistant in Deloitte KassimChan in 1998 and left Deloitte in 2008 as audit manager prior to joining the Company.

She was promoted to Chief Financial Officer with effect from 1 September 2018 and is currently responsible for the finance, accounting, administration and compliance functions of the Company.

LING KUONG LOONG
General Manager
49 years of age, Malaysian, Male

Mr Ling was appointed as General Manager for Lysaght Galvanized Steel Berhad since May 2019. He holds a Bachelor of Arts (Communication) from Universiti Kebangsaan Malaysia.

He has more than 20 years of working experience with Multinational Companies such as GE Plastic, Multinail and Valmont Industries. Prior to joining LGS, he was the Country Manager for 2 units of Valmont Industries business in Malaysia, namely Webforge (KL) Sdn Bhd and Industrial Galvanizers Corporation (M) Sdn Bhd. Both companies are involved in Oil & Gas, Construction, Major Industries and Galvanizing sector. The position was responsible for the full Profit and Loss of the companies.

As General Manager of Lysaght Galvanized Steel Berhad, his responsibilities include overseeing and managing sales and marketing of domestic customers.

KEY MANAGEMENT PROFILE
cont'd

LIEW SUI KUM
Technical & Design Manager
68 years of age, Malaysian, Male

Mr Liew Sui Kum held the position of Senior Technical Manager until 2020. He was redesignated as Technical & Design Manager with effect from 11 January 2021.

He joined the company in 1985 and is principally responsible for developing in-house computer softwares distinctly configured to comply with the intricate requirements of Pole and Mast designs that conform to internationally recognized design codes and standards. His complementary duties include providing supporting technical proposals to the LGS Sales Team during bidding stage and upon receipt of customer orders he will provide manufacturing drawings to the Production Department ensuring conscientious compliance to specification requirements.

Mr Liew holds a Bachelor of Mechanical Engineering (First Class Honours) and Master of Science (Industrial Engineering) both from the University of Singapore. He is a Registered Professional Engineer with Lembaga Jurutera Malaysia and Professional Engineers Board Singapore. He is also a member of The Institution of Engineers Malaysia (IEM), American Society of Mechanical Engineers (ASME) and The Institution of Lighting Professionals (ILP-UK).

Mr Liew Sui Kum is the elder brother of Mr Liew Swee Mio @ Liew Hoi Foo who is a substantial shareholder and brother-in-law of Madam Chew Meu Jong who is a director of the Company.

YAU CHAI FATT
QC/QA Manager
66 years of age, Malaysian, Male

Mr Yau Chai Fatt was appointed as a Quality Control Engineer in 1983 and was redesignated as QC/QA Manager in 1993.

Mr Yau obtained a Bachelor of Science (Honours) Degree in Applied Chemistry from Liverpool Polytechnic, United Kingdom.

From 1983 to 1992 he was involved in the Hot Dip Galvanizing Plant as a QC Engineer in control of the Chemical Laboratory, Pollution Control Plant, Quality Control of the Hot Dip Galvanized products including trouble shooting for Hot Dip Galvanizing processes and established the optimum treatment processes and Hot Dip Galvanizing parameters.

From 1993 till to date, he is in-charge of implementing the Company's Quality Control under the BS EN ISO 9001 Quality Management System, Company's Enterprise Risk Management and Pollution Control operation.

CHANG KHIN SHOE
Production Manager
65 years of age, Malaysian, Male

Mr Chang Khin Shoe joined Lysaght Corrugated Pipe Sdn Bhd in 1974 as a Foreman. In 1995, he became a Senior Supervisor in Lysaght Galvanized Steel Bhd.

He has more than 40 years of experience in the production, galvanizing and logistics operations of the Company.

He was promoted to Production Manager in 2017 and is currently responsible for the overall production planning and control of the whole manufacturing operations.

Notes to Key Senior Management's profile:-

1. ***Directorships***
   None of the above members Key Senior Management has any directorships in public companies and listed issuers.
2. ***Family Relationship***
   Save as disclosed of family relationship by Mr Liew Sui Kum, none of the the above members Key Senior Management have any family relationship with any Director and/or any major shareholders of the Company.
3. ***Conflict of Interest***
   None of the above members Key Senior Management has any personal interest or conflict of interest in any business arrangement involving the Group.
4. ***Conviction of Offences***
   None of the above members Key Senior Management has been convicted of any offence within the past five (5) years, other than traffic offences (if any) and no public sanctions or penalties were imposed on them by the relevant regularity bodies during the financial year ended 31 December 2020.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors **("Board")** presents this Statement to provide our shareholders and investors with an overview of the corporate governance **("CG")** practices of the Group during the financial year ended 31 December 2020 **("FY2020")**. This overview takes guidance from the key CG principles set out in the Malaysian Code on Corporate Governance 2017 **("Code")**.

This Statement is prepared in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad **("MMLR")** and is to be read in conjunction with the CG Report 2020 **("CG Report")** which is available on the Group's website at www.lysaghtgalvanizedsteelbhd.com.

The CG Report provides the explanations on how the Group applied each Practice set out in the Code during FY2020.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

(a) Board Responsibilities

The Board acknowledges and fully supports the importance of corporate governance in directing and managing the businesses and affairs of the Group, and to safeguard and enhance shareholders' value and performance of the Group on a sustainable and long term basis.

The Board determines the Group's strategic objectives and ensures that required resources are in place for the Group to meet its objectives and to guide the Group on its short and long term goals, providing advice, stewardship and directions on the management and business development of the Group. The Board also set the Group's values and standards and ensure that its obligations to the shareholders and other stakeholders are understood and fulfilled.

The above roles and responsibilities of the Board is formalised in the Board Charter. The Board Charter also clearly sets all relevant governance matters and applicable limits of authority, including matters reserved for the Board and those which are expressly delegated to Board committees, the Chairman of the Board **("Chairman")**, the Chief Executive Officer ("CEO") or a nominated member of Executive Management. The Board Charter is reviewed periodically or as and when changes occur to ensure that it reflects the current needs of the Group. More information on the Board Charter can be found on the Group's website.

In furtherance of the above and to ensure orderly and effective discharge of its functions and responsibilities, the Board has established the following Board committees:

- Audit Committee **("AC")**
- Nomination Committee **("NC")**
- Remuneration Committee **("RC")**
- Risk Management Committee **("RMC")**

In order to foster a strong governance culture in the Group and to ensure a balance of power and authority, the roles of the Chairman and CEO are strictly separated. This is also to maintain effective supervision and accountability of the Board and Executive Management. The Chairman is responsible for Board effectiveness and to ensure that the conduct and working of the Board is in an orderly and effective manner while the CEO takes on the primary responsibility of managing the Group's businesses and resources as well as overseeing and managing the day-to-day operations of the Group.

With the core values of the Group rooted in integrity and reliability, the Group has adopted a Code of Business Ethics to govern the standards of ethics and conduct expected of Directors and employees. This code manages ethical business conduct, conflicts of interest and anti-corruption.

To maintain the highest standards of ethical conduct, the Group also has a formal Whistleblower Policy. As prescribed in this policy, the Board gave their assurance that employees' and third parties' identities will be kept confidential and whistle-blowers would not be at risk to any form of victimisation or retaliation from their superiors or any member of Executive Management provided that the reporting is in good faith. To ensure confidential and independent investigation of all reports, the Group has set up a dedicated email account managed solely by the Senior Independent Director.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

(a) Board Responsibilities *cont'd*

The Group also has undertaken an intensive exercise in FY2020 to strengthen the bribery and corruption control framework including delivery of tone at the top messages and awareness campaigns; risk assessments, undertaking control measures by enhancing our policies and procedures, compliance monitoring and enforcements; and training and communication to address the prevention of bribery and corruption, and the requirements of the Malaysian Anti-Corruption Commission (MACC)'s Adequate Procedures Guidelines.

The Code of Business Ethics, Whistleblower Policy and Anti-Bribery & Corruption Policy can be viewed on the Group's website.

The Board members have full and unrestricted access to the Company Secretary who is a member of the Malaysian Institute of Chartered Secretaries and Administrators. In addition to her corporate secretarial administrative responsibilities, she also advises the Board on its roles and responsibilities, corporate disclosures and compliance, corporate governance developments and practices.

The Board is aware that continuous training for the Directors is vital for them in discharging their duties effectively. All Directors are encouraged to attend appropriate external training programmes to supplement their knowledge in the latest developments and issues relevant to the Group, especially in the areas of corporate governance and regulatory requirements.

The external training programmes, seminars and/or conferences attended by the Directors in office at the end of FY2020 were as follows:

Director	Training Programmes/Seminars/Conferences
Dato' Ir. Wan Razali bin Wan Muda	• In-house Training Course of Corporate Liability under S17A of the MACC (Amendment) Act 2018
Ir. Chua Tia Bon	• In-house Training Course of Corporate Liability under S17A of the MACC (Amendment) Act 2018 • MIA Webinar Series: Managing Risk Through a Global Pandemic
Chew Meu Jong	• In-house Training Course of Corporate Liability under S17A of the MACC (Amendment) Act 2018
Ir. Aik Siaw Kong	• In-house Training Course of Corporate Liability under S17A of the MACC (Amendment) Act 2018 • Corporate Liability on Corruption: A Basic Awareness & Implementation Framework
Cheam Low Soo	• In-house Training Course of Corporate Liability under S17A of the MACC (Amendment) Act 2018 • Raising Defenses: Section 17A, MACC Act
Ee Beng Guan	• In-house Training Course of Corporate Liability under S17A of the MACC (Amendment) Act 2018 • National AML/CFT Compliance Programme: Suspicious Transaction Report • National AML/CFT Compliance Programme: Targeted Financial Sanctions

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

(a) Board Responsibilities *cont'd*

Director	Training Programmes/Seminars/Conferences
Chong Sai Sin	• In-house Training Course of Corporate Liability under S17A of the MACC (Amendment) Act 2018 • Applying Ethics during the Pandemic and Beyond • The Economy Beyond the Pandemic • MPERS E-Book and Latest Developments • 2021 Budget Highlights • 2021 Budget Seminar • Managing Your Fraud Risk: Are You Doing Enough? • Bounce Back Together II: Reimagine and Rebuild • Audit Quality Enhancement Programme for SMPS • Virtual Briefing Session - Updates on SSM's Recent Announcement - MBRS Updates - New Beneficial Ownership of Legal Persons Guidelines • National Tax Conference 2020 • Adequate Procedures: The Director's Response to Individual Liability • Corporate Liability on Corruption: A Basic Awareness & Implementation Framework

The Board (via the NC and with assistance of the Company Secretary) shall continue to evaluate and determine the training needs of the Directors to build their knowledge so that they can be up-to-date with the development of the Group's business and industry that may affect their roles and responsibilities.

The Board also reviewed our Group's succession plans for key and critical positions, ensuring that an emergency cover plan for critical leadership roles is in place at all times, and an adequate talent pipeline.

(b) Board Composition

Our NC assists our Board on matters relating to the selection and appointment of members of our Board and Board Committees, including reviewing the board size and composition.

The Group is led by an experienced and diversified Board which comprises professionals from various fields to bring together a balance of skills, diversity, mix of experience and expertise in area relevant to enhance the growth of Group's business. The Directors collectively bring with them wide and varied technical, financial and legal experience to enable the Board to lead and control the Group effectively.

The Board currently has one woman among its seven members. The Board opined that given the current state of the Group's business and lifecycle, it is more important to have the right mix of skills on the Board rather than to attaining the 30% threshold as proposed in Practice 4.5. Nevertheless, we will still focus on gender-balanced senior management, boardroom and workplace and hence the Board is on the lookout for potential women Directors and shall appoint additional women Directors as and when suitable candidates are identified. We will also explore ways to create a better balance in today's workplace. No timeframe has been set for the search concerned.

The Group's Diversity Policy is set out in the Board Charter, full details of which are available on the Group's website. In this policy, the Board affirms its commitment to provide fair and equal opportunities and nurturing diversity at all levels within the Group. To this end, all persons, regardless of age, gender, ethnicity, cultural background or other personal factors, with appropriate experience and qualifications will be considered equally during recruitment, promotion, remuneration and training. The Board is also committed to workplace diversity ensuring that we value and respect our differences and that our workplace is fair, accessible, flexible and inclusive and free from discrimination.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

(c) Nomination Committee

The Board (via the NC) evaluates the effectiveness of the Board as a whole, all committees of the Board and the contribution of each individual Director. This evaluation which is done annually is facilitated by the Company Secretary and conducted using the evaluation forms set out in Bursa Malaysia Berhad's Corporate Governance Guide (3rd Edition) covering the following aspects:

(i) Board and Board committees
- Board mix and composition
- Quality of information and decision making
- Boardroom activities
- Board's relationship with the management

(ii) Directors
- Fit and proper
- Contribution and performance
- Calibre and personality

As for the AC, the annual evaluation is done in two components:

(i) The AC as a whole
- Quality and composition
- Skills and competencies
- Meeting administration and conduct

(ii) Self and peer evaluation by the AC members

Based on the evaluation carried out for FY2020, the NC has informed the Board that it was satisfied with the contribution and performance of each individual Director.

NC also nominated the Directors who will be retiring at the forthcoming Annual General Meeting of the Company **("AGM")** and recommended to the Board for their re-election be tabled at the forthcoming AGM.

(d) Remuneration Committee

The Board (via the RC) will ensure that the Group's levels of remuneration commensurate with the skills and responsibilities expected of Senior Management as well as the Directors and that it must be sufficient to attract and retain talent needed to run the Group successfully. The Board, as a whole, determines the remuneration of the Directors and each individual Director is required to abstain from discussing his/her own remuneration. The RC is guided by market norms and industry practices when making recommendations for the compensation and benefits of Directors and Senior Management.

The RC's recommended remuneration for Directors and Senior Management is subject to Board's approval as it is the ultimate responsibility of the Board to approve the remuneration of the Directors and Senior Management.

In relation to the fees and allowances for Directors, it will be presented at the AGM for shareholders' approval.

The details of the Group's remuneration policies and practices are included in the Board Charter which is available on the Group's website.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

(d) Remuneration Committee

The aggregate remuneration paid or payable to the Directors by the Group and the Company during FY2020 is as follows:

	Salaries and other emoluments RM'000	Employees Provident Fund RM'000	Bonus RM'000	Benefits-in-kind RM'000	Fee RM'000	Allowances RM'000	Total RM'000
Dato Ir. Wan Razali bin Wan Muda	-	-	-	-	108	13	**121**
Ir. Chua Tia Bon	525	125	131	31	-	-	**812**
Chew Meu Jong	-	-	-	-	65	10	**75**
Ir. Aik Siaw Kong	-	-	-	-	65	11	**76**
Cheam Low Soo	-	-	-	-	65	14	**79**
Ee Beng Guan	-	-	-	-	65	14	**79**
Chong Sai Sin	-	-	-	-	65	17	**82**

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

(a) Audit Committee

The AC currently comprises of three members, all of whom are Independent Directors. The AC Chairman is Mr. Chong Sai Sin and none of the current members of the AC is a former key audit partner involved in auditing the Group.

The AC has policies and procedures to review, assess and monitor the performances, suitability and independence of the external auditors. Prior to the commencement of the annual audit, the AC will seek confirmation from the external auditors as to their independence. This independence confirmation would be re-affirmed by the external auditors to the AC upon their completion of the annual audit. These confirmations were made pursuant to the independence guidelines of the Malaysian Institute of Accountants.

Further details on the work performed by AC in furtherance of its oversight role are set out in the AC Report on pages 38 to 40 of this Annual Report.

(b) Risk Management and Internal Control Framework

The Board fulfils its responsibilities in the risk governance and oversight functions through the RMC via a risk management framework which adopts a structured and integrated approach in managing key business risks. This framework together with the system of internal control are designed to manage the Group's risks within its risk appetite rather than to eliminate, the risk of failure to achieve the Group's business and corporate objectives.

As for the adequacy and effectiveness of the system of internal control, it is reviewed by the AC with assistance from the internal auditors. The internal audit function is outsourced to an independent professional consulting firm to provide an independent and objective assurance on the effectiveness of governance, risk management processes and internal control system of the Group. The internal auditors' independence is maintained by reporting functionally to the Board through the AC and administratively to Executive Management. Internal audit reports which are issued have to be tabled to the AC for review and Executive Management is required to be present at AC meetings to respond and provide feedback on the audit findings and recommended improvements. In addition, Executive Management is also required to present to the AC in meeting, status updates on significant matters and changes in key processes that could impact the Group's operations.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT *cont'd*

(b) Risk Management and Internal Control Framework *cont'd*

Based on the above, the Board is of the view that the risk management process and system of internal control were in place during FY2020 for identifying, evaluating and managing significant risks faced or potentially to be encountered by the Group.

Further details of the risk management and internal control framework are set out in the Statement on Risk Management and Internal Control on pages 35 to 37 of this Annual Report.

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

(a) Communication with Stakeholders

The Board is committed to ensuring that communications to shareholders and the investing public in general, regarding the businesses, operations and financial performance of the Group is timely and factual and are available on an equal basis. Although the Board does not have a formalised corporate disclosure policy, the Group has in place procedures to enable it to comply strictly with the disclosure requirements of all applicable legal and regulatory requirements. Information is disseminated via annual reports, circulars /statements to shareholders, quarterly and annual financial statements, and announcements from time to time.

The release of announcements and information by the Group to Bursa Malaysia Securities Berhad **("Bursa Securities")** are handled by the CEO or the Company Secretary within the prescribed requirements of the MMLR and guided by the Corporate Disclosure Guide issued by Bursa Securities. As these announcements and information can be price-sensitive, they are only released after having being reviewed by the CEO and/or the Board where necessary.

The Group's website also provides all relevant information to stakeholders and the investing community. Quarterly and annual financial statements, announcements, financial information, annual reports, and circular/ statements to shareholders are uploaded onto the website for investors and the public.

Any shareholders' queries or concerns relating to the Group may be conveyed to the Chairman or CEO at the Group's principal place of business as detailed below:

No. 11, Jalan Majistret U1/26, Seksyen U1
Hicom-Glenmarie Industrial Park
40150 Shah Alam
Selangor Darul Ehsan
Telephone no.: +603-7880 4728
Facsimile no.: +603-7880 4766

Mr. Ee Beng Guan, the Senior Independent Director, is designated by the Board to be the contact for consultation and direct communication with shareholders on areas that cannot be resolved through the normal channels with the Chairman or CEO. He too can be contacted at the above address.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT
cont'd

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS *cont'd*

(b) Conduct of General Meetings

The AGM serves as a principal forum for the Group's dialogue with shareholders. All shareholders are encouraged to attend the AGM, during which they can participate and given the opportunity to ask questions and vote on important matters affecting the Group, including the election/re-election of Directors, business operations, and the financial performance and position of the Group.

All Directors attended the 41st AGM held on 13 August 2020 save and except for Madam Chew Meu Jong. Barring unforeseen circumstances, all Directors (which include the Chairs of all mandated Board committees) shall be attending the forthcoming 42nd AGM to address shareholders' queries at the meeting. The external auditors will also be present at the meeting to answer shareholders' queries on their audit process and report, the accounting policies adopted by the Group, and their independence.

In line with Practice 12.1, the Company's Notice of the forthcoming 42nd AGM shall be given to shareholders at least 28 days prior to the meeting.

KEY FOCUS AREAS AND FUTURE PRIORITIES IN KEY AREAS OF CORPORATE GOVERNANCE PRACTICES

The Board is satisfied that the Group has maintained high standards of corporate governance and strived to achieve the highest level of integrity and ethical standard, in all its business dealings.

Moving forward, the Board will continue to operationalise and improve the Company's corporate governance practices and instil a risk and governance awareness culture and mindset throughout the organisation in the best interest of all stakeholders.

This Corporate Governance Overview Statement is made in accordance with a resolution of the Board on 21 April 2021.

ADDITIONAL DISCLOSURE REQUIREMENTS

PURSUANT TO APPENDIX 9C OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

The Group did not carry out any fund raising corporate proposals during the financial year ended 31 December 2020 **("FY2020")**.

MATERIAL CONTRACTS

Save for the related party transactions as disclosed in Note 23 to the Financial Statements, neither the Company nor any of its subsidiary companies have entered into any material contracts which involved the Directors' and/or major shareholders' interests, which were still subsisting at the end of FY2020 or which were entered into since the end of FY2019.

AUDIT AND NON-AUDIT FEES

The audit fees paid or payable by the Company and the Group to the external auditors for FY2020 amounted to RM78,000 and RM125,331 respectively. As for non-audit fees incurred for services rendered to the Company and the Group by the external auditors or a firm or corporation affiliated to the external auditors during FY2020, the amount concerned was RM88,127 and RM111,047 respectively for the Company and the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

This Statement on Risk Management and Internal Control which has been prepared in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers **("Guidelines")** is made pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad **("MMLR")**.

BOARD'S RESPONSIBILITY

The Board of Directors **("Board")** acknowledges that risk management and internal control are integral to corporate governance and that it is responsible for establishing a sound risk management framework and internal control system as well as to ensure their adequacy and effectiveness. The Board recognises that the Group's risk management framework and internal control system are designed to manage the Group's risks within its acceptable risk appetite, rather than to eliminate the risk of failure to achieve the Group's business and corporate objectives. As risks are inherent in all business activities, the said framework and system provide reasonable, rather than absolute assurance against the risks of material misstatement of financial information or against financial losses and fraud or breaches of laws or regulations.

The Board confirms that there is an ongoing risk management process established to identify, evaluate and manage significant risks to mitigate the risks that may impede the achievement of the Group's business and corporate objectives.

The review of the adequacy and effectiveness of the risk management framework and the system of internal control is delegated by the Board to the Risk Management Committee **("RMC")**.

RISK MANAGEMENT PROCESS

The risk management framework adopts a structured and integrated approach in managing key business risks with the aim of safeguarding the Group's assets and shareholders' interests.

The RMC reviews the adequacy and effectiveness of the risk management process from time to time. In this respect, it is assisted by the Chief Executive Officer **("CEO")** to identify and assess risks as well as to ensure that the risk management process is adequate and effective. All policies and procedures formulated to identify, measure and monitor various risk components are reviewed by the RMC. Additionally, the RMC reviews and assesses the adequacy of the risk management policies and ensures that the infrastructure, resources and systems are in-place for implementing the risk management process.

The members of the RMC during the financial year ended 31 December 2020 **("FY2020")** and as at the date of this Statement were:

Ir. Aik Siaw Kong – *Chairman (Independent Non-Executive Director)*

Dato' Ir. Wan Razali Bin Wan Muda *(Independent Non-Executive Director)*

Chew Meu Jong (Madam) *(Non-Independent Non-Executive Director)*

The risk management process involves the key management staff in each functional or operating unit of the Group and is managed by the RMC with assistance from the CEO. The risks identified remain the foundation in developing a risk profile and the action plans to assist Executive Management to manage and respond to these risks.

The risk management framework establishes the context of risk in relation to the Group's business and sets out the process for risk identification, measurement and treatment with continuous monitoring, review and communication. All the risks are consolidated and presented for deliberation during the half yearly RMC meeting. In this respect, key business risks were identified or reaffirmed. Following this, Executive Management together with the RMC developed standard operating procedures to manage these risks.

The Group's risk management practices are business driven and the processes in identifying, evaluating and managing significant risks facing the Group are embedded into its culture and operations. These processes are driven by the CEO and are responsive to changes in the business environment and are communicated to all levels.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
cont'd

RISK MANAGEMENT PROCESS *cont'd*

Appropriate mitigating activities and control procedures are also put in place to deal with any identified weaknesses. In recent times, the Group has also taken all the necessary measures relating to health, safety and business continuity to mitigate the impact of the Coronavirus Disease 2019 pandemic that has affected businesses globally.

The Group has also drawn up a comprehensive Anti-Bribery & Corruption Policy in view of the implementation of the corporate liability provision under Section 17A of the MACC (Amendment) Act, 2018 which was enforced with effect from 1 June 2020.

INTERNAL CONTROL SYSTEM

The Board acknowledges the importance of the internal audit function and is committed to articulating, implementing and reviewing the Group's system of internal control. The internal audit function has been outsourced to an independent professional service provider to assist the Board as well as the Audit Committee **("AC")** in discharging their responsibilities and duties. To ensure independence, the internal auditors report directly to the AC.

During FY2020, the internal audit of the Group was carried out in accordance with a risk-based audit plan approved by AC. The internal audit provides an assessment of the adequacy, efficiency and effectiveness of the Group's system of internal control to ensure that the internal controls are viable and robust. The audit findings and where necessary, recommended improvements, are presented to the AC during their quarterly meetings. In addition, the internal auditors also carried out follow-up reviews to ensure their recommendations for improvements to internal controls are implemented.

The key elements of the Group's system of internal control include:

1. A well-defined organisation structure with clearly defined lines of responsibility, authority and accountability;

2. Approval and authority limits are imposed on Executive Management in respect of day-to-day operations as well as major non-operating transactions;

3. Formalised standard operating procedures are in place to ensure compliance with internal controls and the relevant laws and regulations;

4. Internal quality audits and periodic surveillance audits (by LLOYD's Register Quality Assurance) are conducted to provide assurance of compliance for continuous certification with ISO 9001:2015 - Quality Management System;

5. The Board and the AC meet at least every quarter to discuss the Group's financial performance, business operations and strategies, corporate updates and internal audit findings, if any;

6. Regular training and development programmes are attended by employees to enhance their knowledge and competency;

7. Management financial statements and reports are prepared regularly for monitoring of actual performance by the CEO and senior management;

8. Key functions such as finance, taxation, treasury, corporate secretarial and compliance and legal matters are controlled centrally;

9. A fully independent AC comprising exclusively Independent Directors with full and unrestricted access to both internal and external auditors; and

10. The quarterly financial results and yearly audited financial statements reviewed by the AC prior to their approval by the Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

ASSURANCE

The Board has reviewed the adequacy and effectiveness of the Group's risk management framework and system of internal control for FY2020 and up to the date of this Statement and is of the view that the risk management process and system of internal control are in place for the period.

Executive Management is accountable to the Board for identifying risks relevant to the business of the Group, implementing and maintaining sound risk management practices and internal controls and monitoring and reporting to the Board of significant control deficiencies and changes in risks that could affect the Group's objectives and performance.

The CEO has provided assurance to the Board that the Group's risk management process and internal control system were operating adequately and effectively in all material aspects, and that there were no material losses incurred as a result of any weaknesses in internal controls that would require disclosure in this Annual Report.

The Board and Executive Management will continuously review and evaluate risks to ensure shareholders' interests and the Group's assets are preserved.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the MMLR, the external auditors have reviewed this Statement. Their review procedures were performed in accordance with Audit and Assurance Practice Guide 3: Guidance for Auditors on the Review of Statement on Risk Management and Internal Control **("AAPG 3")**, issued by the Malaysian Institute of Accountants.

AAPG 3 does not require the external auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management process and system of internal control. AAPG 3 also does not require the external auditors to consider whether the processes described to deal with the material internal control aspects of significant problems, if any, disclosed in this Annual Report will, in fact, remedy the problems.

Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared in all material aspects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Guidelines, nor is it factually inaccurate.

This Statement on Risk Management and Internal Control is made in accordance with a resolution of the Board dated 21 April 2021.

AUDIT COMMITTEE REPORT

The Audit Committee **("AC")** was established to act as a committee of the Board of Directors **("Board")** with the primary objective of assisting the Board in fulfilling its fiduciary duties in relation to:

- Assessing the processes in relation to the risk and control environment;
- Overseeing financial reporting and internal controls; and
- Evaluating the internal and external audit processes

The AC is guided by its terms of reference **("ToR")** which can be viewed on the Company's website at www.lysaghtgalvanizedsteelbhd.com.

Complying to Paragraph 15.20 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board has, through Nomination Committee, reviewed the terms of office and performance of the AC members annually through the AC Evaluation Form. The Board is satisfied that for the financial year ended 31 December 2020 **("FY2020")**, the AC members have been able to discharge their functions, duties and responsibilities in accordance with the ToR.

MEMBERSHIP AND MEETINGS

The members of the AC during FY2020 and as of the date of this Report together with their attendance record at AC meetings held during FY2020 are as follows:

Name	Designation	Status of Directorship	No. of meetings attended/No. of meetings held*
Chong Sai Sin**	Chairman	Independent Non-Executive Director	4/4
Cheam Low Soo	Member	Independent Non-Executive Director	4/4
Ee Beng Guan	Member	Senior Independent Non-Executive Director	4/4

* *Number of meetings held during the respective member's tenure of office during FY2020*

** *A member of the Malaysian Institute of Accountants*

The AC met 4 times during FY2020 in accordance to the AC's ToR. The Company Secretary who is also the secretary to the AC was in attendance during the meetings.

Executive Management, if necessary, were invited to the meetings to deliberate on matters within their purview. The external auditors are also invited to attend the AC meetings to present their audit plan and audit findings, and to assist the AC in its review of the year-end financial statements.

The AC Chairman engages on a continuous basis with Executive Management, the external and internal auditors to keep abreast of matters affecting the Group. Where significant issues are noted, the AC Chairman communicates and confers with the other members, either through emails or in meetings. After each meeting, the AC Chairman reports on matters deliberated to the Board for their reference and notation. Matters reserved for the Board's approval are tabled at Board meetings. The Company Secretary documents the decisions made and actions required and forward them to Executive Management for their action.

SUMMARY OF ACTIVITIES

The following activities were carried out by the AC in the discharge of its functions and duties to meet its responsibilities during FY2020:

(a) Financial Results

- Reviewed and recommended the quarterly financial results of the Group (including announcements) and the annual financial statements of the Group and Company for Board's approval.
- Deliberated on significant matters raised by the external auditors including financial reporting issues, significant judgements made by Executive Management, significant and unusual events or transactions and management's reports and updates on actions recommended by the external auditors for improvement.
- Deliberated on changes in or implementation of major accounting changes and compliance with accounting standards and other legal requirements.

(b) External Audit

- Reviewed and approved the external auditors' scope of work and audit plan prior to commencement of the annual audit.
- Analysed and reviewed the proposed external audit fees for approval of the Board.
- Analysed and reviewed the non-audit fees and related costs in respect of non-audit services rendered by the external auditors to ensure that their independence is not impaired.
- Reviewed and discussed with the external auditors, the changes in or implementation of major accounting policies, significant matters arising from the audit, significant judgements made by Executive Management, significant and unusual events or transactions and compliance with accounting standards and other legal and regulatory requirements and how all these matters are dealt with and the audit report, and reported the same to the Board.
- Reviewed assessment on the impact of Coronavirus Disease 2019 ("COVID-19") on the Group's and the Company's financial statements, including management's strategies and measures in managing the impact on COVID-19.
- Evaluated the performance, suitability and independence of the external auditors and recommended their re-appointment to the Board for approval.
- Met during FY2020 with the external auditors without the presence of Executive Management to have a frank and candid dialogue, and to exchange free and honest views and opinions.

(c) Internal Audit

- Reviewed and approved the internal audit plan and the internal auditors' scope of work.
- Reviewed and discussed with the internal auditors, their audit findings and issues arising during the course of audit.
- Reviewed the adequacy and effectiveness of corrective actions taken by Executive Management on all significant matters raised by the internal auditors.
- Reviewed and recommended the proposed internal auditors' fees to the Board for approval.
- Evaluated the competency of the internal auditors and their resources to address the risk areas set out in their audit plan.
- Met the internal auditors to have a frank and candid dialogue, and to exchange free and honest views and opinions.

(d) Related Party Transactions/Recurrent Related Party Transactions

Reviewed significant related party transactions/recurrent related party transactions and conflicts of interest that may arise including any transaction, procedure or course of action or conduct that raised questions of Executive Management's integrity.

(e) Annual Report

- Reviewed and issued this Report for inclusion in the FY2020 Annual Report.
- Reviewed the Statement on Risk Management and Internal Control, Corporate Governance Overview Statement and Management Discussion and Analysis of Business Operations and Financial Performance on behalf of the Board for inclusion in the FY2020 Annual Report and the Corporate Governance Report.

AUDIT COMMITTEE REPORT
cont'd

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to an independent professional consulting firm to assist the AC in discharging their responsibilities and duties. The role of the internal audit function is to undertake independent regular and systematic reviews of the system of internal controls so as to provide reasonable assurance that such systems continue to operate satisfactory and effectively in the Group.

The internal auditors present their audit reports which include their findings and recommendations for improvements to the AC for its review and deliberation. The AC also appraised the adequacy of the comments, actions and measures to be taken by Executive Management in resolving the audit issues reported and recommended for further improvement.

The internal auditors also carried out follow-up reviews to monitor the implementation of the said action plans and measures for reporting to the AC.

For FY2020, the internal audit scope covered the review of the adequacy and effectiveness of the system of internal controls of the following processes:

- Technical Drawing and Engineering Design System
- Accounts Preparation and Financial Reporting System

The internal auditors were also involved in the preparation and implementation of the Section 17A of the MACC (Amendment) Act, 2018.

The total costs paid or payable for the internal audit function for FY2020 was RM67,000.

Chong Sai Sin
Chairman of Audit Committee

21 April 2021

STATEMENT ON DIRECTORS' RESPONSIBILITY

PURSUANT TO PARAGRAPH 15.26(a) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

The Board of Directors **("Board")** of the Company is required by the Companies Act 2016 **("Act")** to make a statement expressing an opinion on the financial statements. The Board is of the opinion that the financial statements for the financial year ended 31 December 2020 have been drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of their financial performance and cash flows for the financial year ended on that date in accordance with Financial Reporting Standards and the requirements of the Act.

In preparing the financial statements, the Board has:

- reviewed the accounting policies and ensured that they were consistently applied; and
- in cases where judgements and estimates were made, the judgements and estimates concerned were based on reasonableness and prudence.

The Board has relied on the Group's risk management process and system of internal control to ensure that the information generated for the preparation of the financial statements from the underlying accounting records is accurate and reliable.

This Statement of Directors' Responsibility is made in accordance with a resolution of the Board dated 21 April 2021.

DIRECTORS' REPORT

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is the manufacturing of galvanized steel products and the principal activities of the subsidiaries are as stated in Note 9 to the financial statements.

CORPORATE INFORMATION

The immediate holding company is Lysaght (Malaysia) Sdn. Bhd., the penultimate holding company is Chew Bros (M) Sdn. Bhd., and the ultimate holding company is CKH And LIK Family Sdn. Bhd., all of which are incorporated in Malaysia.

RESULTS

	Group	Company
	RM	RM
Profit/(Loss) net of tax attributable to equity holders of the Company	3,070,468	(1,668,076)

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDEND

The amount of dividend paid by the Company since 31 December 2019 was as follows:

	RM
In respect of the financial year ended 31 December 2019 as reported in the directors' report of that year:	
First and final single tier dividend of 5%, on 41,580,000 ordinary shares, approved on 13 August 2020 and paid on 15 September 2020	2,079,000

At the forthcoming Annual General Meeting, a first and final single tier dividend in respect of the current financial year ended 31 December 2020, of RM0.01 per ordinary share, on 41,580,000 ordinary shares, amounting to a total dividend of RM415,800 will be proposed for shareholders' approval.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2021.

DIRECTORS

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Dato' Ir. Wan Razali bin Wan Muda
Chua Tia Bon
Chew Meu Jong
Ee Beng Guan
Chong Sai Sin
Ir. Aik Siaw Kong
Cheam Low Soo

The person who is a director of the subsidiaries of the Company during the year (not including those directors listed above) is:

Johnny Ch'ng

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of remunerations received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 5(c) to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 23 to the financial statements.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Balance as at 1.1.2020	Increase During the year	Decrease	Balance as at 31.12.2020
Direct interest in Company				
Chua Tia Bon	12,600	-	-	12,600
Indirect interest in Company				
Chua Tia Bon*	10,600	-	-	10,600
Chew Meu Jong**	22,957,200	-	-	22,957,200
Ultimate holding company				
CKH And LIK Family Sdn. Bhd.				
Chew Meu Jong***	1	-	-	1

* *shares held directly by spouse*

** *indirect interest of 31,500 shares deemed through spouse and indirect interest of 22,925,700 shares deemed through Lysaght (Malaysia) Sdn. Bhd.*

*** *indirect interest of 1 share deemed pursuant to consolidation of shareholding following the transfer of shares (in respect of which Chew Meu Jong was not a party) in Chew Bros (M) Sdn. Bhd. to CKH And LIK Family Sdn. Bhd.*

DIRECTORS' REPORT
cont'd

INDEMNITIES TO DIRECTORS, OFFICERS OR AUDITORS

During the financial year, the total amount of insurance effected for directors and officers of the Company is RM10,000,000.

To the extent permitted by law, the Group and the Company have agreed to indemnify their auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT during or since the financial year.

OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, 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 allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and

  (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

  (i) it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

  (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances 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) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

  (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

  (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

  (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

  (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

DIRECTORS' REPORT
cont'd

SIGNIFICANT EVENTS

The significant events are as disclosed in Note 28 to the financial statements.

AUDITORS AND AUDITORS' REMUNERATION

The auditors, Ernst & Young PLT 202006000003 (LLP0022760-LCA) & AF 0039, have expressed their willingness to continue in office.

The auditors' remuneration are disclosed in Note 5 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 21 April 2021.

Dato' Ir. Wan Razali bin Wan Muda

Chua Tia Bon

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

We, Dato' Ir. Wan Razali bin Wan Muda and Chua Tia Bon, being two of the directors of Lysaght Galvanized Steel Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 51 to 104 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 21 April 2021.

Dato' Ir. Wan Razali bin Wan Muda

Chua Tia Bon

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

I, Ong Siew Sung (NRIC No.: 741220-08-5658), being the officer primarily responsible for the financial management of Lysaght Galvanized Steel Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 51 to 104 are in my opinion 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 Ong Siew Sung
at Ipoh in the State of Perak Darul
Ridzuan on 21 April 2021.

Ong Siew Sung
MIA 23490

Before me,

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF LYSAGHT GALVANIZED STEEL BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Lysaght Galvanized Steel Berhad, which comprise the statements of financial position of the Group and of the Company as at 31 December 2020, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements including a summary of significant accounting policies, as set out on pages 51 to 104.

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 2020 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent 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 Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Revenue recognition

(Refer to Note 2.18 and Note 4 to the financial statements)

For the financial year ended 31 December 2020, revenue recognised amounted to RM54,928,197 which consists mainly of sales of galvanized steel products.

We identified revenue recognition as an area of audit focus because the Group has significant volume of transactions during the financial year. As such, revenue could be subject to risk of material misstatement, particularly in respect of the occurrence and measurement of revenue recognised.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF LYSAGHT GALVANIZED STEEL BERHAD (INCORPORATED IN MALAYSIA)
cont'd

Key audit matters *cont'd*

Revenue recognition *cont'd*

Our audit procedures include, amongst others, the following:

(a) we obtained an understanding of the management's internal controls over the occurrence and measurement of revenue recognised;

(b) we tested the Group's internal controls over the occurrence and measurement of revenue recognised;

(c) we inspected the terms of significant sales contracts between the Group and its customers and inspected documents which evidenced the revenue recognised;

(d) we performed cut-off tests which include inspecting supporting documents to evidence the delivery of goods to customers and to determine that revenue were properly recorded in the correct period;

(e) we performed a test of details on the occurrence of revenue transactions during the year; and

(f) we evaluated the adequacy of disclosures on revenue recognition as disclosed in the financial statements.

Impairment of property, plant and equipment

(Refer to Note 2.6 and Note 8 to the financial statements)

As at 31 December 2020, the carrying amount of property, plant and equipment of the Group was RM42,084,554, representing 99% and 26% of the Group's total non-current assets and total assets respectively, while the carrying amount of property, plant and equipment of the Company was RM38,929,365, representing 99% and 37% of the Company's total non-current assets and total assets respectively.

The Group and the Company are required to perform impairment test of the carrying amount of the cash generating unit ("CGU") whenever there is an indication that the CGU may be impaired by comparing the carrying amount with its recoverable amount. The Group and the Company estimated the recoverable amount as the higher of the CGU's fair value less costs of disposal and its value in use ("VIU"). The management determined that there is an indication of impairment due to the deterioration in the Group's and the Company's financial performance and results following the outbreak of the COVID-19 pandemic and the market capitalisation of the Group being lower than the Group's net assets.

We identified this as an area of audit focus, as the VIU determined using discounted cash flows is complex and involves significant management judgement and estimates, specifically the key assumptions on the sales and discount rate.

Our audit procedures include, amongst others, the following:

(a) we obtained an understanding of the relevant internal controls over estimating the recoverable amount of the CGU;

(b) we evaluated the assumptions and methodologies used in performing the impairment assessment;

(c) we tested the basis of preparing the cash flow forecasts taking into account the historical evidence supporting the underlying assumptions;

(d) we evaluated the key assumptions, in particular, the weighted-average cost of capital discount rate assigned to the CGU and growth rate of sales by comparing against internal information, and external economic and market data; and

(e) we involved our internal specialist to assist us in assessing the discount rate used to determine the present value of the cash flows of the CGU and whether the rate used is comparable to the industry's weighted-average cost of capital.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF LYSAGHT GALVANIZED STEEL BERHAD (INCORPORATED IN MALAYSIA)
cont'd

Information other than the financial statements and auditors' report thereon

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this 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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

(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 the Group's and the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF LYSAGHT GALVANIZED STEEL BERHAD (INCORPORATED IN MALAYSIA)
cont'd

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

(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 of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 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.

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.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Adeline Chan Su Lynn
No. 03082/07/2021 J
Chartered Accountant

Ipoh, Perak Darul Ridzuan, Malaysia
Date: 21 April 2021

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
Revenue	4	54,928,197	75,916,071	43,947,482	60,335,120
Cost of sales		(42,650,911)	(55,509,031)	(40,980,325)	(53,745,013)
Gross profit		12,277,286	20,407,040	2,967,157	6,590,107
Other items of income					
Interest income		1,310,138	2,086,657	815,628	1,448,323
Other income		2,256,197	1,892,186	2,079,186	1,970,284
Other items of expense					
Administrative expenses		(9,996,884)	(10,170,005)	(7,583,488)	(7,776,137)
Selling and distribution expenses		(1,976,930)	(2,474,039)	(236,010)	(363,233)
Finance cost		(18,343)	-	(18,343)	-
Profit/(Loss) before tax	5	3,851,464	11,741,839	(1,975,870)	1,869,344
Income tax (expense)/benefit	6	(780,996)	(2,615,051)	307,794	(569,745)
Profit/(Loss) net of tax		3,070,468	9,126,788	(1,668,076)	1,299,599
Other comprehensive income					
Item that will be reclassified to profit and loss in the future:					
Foreign currency translation		(46,866)	59,592	-	-
Total comprehensive income		3,023,602	9,186,380	(1,668,076)	1,299,599
Profit/(Loss) net of tax attributable to:					
Equity holders of the Company		3,070,468	9,126,788	(1,668,076)	1,299,599
Total comprehensive income attributable to:					
Equity holders of the Company		3,023,602	9,186,380	(1,668,076)	1,299,599
Earnings per share attributable to equity holders of the Company (sen):					
Basic	7	7.38	21.95		
Diluted	7	7.38	21.95		

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
Assets					
Non-current assets					
Property, plant and equipment	8	42,084,554	42,065,097	38,929,365	38,718,108
Investments in subsidiaries	9	-	-	128,561	128,561
Right-of-use asset	10	388,671	-	388,671	-
Goodwill		7,871	7,871	-	-
Deferred tax assets	17	27,017	18,034	-	-
		42,508,113	42,091,002	39,446,597	38,846,669
Current assets					
Inventories	11	37,918,088	35,488,681	37,573,078	34,977,018
Trade and other receivables	12	15,516,212	16,201,632	552,329	356,996
Tax recoverable		1,488,880	889,326	1,426,448	889,326
Cash and bank balances	13	64,999,492	68,186,769	24,890,824	35,054,733
		119,922,672	120,766,408	64,442,679	71,278,073
Total assets		162,430,785	162,857,410	103,889,276	110,124,742
Equity and liabilities					
Current liabilities					
Trade and other payables	14	5,040,779	5,529,748	6,873,844	8,897,743
Contract liabilities	15	652,292	1,327,426	1,059,921	1,585,552
Lease liability	10	363,981	-	363,981	-
Tax payable		645,265	917,668	-	-
		6,702,317	7,774,842	8,297,746	10,483,295
Net current assets		113,220,355	112,991,566	56,144,933	60,794,778

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

cont'd

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
Non-current liabilities					
Lease liability	10	30,910	-	30,910	-
Retirement benefits	16	10,840	11,414	10,840	11,414
Deferred tax liabilities	17	412,824	741,862	403,504	736,681
		454,574	753,276	445,254	748,095
Total liabilities		7,156,891	8,528,118	8,743,000	11,231,390
Net assets		155,273,894	154,329,292	95,146,276	98,893,352
Equity attributable to equity holders of the Company					
Share capital	18	41,580,000	41,580,000	41,580,000	41,580,000
Other reserves	19	4,105,967	4,152,833	-	-
Retained profits	20	109,587,927	108,596,459	53,566,276	57,313,352
Total equity		155,273,894	154,329,292	95,146,276	98,893,352
Total equity and liabilities		162,430,785	162,857,410	103,889,276	110,124,742

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

			Non-distributable			Distributable	
		Share capital	Fair value reserve	Capital reserve	Exchange reserve	Retained profits	Total
	Note	RM	RM	RM	RM	RM	RM
Group							
At 1 January 2019		41,580,000	244,021	499,998	3,593,243	102,136,250	148,053,512
Total comprehensive income		-	-	-	59,592	9,126,788	9,186,380
Transfer upon disposal of unquoted investment designated at FVOCI		-	(244,021)	-	-	244,021	-
Dividends	21	-	-	-	-	(2,910,600)	(2,910,600)
At 31 December 2019		41,580,000	-	499,998	3,652,835	108,596,459	154,329,292
At 1 January 2020		41,580,000	-	499,998	3,652,835	108,596,459	154,329,292
Total comprehensive income		-	-	-	(46,866)	3,070,468	3,023,602
Dividends	21	-	-	-	-	(2,079,000)	(2,079,000)
At 31 December 2020		41,580,000	-	499,998	3,605,969	109,587,927	155,273,894

			Distributable	Non-distributable	
		Share capital	Retained profits	Fair value reserve	Total
	Note	RM	RM	RM	RM
Company					
At 1 January 2019		41,580,000	58,680,332	244,021	100,504,353
Total comprehensive income		-	1,299,599	-	1,299,599
Transfer upon disposal of unquoted investment designated at FVOCI		-	244,021	(244,021)	-
Dividends	21	-	(2,910,600)	-	(2,910,600)
At 31 December 2019		41,580,000	57,313,352	-	98,893,352
At 1 January 2020		41,580,000	57,313,352	-	98,893,352
Total comprehensive income		-	(1,668,076)	-	(1,668,076)
Dividends	21	-	(2,079,000)	-	(2,079,000)
At 31 December 2020		41,580,000	53,566,276	-	95,146,276

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Operating activities				
Profit/(Loss) before tax	3,851,464	11,741,839	(1,975,870)	1,869,344
Adjustments for:				
Allowance for impairment loss on receivables	316,240	49,258	-	-
Depreciation of right-of-use asset	328,877	-	328,877	-
Depreciation of property, plant and equipment	1,782,970	1,389,353	1,572,871	1,172,130
Finance cost	18,343	-	18,343	-
Gain on disposal of property, plant and equipment	(88)	-	-	-
Gain on disposal of unquoted investment	-	(63,349)	-	(63,349)
Inventories written off	244,452	-	244,452	-
Interest income from fixed deposits	(1,310,138)	(2,086,657)	(815,628)	(1,448,323)
Property, plant and equipment written off	118	1,002	118	1,002
Reversal of retirement benefits	(286)	-	(286)	-
Unrealised loss/(gain) on foreign exchange, net	100,117	87,695	12,016	(13,699)
Total adjustments	1,480,605	(622,698)	1,360,763	(352,239)
Operating cash flows before changes in working capital	5,332,069	11,119,141	(615,107)	1,517,105
Changes in working capital:				
Inventories	(2,673,859)	(6,794,026)	(2,840,512)	(6,601,442)
Receivables	369,180	1,873,516	(195,333)	5,929,791
Payables	(1,264,220)	855,990	(2,561,546)	3,098,317
Total changes in working capital	(3,568,899)	(4,064,520)	(5,597,391)	2,426,666
Cash flows from/(used in) operations	1,763,170	7,054,621	(6,212,498)	3,943,771
Retirement benefits paid	(288)	(912)	(288)	(912)
Income tax paid, net	(1,990,974)	(2,391,790)	(562,505)	(495,788)
Net cash flows (used in)/from operating activities	(228,092)	4,661,919	(6,775,291)	3,447,071

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
cont'd

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Investing activities				
Purchase of property, plant and equipment	(1,805,360)	(6,444,349)	(1,784,246)	(6,438,545)
Proceeds from disposal of property, plant and equipment	88	-	-	-
Proceeds from disposal of unquoted investment	-	437,893	-	437,893
Interest received	1,310,138	2,086,657	815,628	1,448,323
(Placement)/Withdrawal of short term deposits more than three months	(13,926,481)	18,154,893	(660,038)	3,710,379
Net cash flows (used in)/from investing activities	(14,421,615)	14,235,094	(1,628,656)	(841,950)
Financing activities				
Dividends paid	(2,079,000)	(2,910,600)	(2,079,000)	(2,910,600)
Repayment of lease liability	(341,000)	-	(341,000)	-
Net cash flows used in financing activities	(2,420,000)	(2,910,600)	(2,420,000)	(2,910,600)
Net (decrease)/increase in cash and cash equivalents	(17,069,707)	15,986,413	(10,823,947)	(305,479)
Effect of foreign exchange rate changes	(44,051)	55,697	-	-
Cash and cash equivalents at 1 January	38,341,662	22,299,552	15,765,112	16,070,591
Cash and cash equivalents at 31 December (Note 13)	21,227,904	38,341,662	4,941,165	15,765,112

(a) The Group and the Company acquired property, plant and equipment by way of cash.

(b) The changes in liabilities arising from lease liability are disclosed in Note 10.

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2020

1. Corporate information

The principal activity of the Company is the manufacturing of galvanized steel products. The principal activities of the subsidiaries are described in Note 9.

The Company is a public limited liability company, which is 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 Suite 13.03, 13th Floor, Menara Tan & Tan, 207 Jalan Tun Razak, 50400 Kuala Lumpur whilst the principal place of business of the Company is located at No. 11, Jalan Majistret U1/26, Seksyen U1, Hicom-Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan.

The immediate holding company is Lysaght (Malaysia) Sdn. Bhd., the penultimate holding company is Chew Bros (M) Sdn. Bhd. and the ultimate holding company is CKH And LIK Family Sdn. Bhd., all of which are incorporated in Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 21 April 2021.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

At the beginning of the current financial year, the Group and the Company adopted new and amended MFRS which are mandatory for financial periods beginning on or after the dates as described fully in Note 2.2.

The financial statements have been prepared on a historical cost basis unless otherwise stated in the summary of significant accounting policies.

The financial statements are presented in Ringgit Malaysia ("RM") unless otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2020, the Group and the Company adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after the date stated below:

Description	Effective for annual periods beginning on or after
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 – Definition of a Business	1 January 2020
Definition of Material (Amendments to MFRS 101: Presentation of Financial Statements and MFRS 108 : Accounting Policies, Changes in Accounting Estimates and Errors)	1 January 2020
Interest Rate Benchmark Reform (Amendments to MFRS 9 : Financial Instruments, MFRS 139 : Financial Instruments : Recognition and Measurement and MFRS 7 : Financial Instruments : Disclosures)	1 January 2020

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2020
cont'd

2. Summary of significant accounting policies *cont'd*

2.2 Changes in accounting policies *cont'd*

The nature and impact of the new and amended MFRSs are described below:

(a) Amendments to MFRS 3 – Definition of a Business

Under MFRS 3, the amendments to the definition of a business is to help entities determine whether an acquired set of activities and assets is a business or not. The amendments clarify the following:

- Minimum requirements to be a business;
- Market participants' ability to replace missing elements;
- Assessing whether an acquired process is substantive;
- Narrowed the definitions of outputs; and
- Introduced an optional concentration test.

The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. Consequently, the Group does not have to revisit such transactions that occurred in prior periods. Earlier application is permitted and must be disclosed. The application of these amendments has had no impact on the Group's and the Company's financial statements.

(b) Amendments to MFRS 101 and MFRS 108 – Definition of Material

Under MFRS 101 and MFRS 108, the amendments were made to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

These amendments do not have a significant impact on the Group's and the Company's financial statements.

(c) Amendments to MFRS 9, MFRS 139 and MFRS 7 – Interest Rate Benchmark Reform

The Interest Rate Benchmark Reform amends some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform. In applying the amendments, companies would continue to apply those hedge accounting requirements assuming that the interest rate benchmark associated with the hedged item, hedged risk and/or hedging instrument are based is not altered as a result of the interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

Applying the amendments, companies are not required to apply the MFRS 139 retrospective assessment, but continue to apply hedge accounting to a hedging relationship for which effectiveness is outside of the 80% - 125% range during the period of uncertainty arising from the reform.

These amendments do not have a significant impact to the Group's and the Company's financial statements

2. Summary of significant accounting policies *cont'd*

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below.

Description	**Effective for annual periods beginning on or after**
Amendments to MFRS 16 : Leases COVID-19 – Related Rent Concessions	1 June 2020
Extension of the Temporary Exemption from Applying MFRS 9 (Amendments to MFRS 4 : Insurance Contracts)	17 August 2020
Interest Rate Benchmark Reform – Phase 2 (Amendments to MFRS 9 : Financial Instruments, MFRS 139 : Financial Instruments : Recognition and Measurement, MFRS 7 : Financial Instruments : Disclosures, MFRS 4 : Insurance Contracts and MFRS 16 : Leases)	1 January 2021
Annual improvements to MFRS Standards 2018 – 2020 Cycle	1 January 2022
Reference to the Conceptual Framework (Amendments to MFRS 3 : Business Combinations)	1 January 2022
Property, Plant and Equipment – Proceeds before Intended Use (Amendments to MFRS 116 : Property, Plant and Equipment)	1 January 2022
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to MFRS 137 : Provisions, Contingent Liabilities and Contingent Assets)	1 January 2022
MFRS 17 : Insurance Contracts	1 January 2023
Amendments to MFRS 17 : Insurance Contracts	1 January 2023
Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 : Presentation of Financial Statements)	1 January 2023
Disclosure of Accounting Policies (Amendments to MFRS 101 : Presentation of Financial Statements)	1 January 2023
Definition of Accounting Estimates (Amendments to MFRS 108 : Accounting Policies, Changes in Accounting Estimates and Errors)	1 January 2023
Amendments to MFRS 10 and MFRS 128 : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Group and the Company expect that the adoption of the above standards will have no significant impact to the financial statements of the Group and of the Company in the period of initial application.

(a) Amendments to MFRS 16 : Leases COVID-19 – Related Rent Concessions

The amendments exempt lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19 – related rent concessions that reduce lease payments due on or before 30 June 2021.

These amendments do not have a significant impact on the Group's and the Company's financial statements.

(b) Extension of the Temporary Exemption from Applying MFRS 9 (Amendments to MFRS 4 : Insurance Contracts)

The amendments extend the expiry date for the temporary exemption from applying MFRS 9 : Financial Instruments by two years to annual periods beginning on or after 1 January 2023. The extension maintains the alignment between the expiry date of the temporary exemption and the effective date of MFRS 17, which replaces MFRS 4.

These amendments have had no impact on the Group's and the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2020
cont'd

2. Summary of significant accounting policies *cont'd*

2.3 Standards issued but not yet effective *cont'd*

(c) Interest Rate Benchmark Reform – Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)

The amendments provide a practical expedient whereby a company would not derecognise or adjust the carrying amount of financial instruments for modifications required by interest rate benchmark reform, but would instead update the effective interest rate to reflect the change in the interest rate benchmark. On hedging relationship, entities would be required to amend the formal designation of a hedging relationship to reflect the modifications and/or hedging instruments as a result of the reform. However, the modification does not constitute discontinuation of the hedging relationship nor the designation of a new hedging relationship.

The amendments shall apply for annual reporting periods beginning on or after 1 January 2021, retrospectively in accordance with MFRS 108 : *Accounting Policies, Changes in Accounting Estimates and Errors*, without the need to restate comparative information. Restatement of prior periods is permitted if, and only if, it is possible without the use of hindsight. Earlier application is permitted.

These amendments are expected to have no impact on the Group's and the Company's financial statements.

(d) Annual Improvements to MFRS Standards 2018 – 2020 Cycle

The Annual Improvements to MFRS Standards 2018 – 2020 Cycle include a number of amendments to various MFRSs, which are summarised below:

- **MFRS 9 : Financial Instruments**

  The amendments clarify the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. Early application is permitted. These amendments are not expected to have a significant impact on the Group's and the Company's financial statements.

- **Illustrative Examples accompanying MFRS 16 : Leases**

  The amendments delete from Illustrative Example 13 the reimbursement relating to leasehold improvements in order to remove any potential confusion regarding the treatment of lease incentives. Early application is permitted. These amendments are not expected to have a significant impact on the Group's and the Company's financial statements.

(e) Reference to the Conceptual Framework (Amendments to MFRS 3 : Business Combinations)

The amendments update MFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version which was issued by MASB in April 2018. Early application is permitted. These amendments are not expected to have a significant impact on the Group's financial statements.

(f) Property, Plant and Equipment – Proceeds before Intended Use (Amendments to MFRS 116 : Property, Plant and Equipment)

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while a company is preparing the asset for its intended use. Instead, a company shall recognise such sales proceeds and related cost in profit or loss. Early application is permitted. These amendments are not expected to have a significant impact on the Group's and the Company's financial statements.

2. **Summary of significant accounting policies** *cont'd*

2.3 Standards issued but not yet effective *cont'd*

(g) Onerous Contracts – Cost of Fulfilling a Contract (Amendments to MFRS 137 : Provisions, Contingent Liabilities and Contingent Assets)

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. Early application is permitted. These amendments are not expected to have a significant impact on the Group's and the Company's financial statements.

(h) MFRS 17 : Insurance Contracts

MFRS 17 introduces consistent accounting for all insurance contracts based on a current measurement model. Under MFRS 17, the general model requires entities to recognise and measure a group of insurance contracts at: (i) a risk-adjusted present value of future cash flows that incorporates information that is consistent with observable market information; plus (ii) an amount representing the unearned profit in the group of contracts. The adoption of MFRS 17 is not expected to have any material financial impact on the Group's and the Company's financial statements.

(i) Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 : Presentation of Financial Statements)

The amendments aim to promote consistency in applying the requirements by helping entities to determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt an entity might settle by converting it into equity.

The amendments clarify, not change, existing requirements, and so are not expected to affect entities' financial statements significantly. However, they could result in entities reclassifying some liabilities from current to non-current, and vice versa; this could affect an entity's loan covenants. Early application of the amendments is permitted. These amendments are not expected to have a significant impact on the Group's and the Company's financial statements.

(j) Amendments to MFRS 10 and MFRS 128 : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between MFRS 10 and MFRS 128 in dealing with the loss of control of a subsidiary company that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in MFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The MASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. These amendments are not expected to have an impact on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2020
cont'd

2. Summary of significant accounting policies *cont'd*

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) Potential voting rights held by the Company, other vote holders or other parties;

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained profits. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

2. **Summary of significant accounting policies** *cont'd*

2.4 Basis of consolidation *cont'd*

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.7.

2.5 Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2020
cont'd

2. Summary of significant accounting policies *cont'd*

2.5 Foreign currencies *cont'd*

(ii) Foreign currency transactions *cont'd*

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the other property, plant and equipment as follows:

Long term leasehold land	1.00% to 1.60%
Buildings and electrical installation	2%
Plant and machinery	10% to 20%
Motor vehicles	20%
Furniture, fittings and office equipment	10%
Renovation	20%

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

2. Summary of significant accounting policies *cont'd*

2.6 Property, plant and equipment *cont'd*

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.7 Intangible asset

Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operation and are recorded in the functional currency of the foreign operation and translated in accordance with the accounting policy set out in Note 2.5(iii).

Goodwill and fair value adjustments which arose on acquisition of a foreign operation before 1 January 2006 are deemed to be assets and liabilities of the Company and are recorded in RM at the rates prevailing at the date of acquisition.

2.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2020
cont'd

2. Summary of significant accounting policies *cont'd*

2.8 Impairment of non-financial assets *cont'd*

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

2.9 Subsidiaries

A subsidiary is an entity over which the Company has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.10 Financial assets

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets designated at fair value through OCI and at amortised cost.

2. Summary of significant accounting policies *cont'd*

2.10 Financial assets *cont'd*

(a) Financial assets at fair value through OCI

Upon initial recognition, the Group and the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statements of profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group and the Company elected to classify irrevocably its unquoted shares investments under this category.

(b) Financial assets measured at amortised cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are 'solely payments of principal and interest' on the principal amount outstanding.

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss through the amortization process and when the financial assets are impaired or derecognised.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's and the Company's statements of financial position) when:

- The rights to receive cash flows from the asset have expired; or

- The Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2020
cont'd

2. Summary of significant accounting policies *cont'd*

2.11 Impairment of financial assets

The Group and the Company consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short term deposits with licensed bank that are readily convertible as known amounts of cash and which are subject to an insignificant risk of changes in values.

2.13 Inventories

Inventories are stated at lower of cost and net realisable value.

Cost is determined principally on the weighted average basis except for production supplies which is determined on the first-in-first-out basis. The cost of raw materials comprises costs of purchase and incidental costs to bring the inventories to their location at reporting date. The cost of finished goods and work-in-progress comprise raw materials, direct labour, other direct costs and appropriate proportions of production overheads.

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

2.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. Summary of significant accounting policies *cont'd*

2.15 Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Company that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statements of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

(b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade and other payables.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.16 Employee benefits

(i) Short term benefits

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

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2020
cont'd

2. Summary of significant accounting policies *cont'd*

2.16 Employee benefits *cont'd*

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). The Group's foreign subsidiary makes contributions to its statutory pension scheme, the Central Provident Fund ("CPF").

(iii) Retirement benefits

Under the agreement with the Metal Industry Employees' Union, with effect from 1 January 1983, the Group contributes directly to the Employees Provident Fund as retirement benefits for the workers based on percentages as provided in the agreement. The contributions are charged to profit or loss in the financial year to which they relate.

The provision for retirement benefits made in the financial statements is in respect of employees who joined the Group prior to 1 January 1983 in accordance with the above said agreement.

2.17 Leases

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

The Group and the Company as lessee

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group and the Company recognise right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group and the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment as set out in Note 2.8.

2. Summary of significant accounting policies *cont'd*

2.17 Leases *cont'd*

The Group and the Company as lessee *cont'd*

(ii) Short-term leases and leases of low-value assets

The Group and the Company apply the short-term lease recognition exemption to their short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). They also apply the lease of low-value assets recognition exemption to leases that are considered to be low value.

Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.18 Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for the goods or services. The Group and the Company have generally concluded that they are the principals in their revenue arrangements.

(i) Sales of galvanized masts, poles and other related products

Revenue from sales of galvanized masts, poles and other related products is recognised at the point in time when control of the goods is transferred to the customer. Sales of galvanized masts, poles and other related products are generally on 30 to 90 days (2019 : 30 to 90 days) credit terms.

(ii) Delivery and installation services

The Group and the Company provide installation and delivery services that are bundled together with the sale of galvanized masts, poles and other related products to a customer. The installation and delivery services can be obtained from other providers and do not significantly customise or modify the goods sold.

Contracts for bundled sales of installation and delivery services are separate performance obligations because the promises to transfer goods and provide installation and delivery services are capable of being distinct and separately identifiable. Accordingly, the Group and the Company allocate the transaction price based on the relative stand-alone selling prices of the goods, installation and delivery services.

The Group and the Company recognise revenue from installation and delivery services over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group and the Company. Installation and delivery services are generally on 30 to 90 days (2019 : 30 to 90 days) credit terms.

(iii) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

(iv) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2020
cont'd

2. Summary of significant accounting policies *cont'd*

2.19 Taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. Summary of significant accounting policies *cont'd*

2.19 Taxes *cont'd*

(iii) Goods and Services Tax ("GST")

The net amount of GST being the difference between output GST and input GST, payable to or receivable from the respective authorities at the reporting date, is included in other payables or other receivables in the statements of financial position.

(iv) Sales and Service Tax ("SST")

When SST is incurred, SST is recognised as part of the expenses or cost of acquisition of the asset applicable as SST is not recoverable from the taxation authority.

2.20 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.21 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

2.22 Fair value measurement

The Group measures financial instruments, such as, derivatives and non-financial assets at fair value model, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2020
cont'd

2. Summary of significant accounting policies *cont'd*

2.22 Fair value measurement *cont'd*

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets and liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level inputs that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level inputs that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3. Significant accounting estimates and judgements

3.1 Critical judgements made in applying accounting policies

No critical judgement is made by management in the process of applying the Group's accounting policies that have significant effects on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment of property, plant and equipment

The Group and the Company reviews the carrying amount of property, plant and equipment at each reporting date to assess whether there is any indication of impairment. The deterioration in the Group's and the Company's financial performance and results following the outbreak of the COVID-19 pandemic and the market capitalization of the Group being lower than the Group's net assets indicates that the carrying amount of the property, plant and equipment of the Group and the Company may be impaired.

The Group and the Company estimated the recoverable amount as the higher of the cash generating unit's ("CGU") fair value less costs of disposal and its value in use ("VIU"). Estimating the VIU involves estimating the future cash inflows and outflows that will be generated by the CGU and discounting them at an appropriate rate. Actual outcomes could differ from these estimates and assumptions.

(ii) Depreciation of property, plant and equipment

The cost of property, plant and equipment are depreciated on a straight-line basis over the asset's useful life. Management estimates the useful life of plant and machinery to be 5 to 10 years, based on the level of expected usage. Management also estimates that these assets will have minimal residual values at the end of its useful life. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

3. Significant accounting estimates and judgements *cont'd*

3.2 Key sources of estimation uncertainty *cont'd*

(iii) Provision for expected credit loss of trade and other receivables

The Group and the Company use a provision matrix to calculate ECLs for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increase in the number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's and the Company's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future. The information about the ECLs on the Group's and the Company's trade receivables is disclosed in Note 25(c).

4. Revenue

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Revenue	54,928,197	75,916,071	43,947,482	60,335,120

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2020
cont'd

4. Revenue *cont'd*

Set out below is the disaggregation of the Group's and the Company's revenue from contracts with customers:

Group	Sales of galvanized steel products RM	Installation services RM	Delivery services RM	Total RM
2020				
Geographical markets				
Malaysia	25,876,680	100,094	792,892	26,769,666
Singapore	15,933,891	-	-	15,933,891
New Zealand	5,904,064	-	145,363	6,049,427
Qatar	2,512,606	-	1,590	2,514,196
Sri Lanka	1,932,804	-	47,587	1,980,391
Brunei	595,563	-	377	595,940
Others	1,051,885	-	32,801	1,084,686
Total revenue from contracts with customers	53,807,493	100,094	1,020,610	54,928,197
Timing of revenue recognition				
Goods transferred at a point in time	53,807,493	-	-	53,807,493
Services transferred over time	-	100,094	1,020,610	1,120,704
	53,807,493	100,094	1,020,610	54,928,197
2019				
Geographical markets				
Malaysia	36,039,751	115,748	1,229,611	37,385,110
Singapore	21,951,269	-	-	21,951,269
New Zealand	6,336,635	-	124,168	6,460,803
Qatar	2,521,075	-	2,760	2,523,835
Sri Lanka	2,413,750	-	47,298	2,461,048
Brunei	1,873,424	-	20,584	1,894,008
Others	3,179,968	-	60,030	3,239,998
Total revenue from contracts with customers	74,315,872	115,748	1,484,451	75,916,071
Timing of revenue recognition				
Goods transferred at a point in time	74,315,872	-	-	74,315,872
Services transferred over time	-	115,748	1,484,451	1,600,199
	74,315,872	115,748	1,484,451	75,916,071

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2020
cont'd

4. Revenue *cont'd*

Company	Sales of galvanized steel products RM	Installation services RM	Delivery services RM	Total RM
2020				
Geographical markets				
Malaysia	30,106,078	85,916	598,604	30,790,598
Singapore	12,900,383	-	256,501	13,156,884
Total revenue from contracts with customers	43,006,461	85,916	855,105	43,947,482
Timing of revenue recognition				
Goods transferred at a point in time	43,006,461	-	-	43,006,461
Services transferred over time	-	85,916	855,105	941,021
	43,006,461	85,916	855,105	43,947,482
2019				
Geographical markets				
Malaysia	41,397,590	97,488	831,931	42,327,009
Singapore	17,653,347	-	354,764	18,008,111
Total revenue from contracts with customers	59,050,937	97,488	1,186,695	60,335,120
Timing of revenue recognition				
Goods transferred at a point in time	59,050,937	-	-	59,050,937
Services transferred over time	-	97,488	1,186,695	1,284,183
	59,050,937	97,488	1,186,695	60,335,120

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2020
cont'd

5. Profit/(Loss) before tax

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
(a) This is arrived at after charging:				
Auditors' remuneration				
Statutory audit				
- current year	125,331	114,265	78,000	70,000
- under provision in prior year	11,000	13,000	8,000	10,000
Non-audit fees				
- assurance related	8,000	8,000	8,000	8,000
- tax and other non-audit services	103,047	72,019	80,127	51,194
Allowance for impairment loss on receivables (Note 12)	316,240	49,258	-	-
Depreciation of property, plant and equipment (Note 8)	1,782,970	1,389,353	1,572,871	1,172,130
Depreciation of right-of-use asset (Note 10)	328,877	-	328,877	-
Interest on lease liability (Note 10)	18,343	-	18,343	-
Inventories written off	244,452	-	244,452	-
Property, plant and equipment written off	118	1,002	118	1,002
Unrealised loss on foreign exchange, net	100,117	87,695	12,016	-
and crediting:				
Gain on disposal of property, plant and equipment	(88)	-	-	-
Gain on disposal of unquoted investment	-	(63,349)	-	(63,349)
Interest income from fixed deposits	(1,310,138)	(2,086,657)	(815,628)	(1,448,323)
Realised gain on foreign exchange, net	(96,532)	(66,340)	(118,677)	(82,362)
Rental income				
- a subsidiary (Note 23)	-	-	(120,000)	(120,000)
Reversal of retirement benefits (Note 16)	(286)	-	(286)	-
Unrealised gain on foreign exchange, net	-	-	-	(13,699)

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2020
cont'd

5. Profit/(Loss) before tax *cont'd*

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
(b) Employee information				
Staff cost (including directors' emoluments):				
Wages and salaries	15,842,654	17,474,706	13,521,812	14,770,881
Employees Provident Fund	1,866,061	1,897,781	1,713,239	1,703,617
Central Provident Fund	111,715	133,483	-	-
SOCSO & EIS	178,393	185,391	163,982	169,773
Other staff related expenses	192,186	269,749	185,810	245,499
	18,191,009	19,961,110	15,584,843	16,889,770
(c) Directors' remuneration*				
Executive:				
Salaries and other emoluments	524,760	524,760	524,760	524,760
Employees Provident Fund	124,634	149,560	124,634	149,560
Bonus	131,190	262,380	131,190	262,380
Benefits-in-kind	31,150	31,150	31,150	31,150
	811,734	967,850	811,734	967,850
Non-executive:				
Directors of the Company:				
Fees	432,000	432,000	432,000	432,000
Allowances	80,500	102,500	80,500	102,500
	512,500	534,500	512,500	534,500
Other directors:				
Salaries and other emoluments	673,164	620,509	-	-
Total	1,997,398	2,122,859	1,324,234	1,502,350

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2020
cont'd

5. Profit/(Loss) before tax *cont'd*

(c) Directors' remuneration* *cont'd*

* The number of directors of the Company whose total remuneration during the year fall within the following bands are as follows:

	Number of directors	
	2020	**2019**
Executive directors:		
RM800,001 to RM850,000	1	-
RM950,001 to RM1,000,000	-	1
	1	1
Non-executive directors:		
RM50,001 to RM100,000	5	5
RM100,001 to RM150,000	1	1
	6	6

6. Income tax expense/(benefit)

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Malaysian income tax:				
Current tax:				
- Current year provision	755,898	1,821,000	-	571,000
- Under/(Over) provision in prior year	2,847	(29,816)	25,383	(26,850)
	758,745	1,791,184	25,383	544,150
Deferred tax (Note 17):				
- Relating to origination and reversal of temporary differences	(348,610)	16,848	(341,121)	16,848
- Under provision in prior year	12,522	8,747	7,944	8,747
	(336,088)	25,595	(333,177)	25,595
Foreign income tax:				
Current tax:				
- Current year provision	358,339	798,272	-	-
	780,996	2,615,051	(307,794)	569,745

Current income tax is calculated at the Malaysian corporate statutory tax rate of 24% (2019 : 24%).

Taxation for the other jurisdiction is calculated at the rate prevailing in the jurisdiction. During the current financial year, the income tax rate applicable to the subsidiary in Singapore is 17% (2019 : 17%).

6. Income tax expense/(benefit) *cont'd*

A reconciliation between tax expense/(benefit) and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 December 2020 and 31 December 2019 are as follows:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Profit/(Loss) before tax	3,851,464	11,741,839	(1,975,870)	1,869,344
Taxation at Malaysian statutory tax rate of 24% (2019 : 24%)	924,351	2,818,041	(474,209)	448,643
Effect of different tax rate for foreign subsidiary	(147,551)	(328,701)	-	-
Income not subject to tax	(139,492)	(74,731)	-	-
Expenses not deductible for tax purposes	128,319	221,511	133,088	139,205
Under/(Over) provision of current tax in prior year	2,847	(29,816)	25,383	(26,850)
Under provision of deferred tax in prior year	12,522	8,747	7,944	8,747
Tax expense/(benefit) for the year	780,996	2,615,051	(307,794)	569,745

7. Earnings per share

(a) Basic

The earnings per share has been calculated based on the Group's profit net of tax of RM3,070,468 (2019 : RM9,126,788) and on the number of ordinary shares of 41,580,000 (2019 : 41,580,000).

(b) Diluted

There is no dilutive effect on earnings per share as the Company has no potential issue of ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2020
cont'd

8. **Property, plant and equipment**

	Long term leasehold land*	Freehold land	Buildings and electrical installation	Plant and machinery	Motor vehicles	Furniture, fittings and office equipment and renovation	Capital work-in-progress	Total
	RM	RM	RM	RM	RM	RM	RM	RM
Group								
Cost								
At 1 January 2020	16,425,402	9,457,959	14,316,981	30,648,155	1,597,371	2,406,282	6,396,050	81,248,200
Additions	-	12,624	69,599	94,423	-	62,213	1,566,501	1,805,360
Disposals	-	-	-	-	-	(5,320)	-	(5,320)
Transfers	-	-	3,338,281	3,255,429	-	-	(6,593,710)	-
Write off	-	-	-	(35,319)	-	(339,457)	-	(374,776)
Exchange reserve	(4,965)	(12,624)	-	-	(377)	12,217	-	(5,749)
At 31 December 2020	16,420,437	9,457,959	17,724,861	33,962,688	1,596,994	2,135,935	1,368,841	82,667,715
Accumulated depreciation								
At 1 January 2020	3,609,752	-	4,379,537	27,450,385	1,512,223	2,231,206	-	39,183,103
Depreciation charge for the year (Note 5)	374,597	-	354,270	924,143	75,146	54,814	-	1,782,970
Disposals	-	-	-	-	-	(5,320)	-	(5,320)
Write off	-	-	-	(35,316)	-	(339,342)	-	(374,658)
Exchange reserve	(2,100)	-	-	-	(377)	(457)	-	(2,934)
At 31 December 2020	3,982,249	-	4,733,807	28,339,212	1,586,992	1,940,901	-	40,583,161
Net carrying amount								
At 31 December 2020	12,438,188	9,457,959	12,991,054	5,623,476	10,002	195,034	1,368,841	42,084,554

8. Property, plant and equipment *cont'd*

	Long term leasehold land*	Freehold land	Buildings and electrical installation	Plant and machinery	Motor vehicles	Furniture, fittings and office equipment and renovation	Capital work-in-progress	Total
	RM	RM	RM	RM	RM	RM	RM	RM
Group								
Cost								
At 1 January 2019	16,415,622	9,457,959	14,223,725	30,165,953	2,018,642	2,396,180	581,340	75,259,421
Additions	-	-	93,256	199,374	-	54,181	6,097,538	6,444,349
Transfers	-	-	-	282,828	-	-	(282,828)	-
Write off	-	-	-	-	(422,013)	(44,503)	-	(466,516)
Exchange reserve	9,780	-	-	-	742	424	-	10,946
At 31 December 2019	16,425,402	9,457,959	14,316,981	30,648,155	1,597,371	2,406,282	6,396,050	81,248,200
Accumulated depreciation								
At 1 January 2019	3,233,307	-	4,093,423	26,856,302	1,840,783	2,228,398	-	38,252,213
Depreciation charge for the year (Note 5)	374,037	-	286,114	594,083	91,738	43,381	-	1,389,353
Write off	-	-	-	-	(421,011)	(44,503)	-	(465,514)
Exchange reserve	2,408	-	-	-	713	3,930	-	7,051
At 31 December 2019	3,609,752	-	4,379,537	27,450,385	1,512,223	2,231,206	-	39,183,103
Net carrying amount								
At 31 December 2019	12,815,650	9,457,959	9,937,444	3,197,770	85,148	175,076	6,396,050	42,065,097

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2020
cont'd

8. **Property, plant and equipment** *cont'd*

Company

	Long term leasehold land* RM	Freehold land RM	Buildings and electrical installation RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and office equipment and renovation RM	Capital work-in-progress RM	Total RM
Cost								
At 1 January 2020	11,853,374	9,457,959	14,316,981	30,603,676	1,192,639	1,225,436	6,396,050	75,046,115
Additions	-	-	69,598	94,421	-	53,725	1,566,502	1,784,246
Transfers	-	-	3,338,281	3,255,429	-	-	(6,593,710)	-
Write off	-	-	-	(35,319)	-	(339,457)	-	(374,776)
At 31 December 2020	11,853,374	9,457,959	17,724,860	33,918,207	1,192,639	939,704	1,368,842	76,455,585
Accumulated depreciation								
At 1 January 2020	2,327,086	-	4,379,536	27,405,906	1,107,492	1,107,987	-	36,328,007
Depreciation charge for the year (Note 5)	193,006	-	354,270	924,143	75,146	26,306	-	1,572,871
Write off	-	-	-	(35,316)	-	(339,342)	-	(374,658)
At 31 December 2020	2,520,092	-	4,733,806	28,294,733	1,182,638	794,951	-	37,526,220
Net carrying amount								
At 31 December 2020	9,333,282	9,457,959	12,991,054	5,623,474	10,001	144,753	1,368,842	38,929,365

8. Property, plant and equipment *cont'd*

	Long term leasehold land*	Freehold land	Buildings and electrical installation	Plant and machinery	Motor vehicles	Furniture, fittings and office equipment and renovation	Capital work-in-progress	Total
	RM	RM	RM	RM	RM	RM	RM	RM
Company								
Cost								
At 1 January 2019	11,853,374	9,457,959	14,223,725	30,121,474	1,614,652	1,218,353	581,340	69,070,877
Additions	-	-	93,256	199,374	-	48,377	6,097,538	6,438,545
Transfers	-	-	-	282,828	-	-	(282,828)	-
Write off	-	-	-	-	(422,013)	(41,294)	-	(463,307)
At 31 December 2019	11,853,374	9,457,959	14,316,981	30,603,676	1,192,639	1,225,436	6,396,050	75,046,115
Accumulated depreciation								
At 1 January 2019	2,134,080	-	4,093,422	26,811,823	1,452,358	1,126,499	-	35,618,182
Depreciation charge for the year (Note 5)	193,006	-	286,114	594,083	76,145	22,782	-	1,172,130
Write off	-	-	-	-	(421,011)	(41,294)	-	(462,305)
At 31 December 2019	2,327,086	-	4,379,536	27,405,906	1,107,492	1,107,987	-	36,328,007
Net carrying amount								
At 31 December 2019	9,526,288	9,457,959	9,937,445	3,197,770	85,147	117,449	6,396,050	38,718,108

* Long term leasehold land represents right-of-use asset of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2020
cont'd

9. Investments in subsidiaries

	Company 2020 RM	Company 2019 RM
Unquoted shares at cost	128,561	128,561

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	% of ownership interest held by the Group* 2020	% of ownership interest held by the Group* 2019	Principal activities
Direct subsidiary				
Lysaght Marketing Sdn. Bhd.	Malaysia	100	100	Trading in galvanized mast, poles and other related products.
Indirect subsidiary				
** Lysaght Marketing (S) Pte. Ltd.	Singapore	100	100	Trading in galvanized lighting columns and high masts, gantries, transmission and telecomunication towers, power poles and general lattice structures.

* Equals to the proportion of voting rights held
** Audited by Ernst & Young, Singapore

10. Right-of-use asset and lease liability

(a) Right-of-use asset

	Group and Company 2020 RM	Group and Company 2019 RM
Lease contract		
At 1 January	-	-
Additions	717,548	-
Depreciation charge for the year (Note 5)	(328,877)	-
At 31 December	388,671	-

10. Right-of-use asset and lease liability *cont'd*

(b) Lease liability

	Group and Company	
	2020	**2019**
	RM	**RM**
Current	363,981	-
Non-current	30,910	-
Total lease liabilities	394,891	-

The movement of lease liabilities during the financial year is as follows:

	Group and Company	
	2020	**2019**
	RM	**RM**
At 1 January	-	-
Addition	717,548	-
Accretion of interest (Note 5)	18,343	-
Payments	(341,000)	-
At 31 December	394,891	-

11. Inventories

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
At cost				
Raw materials	24,543,739	22,226,495	24,543,739	22,226,495
Work-in-progress	4,779,093	5,630,382	4,779,093	5,630,382
Finished goods	7,311,135	6,256,739	6,966,125	5,745,076
Production supplies	1,083,144	1,158,005	1,083,144	1,158,005
	37,717,111	35,271,621	37,372,101	34,759,958
At net realisable value				
Raw materials	185,516	200,003	185,516	200,003
Production supplies	15,461	17,057	15,461	17,057
	37,918,088	35,488,681	37,573,078	34,977,018

The cost of inventories of the Group and of the Company recognised as an expense during the financial year amounted to RM22,582,701 (2019 : RM32,599,773) and RM21,669,066 (2019 : RM31,335,365) respectively.

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2020
cont'd

12. Trade and other receivables

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Trade receivables				
Third parties	15,595,702	16,107,435	90,010	14,027
Amount owing from a fellow subsidiary	10,916	-	10,916	-
Allowance for impairment loss	(617,966)	(301,726)	-	-
	14,988,652	15,805,709	100,926	14,027
Other receivables				
Other receivables	129,767	180,484	91,210	165,130
Deposits	215,691	212,491	178,091	174,891
Goods and Services Tax receivable	-	2,948	-	2,948
Prepayments	182,102	-	182,102	-
	527,560	395,923	451,403	342,969
Total trade and other receivables	15,516,212	16,201,632	552,329	356,996
Add: Cash and bank balances (Note 13)	64,999,492	68,186,769	24,890,824	35,054,733
Less: Goods and Services Tax receivable	-	(2,948)	-	(2,948)
Less : Prepayments	(182,102)	-	(182,102)	-
Total financial assets carried at amortised cost	80,333,602	84,385,453	25,261,051	35,408,781

	Group	
	2020	2019
	RM	RM
Movement in allowance accounts:		
At 1 January	301,726	252,468
Allowance for impairment loss (Note 5)	316,240	49,258
At 31 December	617,966	301,726

13. Cash and bank balances

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Cash at banks and on hand	13,977,266	12,754,397	2,245,697	5,849,417
Short term deposits with				
- licensed financial institution	1,048,580	5,106,574	1,048,580	5,106,574
- licensed banks	49,973,646	50,325,798	21,596,547	24,098,742
Cash and bank balances	64,999,492	68,186,769	24,890,824	35,054,733
Less: short term deposits with maturity periods of more than three months	(43,771,588)	(29,845,107)	(19,949,659)	(19,289,621)
Cash and cash equivalents	21,227,904	38,341,662	4,941,165	15,765,112

Short-term deposits are made with maturity periods of 2 to 182 days (2019 : 2 to 185 days). The average interest rates of the short term deposits of the Group and of the Company during the year range between 1.55% to 2.20% (2019 : 2.77% to 3.75%) and 1.60% to 2.13% (2019 : 3.20% to 3.75%) per annum respectively.

14. Trade and other payables

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Trade payables				
Third parties	2,994,660	2,510,723	2,739,121	2,296,942
Amount owing to a subsidiary	-	-	1,064,575	3,047,416
Amount owing to a fellow subsidiary	13,184	71,803	13,184	71,803
	3,007,844	2,582,526	3,816,880	5,416,161
Other payables				
Other payables				
- Third parties	272,787	220,714	248,319	220,714
- Amount owing to a subsidiary	-	-	1,444,353	1,282,119
Accruals	1,663,829	2,614,441	1,364,292	1,978,749
Goods and Services Tax payable	96,319	112,067	-	-
	2,032,935	2,947,222	3,056,964	3,481,582
Total trade and other payables	5,040,779	5,529,748	6,873,844	8,897,743
Less: Goods and Services Tax payable	(96,319)	(112,067)	-	-
Total financial liabilities carried at amortised cost	4,944,460	5,417,681	6,873,844	8,897,743

Trade payables

The normal trade credit terms granted to the Group and the Company range from 30 to 60 days (2019 : 30 to 60 days).

Amount owing to a subsidiary (non-trade)

The amount owing to a subsidiary is unsecured, non-interest bearing and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2020
cont'd

15. Contract liabilities

Group

Contract liabilities of the Group represent consideration received in advance from certain customers before the transfer of goods and services. RM675,134 from the contract liabilities at the beginning of the year has been recognised as revenue during the year.

Company

Contract liabilities of the Company represent consideration received in advance from a subsidiary before the transfer of goods and services. RM1,585,552 from the contract liabilities at the beginning of the year has been recognised as revenue during the year.

16. Retirement benefits

	Group and Company	
	2020	**2019**
	RM	**RM**
At 1 January	11,414	12,326
Reversal during the year (Note 5)	(286)	-
Paid during the year	(288)	(912)
At 31 December	10,840	11,414
Analysed as:		
Non-current	10,840	11,414

With effect from 1 January 1983, the Group and the Company have discontinued their retirement benefits plan. The amount vested in the eligible employees as at 1 January 1983 will be retained in the financial statements until retirement of these employees.

17. Deferred tax

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
At 1 January	723,828	698,221	736,681	711,086
Recognised in profit or loss (Note 6)	(336,088)	25,595	(333,177)	25,595
Exchange reserve	(1,933)	12	-	-
At 31 December	385,807	723,828	403,504	736,681
Presented after appropriate offsetting as follows:				
Deferred tax assets	(27,017)	(18,034)	-	-
Deferred tax liabilities	412,824	741,862	403,504	736,681
	385,807	723,828	403,504	736,681

17. Deferred tax *cont'd*

The components and movements of deferred tax (assets)/liabilities during the financial year are as follows:

	Unutilised tax losses and capital allowance	Unrealised foreign exchange	Provisions	Total
	RM	RM	RM	RM
Group				
Deferred tax assets				
At 1 January 2020	-	-	(107,445)	(107,445)
Recognised in profit or loss	(615,402)	-	(19,017)	(634,419)
At 31 December 2020	(615,402)	-	(126,462)	(741,864)
At 1 January 2019	-	(41,315)	(54,372)	(95,687)
Recognised in profit or loss	-	41,315	(53,073)	(11,758)
At 31 December 2019	-	-	(107,445)	(107,445)

	Property, plant and equipment	Unrealised foreign exchange	Total
	RM	RM	RM
Group			
Deferred tax liabilities			
At 1 January 2020	827,985	3,288	831,273
Recognised in profit or loss	304,503	(6,172)	298,331
Exchange reserve	(1,933)	-	(1,933)
At 31 December 2020	1,130,555	(2,884)	1,127,671
At 1 January 2019	792,430	1,478	793,908
Recognised in profit or loss	35,543	1,810	37,353
Exchange reserve	12	-	12
At 31 December 2019	827,985	3,288	831,273

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2020
cont'd

17. Deferred tax *cont'd*

	Unutilised tax losses and capital allowance	Provisions	Total
	RM	RM	RM
Company			
Deferred tax assets			
At 1 January 2020	-	(84,997)	(84,997)
Recognised in profit or loss	(615,402)	(12,186)	(627,588)
At 31 December 2020	(615,402)	(97,183)	(712,585)
At 1 January 2019	-	(79,708)	(79,708)
Recognised in profit or loss	-	(5,289)	(5,289)
At 31 December 2019	-	(84,997)	(84,997)

	Property, plant and equipment	Unrealised foreign exchange	Total
	RM	RM	RM
Company			
Deferred tax liabilities			
At 1 January 2020	818,390	3,288	821,678
Recognised in profit or loss	300,584	(6,173)	294,411
At 31 December 2020	1,118,974	(2,885)	1,116,089
At 1 January 2019	789,316	1,478	790,794
Recognised in profit or loss	29,074	1,810	30,884
At 31 December 2019	818,390	3,288	821,678

18. Share capital

	Number of ordinary shares		Amount	
	2020	2019	2020	2019
			RM	RM
Issued and fully paid				
At 1 January and 31 December	41,580,000	41,580,000	41,580,000	41,580,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2020
cont'd

19. Other reserves

	Non-distributable			
	Fair value reserve	Capital reserve	Exchange reserve	Total
	RM	RM	RM	RM
Group				
As 1 January 2019	244,021	499,998	3,593,243	4,337,262
Transfer upon disposal of unquoted investment designated at FVOCI	(244,021)	-	-	(244,021)
Foreign currency translation	-	-	59,592	59,592
At 31 December 2019	-	499,998	3,652,835	4,152,833
At 1 January 2020	-	499,998	3,652,835	4,152,833
Foreign currency translation	-	-	(46,866)	(46,866)
At 31 December 2020	-	499,998	3,605,969	4,105,967
Company				
At 1 January 2019	244,021	-	-	244,021
Transfer upon disposal of unquoted investment designated at FVOCI	(244,021)	-	-	(244,021)
At 31 December 2019	-	-	-	-

(i) Fair value reserve represents the cumulative fair value changes, net of tax, of financial assets designated at fair value through other comprehensive income until they are disposed of or impaired.

(ii) Capital reserve arose from profit attributable to the shareholders of the Company capitalised by a subsidiary by way of a bonus share issue.

(iii) Exchange reserve represents exchange differences arising from the translation of the financial statements of a foreign subsidiary whose functional currencies are different from that of the Group's presentation currency.

20. Retained profits

The Company may distribute dividends out of its entire retained profits as at 31 December 2020 and 31 December 2019 under the single tier system.

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2020
cont'd

21. Dividends

	Dividends in respect of year		Dividends recognised in year	
	2020	2019	2020	2019
	RM	RM	RM	RM
Recognised during the year:				
First and final dividend for 2018 : 7% single tier, on 41,580,000 ordinary shares (7.00 sen per ordinary share)	-	-	-	2,910,600
First and final dividend for 2019 : 5% single tier, on 41,580,000 ordinary shares (5.00 sen per ordinary share)	-	2,079,000	2,079,000	-
First and final dividend for 2020 : 1% single tier, on 41,580,000 ordinary shares (1.00 sen per ordinary share)	415,800	-	-	-
	415,800	2,079,000	2,079,000	2,910,600

At the forthcoming Annual General Meeting, a first and final single tier dividend in respect of the current financial year ended 31 December 2020, of RM0.01 per ordinary share, on 41,580,000 ordinary shares, amounting to a total dividend of RM415,800 will be proposed for shareholders' approval.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2021.

22. Commitments

Capital commitments

	Group and Company	
	2020	2019
	RM	RM
Property, plant and equipment:		
Approved and contracted for	300,000	1,000,000
Approved and not contracted for	23,000,000	23,000,000
	23,300,000	24,000,000

23. Related parties

The significant related party transactions during the year are as follows:

(a) With subsidiaries

	Lysaght Marketing Sdn. Bhd.		Lysaght Marketing (S) Pte. Ltd.		Total Company	
	2020	2019	2020	2019	2020	2019
	RM	RM	RM	RM	RM	RM
Rental of office (Note 5(a))	120,000	120,000	-	-	120,000	120,000
Sales of galvanized products	30,705,630	41,855,658	13,182,655	18,037,255	43,888,285	59,892,913
Amount owing (to)/ from, net	(2,504,274)	(2,867,670)	(1,064,575)	(3,047,416)	(3,568,849)	(5,915,086)

(b) With related party

	Lysaght Corrugated Pipe Sdn. Bhd.			
	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Rental of factory	369,500	342,000	369,500	342,000
Transportation services	20,250	13,500	20,250	13,500
Powder coating services	10,916	-	10,916	-
Fabricating services	78,054	161,330	78,054	161,330
	478,720	516,830	478,720	516,830
Amount owing to	(2,268)	(71,803)	(2,268)	(71,803)

(c) With a substantial shareholder of the Company

	Group and Company	
	2020	2019
	RM	RM
Sales of unquoted equity investment	-	437,893

(d) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group and Company	
	2020	2019
	RM	RM
Short term employee benefits	2,133,035	2,199,568
Employees Provident Fund	340,443	351,439
	2,473,478	2,551,007

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2020
cont'd

23. Related parties *cont'd*

(d) Compensation of key management personnel *cont'd*

Included in the total compensation of key management personnel are:

	Group and Company	
	2020	**2019**
	RM	**RM**
Executive directors' remuneration (Note 5(c))	811,734	967,850

24. Segment information

Group

(a) Business segments

The Group operates within a single business segment.

(b) Geographical segments

(i) Analysis of revenue from external customers by geographical location

	2020	**2019**
	RM	**RM**
Malaysia	26,769,666	37,385,110
Singapore	15,933,891	21,951,269
New Zealand	6,049,427	6,460,803
Qatar	2,514,196	2,523,835
Sri Lanka	1,980,391	2,461,048
Brunei	595,940	1,894,008
Others	1,084,686	3,239,998
	54,928,197	75,916,071

(ii) Analysis of property, plant and equipment (non-current assets) by geographical location

	2020	**2019**
	RM	**RM**
Malaysia	38,962,551	38,750,717
Singapore	3,122,003	3,314,380
	42,084,554	42,065,097

25. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include interest rate risk, liquidity risk, credit risk, foreign exchange risk and commodity price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Executive Officer.

It is, and has been throughout the current and previous financial years, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Interest rate risk

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

The Group and the Company are exposed to interest rate risk in respect of their short term deposits with licensed banks. However, the fluctuation in interest rates, if any, is not expected to have a material impact on the financial performance of the Group and of the Company.

Sensitivity analysis for interest rate risk

The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Group's profit net of tax. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

	Group		Company	
	Increase/ Decrease in basis points	Effect on profit net of tax Increase/ (Decrease)	Increase/ Decrease in basis points	Effect on profit net of tax Increase/ (Decrease)
		RM		RM
2020	+ 25	96,942	+ 25	43,026
	- 25	(96,942)	- 25	(43,026)
2019	+ 25	105,321	+ 25	55,766
	- 25	(105,321)	- 25	(55,766)

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2020
cont'd

25. Financial risk management objectives and policies *cont'd*

(b) Liquidity risk

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all financing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements.

Analysis of financial instruments by remaining contractual maturities

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

	On demand or within one year	One to five years	Total
	RM	RM	RM
2020			
Group			
Financial liabilities:			
Trade and other payables	4,944,460	-	4,944,460
Lease liabilities	372,000	31,000	403,000
	5,316,460	31,000	5,347,460
Company			
Financial liabilities:			
Trade and other payables	6,873,844	-	6,873,844
Lease liabilities	372,000	31,000	403,000
	7,245,844	31,000	7,276,844
2019			
Group			
Financial liabilities:			
Trade and other payables	5,417,681	-	5,417,681
Company			
Financial liabilities:			
Trade and other payables	8,897,743	-	8,897,743

25. Financial risk management objectives and policies *cont'd*

(b) Liquidity risk *cont'd*

The Company has provided the following guarantee at the reporting date:

Company	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
2020				
Performance guarantee given to a third party in connection with projects to be performed by a subsidiary	43,750	-	-	43,750

No liability is expected to arise as the Company monitors the performance of the subsidiary to ensure it meets the contracted obligations of the projects.

(c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., geographical region, and product type, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

At the reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2020
cont'd

25. Financial risk management objectives and policies *cont'd*

(c) Credit risk *cont'd*

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	Gross carrying amount RM	Expected credit loss RM	Net carrying amount RM
Group			
At 31 December 2020			
Current (not past due)	4,219,094	56,947	4,162,147
30 to 60 days past due	4,275,672	76,464	4,199,208
61 to 90 days past due	3,795,358	245,491	3,549,867
91 to 120 days past due	1,185,752	62,903	1,122,849
121 to 150 days past due	1,281,566	94,759	1,186,807
>150 days	849,176	81,402	767,774
Total	15,606,618	617,966	14,988,652
At 31 December 2019			
Current (not past due)	6,236,447	65,121	6,171,326
30 to 60 days past due	3,928,924	50,568	3,878,356
61 to 90 days past due	1,739,454	25,850	1,713,604
91 to 120 days past due	1,933,198	49,890	1,883,308
121 to 150 days past due	665,806	34,316	631,490
>150 days	1,603,606	75,981	1,527,625
Total	16,107,435	301,726	15,805,709

(d) Foreign exchange risk

Foreign currency risk arises when transactions are denominated in currencies other than the functional currency of the Group, and such changes will impact the Group's profit.

The Group operates internationally and is exposed mainly to United States Dollar and Singapore Dollar. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable sales and purchases give rise to foreign exchange exposures.

The Group has not used any forward contracts to hedge against its exposure to foreign currency risk.

The Group does not use any derivative financial instruments to hedge this risk.

25. Financial risk management objectives and policies *cont'd*

(d) Foreign exchange risk *cont'd*

The net unhedged financial assets/(liabilities) of the Group and of the Company that are not denominated in their functional currencies are as follows:

	United States Dollar	Singapore Dollar	New Zealand Dollar	Total
	RM	RM	RM	RM
Functional currency of the Group				
Ringgit Malaysia				
At 31 December 2020				
Trade receivables	969,140	428,893	392,989	1,791,022
Cash and bank balances	134,048	1,062	-	135,110
	1,103,188	429,955	392,989	1,926,132
At 31 December 2019				
Trade receivables	261,934	440,125	-	702,059
Cash and bank balances	81,673	1,062	-	82,735
	343,607	441,187	-	784,794
Singapore Dollar				
At 31 December 2020				
Cash and bank balances	2,789,338	-	-	2,789,338
At 31 December 2019				
Cash and bank balances	5,447,246	-	-	5,447,246

	United States Dollar	Singapore Dollar	Total
	RM	RM	RM
Functional currency of the Company			
Ringgit Malaysia			
At 31 December 2020			
Cash and bank balances	1,812	1,062	2,874
Amount owing to a subsidiary	-	(1,064,575)	(1,064,575)
	1,812	(1,063,513)	(1,061,701)
At 31 December 2019			
Cash and bank balances	1,812	1,062	2,874
Amount owing to a subsidiary	-	(3,047,416)	(3,047,416)
	1,812	(3,046,354)	(3,044,542)

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2020
cont'd

25. Financial risk management objectives and policies *cont'd*

(d) Foreign exchange risk *cont'd*

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD and SGD exchange rates against the functional currency of the Group entities, with all other variables held constant.

	Effect on Profit Net of Tax Increase/(Decrease)			
	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
USD/RM				
- strengthened 3%	25,153	7,834	41	41
- weakened 3%	(25,153)	(7,834)	(41)	(41)
SGD/RM				
- strengthened 3%	9,803	10,059	(24,248)	(69,457)
- weakened 3%	(9,803)	(10,059)	24,248	69,457
NZD/RM				
- strengthened 3%	8,960	-	-	-
- weakened 3%	(8,960)	-	-	-
USD/SGD				
- strengthened 3%	63,597	124,197	-	-
- weakened 3%	(63,597)	(124,197)	-	-

(e) Commodity price risk

The Group purchases steel on an ongoing basis as its operating activities require a continuous supply of steel to manufacture its products.

Sensitivity analysis for commodity price risk

At the reporting date, if the steel price had been 6.7% (2019 : 9.4%) higher/lower, with all other variables held constant, the Group's profit net of tax would have been RM667,488 (2019 : RM1,465,364) lower/higher.

26. Fair value of financial instruments

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Group	Company
	Note	Note
Lease liabilities (current)	10	10
Trade and other receivables (current)	12	12
Amounts owing to subsidiaries (current)	-	14
Trade and other payables (current)	14	14

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

27. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2020 and 31 December 2019.

The Group and the subsidiaries are not subject to any externally imposed capital requirements.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio at 0%. For the years ended 31 December 2020 and 31 December 2019, the Group has zero gearing.

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
Trade and other payables	14	5,040,779	5,529,748	6,873,844	8,897,743
Less: Cash and bank balances	13	(64,999,492)	(68,186,769)	(24,890,824)	(35,054,733)
Net debt		(59,958,713)	(62,657,021)	(18,016,980)	(26,156,990)
Equity attributable to the equity holders		155,273,894	154,329,292	95,146,276	98,893,352
Total capital		155,273,894	154,329,292	95,146,276	98,893,352
Gearing ratio		0%	0%	0%	0%

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2020
cont'd

28. Significant events

(a) Effects from the COVID-19 pandemic

The COVID-19 pandemic has significantly disrupted many business operations around the world. For the Group, the impact on its business has not been a direct consequence of the COVID-19 pandemic, but a result of the measures taken by the Government of Malaysia to contain it. As the COVID-19 pandemic continues to evolve, it is challenging to predict the full extent and duration of its impact on businesses and the economy.

Up to the date these financial statements are authorized for issue, the Group has seen a significant impact of the COVID-19 pandemic on the Group's revenue, earnings, cash flow and financial condition. At this juncture, it is not possible to estimate the full impact of the COVID-19 pandemic's short-term and longer-term effects or the Government's varying efforts to combat the COVID-19 pandemic and support businesses.

Recognizing the uncertainties brought about by the changing business conditions and the new social norms, the Group expects the present difficult business conditions to continue until after the COVID-19 MCO restrictions are substantially over.

The Group will continue to monitor the development of the COVID-19 outbreak in the coming months.

(b) Material litigation

The Company was served with a Notice of Arbitration on 15 December 2020 from Macsteel International Far East Limited's solicitors, Ince & Co. in connection with a dispute relating to three alleged contracts for the sale of steel coils in January 2020 and February 2020 amounting to USD1,555,656.12. The Company has denied and refuted the allegations of liability and stated that these alleged contracts were forgeries.

The Company has filed a civil suit before the High Court of Malaya on 14 January 2021 against Popeye Resources Sdn. Bhd. and Macsteel International Far East Limited for, amongst others stating that the three alleged contracts for the sale of steel coils in January 2020 and February 2020 were forgeries and/or fraudulently prepared.

On 25 March 2021, the Company has obtained an ad interim injunction against Macsteel International Far East Limited from proceeding with the arbitration in Hong Kong pending the disposal of the interlocutory injunction application filed by the Company.

LIST OF PROPERTIES
31 DECEMBER 2020

Location	Description	Existing Use	Approximate Land Area	Tenure	Approximate Age of Buildings (years)	Net Book Value (RM)	Date of Acquisition
Plot 66, Medan Tasek, Tasek Industrial Estate, Ipoh, Perak Darul Ridzuan, Malaysia	Industrial Land With Factory Building	Office and Factory	145,829 sq ft	Leasehold 99 years expiring on 9.10.2071	34	2,060,757	31.12.1986
Plot 89, Medan Tasek, Tasek Industrial Estate, Ipoh, Perak Darul Ridzuan, Malaysia	Industrial Land With Factory Building	Training Room and Factory	139,396 sq ft	Leasehold 99 years expiring on 1.9.2075	26	2,442,261	31.12.1994
PT 285929, Medan Tasek, Tasek Industrial Estate, Ipoh, Perak Darul Ridzuan, Malaysia	Industrial Land With Factory Building	Office and Factory	217,754 sq ft	Leasehold 99 years expiring on 8.9.2071	48	9,817,287	1.6.2002
Plot 43, Medan Tasek, Tasek Industrial Estate, Ipoh, Perak Darul Ridzuan, Malaysia	Industrial Land With Factory Building	Factory and Storage	132,311 sq ft	Leasehold 99 years expiring on 7.12.2071	8	5,080,122	1.9.2008
Plot 67, Medan Tasek, Tasek Industrial Estate, Ipoh, Perak Darul Ridzuan, Malaysia	Industrial Land With Factory Building	Factory and Storage	89,998 sq ft	Leasehold 99 years expiring on 28.10.2073	4	1,119,832	1.9.2008
No.11 Jalan Majistret U1/26, Seksyen U1, Hicom-Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia	Freehold land with office building and warehouse	Office and Warehouse	39,945 sq ft	Freehold land	26	11,262,036	20.9.2013

SHAREHOLDING DISTRIBUTION SCHEDULE
AS AT 5 APRIL 2021

SHARE CAPITAL

Issued and Fully Paid-up Capital	:	41,580,000 ordinary shares
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS (AS PER THE RECORD OF DEPOSITORS)

Range of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued capital
Less than 100 Shares	15	0.94	423	0.00
100 to 1,000	275	17.18	173,800	0.42
1,001 to 10,000	1,097	68.52	3,753,977	9.03
10,001 to 100,000	196	12.24	4,693,900	11.29
100,001 to less than 5% of issued shares	16	1.00	3,603,400	8.66
5% and above of the issued shares	2	0.12	29,354,500	70.60
TOTAL	**1,601**	**100.00**	**41,580,000**	**100.00**

THIRTY LARGEST **SHAREHOLDERS**
AS AT 5 APRIL 2021

List of 30 Largest Securities Account Holders (as per the record of depositors)

	Name of Shareholders	No. of Shares Held	Percentage (%)
1	Lysaght (Malaysia) Sdn. Bhd.	22,925,700	55.14
2	Ingli Sdn. Bhd.	6,428,800	15.46
3	Chew Mee Lee	729,800	1.76
4	Liew Swee Mio @ Liew Hoi Foo	344,400	0.83
5	Public Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Tee Kian Hong (E-TSA)*	281,900	0.68
6	Liew Wah Tang	268,600	0.65
7	CIMB Group Nominees (Asing) Sdn. Bhd. *Exempt an for DBS Bank Ltd (SFS)*	230,200	0.55
8	Teo Kwee Hock	207,700	0.50
9	Public Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Lee Kin Kheong (E-IMO)*	205,300	0.49
10	Tan Ka Lian	182,300	0.44
11	Maybank Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Liew Kon Sing @ Liew Kong*	174,900	0.42
12	Bina Securities & Management Sdn. Bhd.	172,200	0.41
13	Lim Khuan Eng	165,000	0.40
14	Public Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Tam Seng @ Tam Seng Sen (E-PTS)*	150,000	0.36
15	Tew Kok Kian	142,200	0.34
16	Public Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Tan Tian Sang @ Tan Tian Song (E-PPG)*	124,000	0.30
17	RHB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Yee Lee Ying*	122,900	0.30
18	Liew Ing Shian	102,000	0.25
19	Lee Tek Mook @ Lee Teh Moh	87,600	0.21
20	Lai Chin Loy	87,300	0.21
21	Eng Ah Thung @ Eng Bean Keng	84,000	0.20
22	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ronie Tan Choo Seng*	75,000	0.18
23	Ong Swee Gueh	70,600	0.17
24	Teoh Ah Yet	67,900	0.16
25	Ng Sey Hoe	65,000	0.16
26	Ong Yoke Meng	64,000	0.15
27	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Tan Boon Eng (B Tinggi-CL)*	61,900	0.15
28	Teh Chong Yan	60,800	0.15
29	Chan Heng Koon	60,000	0.14
30	Ng Ah Teng	58,300	0.14
	Total	**33,800,300**	**81.30**

SUBSTANTIAL SHAREHOLDERS
AS AT 5 APRIL 2021

Substantial Shareholders (As per the Register of Substantial Shareholders)

		Direct Shareholdings		Indirect Shareholdings	
No.	**Name of Shareholders**	**No. of Shares**	**%**	**No. of Shares**	**%**
1	Lysaght (Malaysia) Sdn. Bhd.	22,925,700	55.14	-	-
2	Ingli Sdn. Bhd.	6,428,800	15.46	-	-
3	Liew Swee Mio @ Liew Hoi Foo	344,400	0.83	30,454,900*1	73.24
4	Chew Mee Lee	729,800	1.76	30,069,500*2	72.32
5	Chew Bros (M) Sdn. Bhd.	-	-	22,925,700*3	55.14
6	ChewKarHeing Sdn. Bhd.	-	-	22,925,700*3	55.14
7	Yusuf Bin Jamil	-	-	23,097,900*4	55.55
8	WTWT Sdn. Bhd.	-	-	22,925,700*3	55.14
9	Janfreys Sdn. Bhd.	-	-	23,097,900*5	55.55
10	Bina Securities & Management Sdn. Bhd.	172,200	0.41	22,925,700*3	55.14
11	CKH And LIK Family Sdn. Bhd.	-	-	22,925,700*3	55.14
12	Lim Iee Kuan	-	-	22,925,700*6	55.14
13	Chew Meu Jong	-	-	22,957,200*7	55.21
14	Deborah Mun Sook Ho	-	-	22,925,700*6	55.14
15	Chew Kar Yoo @ Chew Kar Hoo	-	-	22,925,700*6	55.14

Notes:

1 *Deemed interest through Lysaght (Malaysia) Sdn. Bhd., Ingli Sdn. Bhd. and family members' direct interest in the Company*
2 *Deemed interest through Ingli Sdn. Bhd. and family members' direct and indirect interest in the Company*
3 *Deemed interest through Lysaght (Malaysia) Sdn. Bhd.*
4 *Deemed interest through Lysaght (Malaysia) Sdn. Bhd. and Bina Securities & Management Sdn. Bhd.*
5 *Deemed interest by virtue of being the holding company of Bina Securities & Management Sdn. Bhd.*
6 *Deemed interest in Lysaght (Malaysia) Sdn. Bhd. through CKH And LIK Family Sdn. Bhd.*
7 *Deemed interest in Lysaght (Malaysia) Sdn. Bhd. through CKH And LIK Family Sdn. Bhd. and her spouse's shareholdings in the Company*

DIRECTORS' SHAREHOLDINGS
AS AT 5 APRIL 2021

Directors' Shareholdings (As per the Register of Directors' Shareholdings)

		Direct Shareholdings		Indirect Shareholdings	
No.	**Name of Directors**	**No. of Shares**	**%**	**No. of Shares**	**%**
1	Dato' Ir. Wan Razali Bin Wan Muda	-	-	-	-
2	Ir. Chua Tia Bon	12,600	0.03	10,600[*1]	0.03
3	Chew Meu Jong	-	-	22,957,200[*2]	55.21
4	Ir. Aik Siaw Kong	-	-	-	-
5	Cheam Low Soo	-	-	-	-
6	Ee Beng Guan	-	-	-	-
7	Chong Sai Sin	-	-	-	-

Notes:

*1 *Deemed interest through his spouse's shareholdings in the Company*
*2 *Deemed interest in Lysaght (Malaysia) Sdn. Bhd. through CKH And LIK Family Sdn. Bhd. and her spouse's shareholdings in the Company*

This page has been intentionally left blank.

LYSAGHT GALVANIZED STEEL BERHAD
(197901002195 (46426-P))

FORM OF PROXY

No. of shares held	
CDS Account No.	

I/We ______________________________ NRIC No./Passport No./Co. No. ______________________
(FULL NAME IN BLOCK LETTERS)

of ____
(ADDRESS)

being a member/members of LYSAGHT GALVANIZED STEEL BERHAD [Registration No. 197901002195 (46426-P)],

hereby appoint ____

______________________________ NRIC No./Passport No. ______________________
(FULL NAME IN BLOCK LETTERS)

of ____
(ADDRESS)

or failing him/her ______________________________ NRIC No./Passport No. ______________________
(FULL NAME IN BLOCK LETTERS)

of ____
(ADDRESS)

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Forty-Second Annual General Meeting ("42nd AGM") of the Company to be held at Ballroom 1, Level 6, Weil Hotel, 292, Jalan Sultan Idris Shah, 30000 Ipoh, Perak Darul Ridzuan on Thursday, 17 June 2021 at 10:00 a.m. and at any adjournment thereof.

ORDINARY BUSINESS		Resolution	FOR	AGAINST
1.	To declare a final single tier dividend of 1 sen per ordinary share for the financial year ended 31 December 2020.	Ordinary Resolution 1		
2.	To approve the payment of Directors' Fees of RM432,000/- for the financial year ending 31 December 2021 to the Non-Executive Directors.	Ordinary Resolution 2		
3.	To approve the payment of the meeting allowances up to RM107,000/- for the financial year ending 31 December 2021 to the Non-Executive Directors.	Ordinary Resolution 3		
4.	To re-elect Mr Chong Sai Sin as Director of the Company.	Ordinary Resolution 4		
5.	To re-elect Ir. Chua Tia Bon as Director of the Company.	Ordinary Resolution 5		
6.	To re-elect Mr Ee Beng Guan as Director of the Company.	Ordinary Resolution 6		
7.	To re-appoint Ernst & Young PLT as Auditors of the Company for the financial year ending 31 December 2021 at such remuneration to be determined by the Directors.	Ordinary Resolution 7		

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

Where two (2) proxies are appointed, please indicate below the proportion of your shareholdings to be represented by each proxy.

First named proxy __________ % Second named proxy __________ %

Dated this ________ day of ____________________, 2021

____
Signature(s) of member(s)
(If shareholder is a corporation, this part should be executed under seal)

Fold this flap for sealing

Then fold here

Affix
Stamp

The Company Secretary
LYSAGHT GALVANIZED STEEL BERHAD
c/o AD-Consult Sdn. Bhd.
Suite 13.03, 13th Floor
Menara Tan & Tan
207, Jalan Tun Razak
50400 Kuala Lumpur
Malaysia

1st fold here

Notes:

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 10 June 2021 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the 42nd AGM.*
2. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies (subject to a maximum of two (2) proxies) to attend and vote in his/her stead. A proxy may but need not be a member of the Company.*
3. *Where the member appoints two (2) proxies to attend and vote at the 42nd AGM, such appointment shall be invalid unless the member specifies the proportion of his/her holdings to be represented by each proxy.*
4. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.*
5. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one 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.*
6. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under common seal or under the hand of an officer or attorney duly authorised.*
7. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's Registered Office at Suite 13.03, 13th Floor, Menara Tan & Tan, 207 Jalan Tun Razak, 50400 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjournment meeting at which the person named in the instrument proposes to vote.*
8. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of this 42nd AGM will be put to vote by poll.*

www.lysaghtmarketing.com

LYSAGHT GALVANIZED STEEL BERHAD
(Registration No. 197901002195 (46426-P))

No. 11, Jalan Majistret U1/26 Seksyen U1,
Hicom-Glenmarie Ind. Park
40150 Shah Alam PO Box No. 7818,
40728 Shah Alam
Selangor Darul Ehsan, Malaysia.

Tel : +603-7880 3750
Fax : +603-7880 3720
Email : lysaght_sales@lysaghtmarketing.com.my