



**LYSAGHT GALVANIZED STEEL BERHAD**

(Registration No. 197901002195 (46426-P))



ANNUAL REPORT  
**2022**



## CONTENTS

|    |   |
|----|---|
| 2  | Notice of Annual General Meeting  |
| 4  | Statement Accompanying Notice of Annual General Meeting                             |
| 5  | Corporate Information   |
| 6  | Financial Highlights  |
| 7  | Chairman's Statement  |
| 9  | Management Discussion and Analysis of Business Operations and Financial Performance |
| 14 | Sustainability Report   |
| 30 | Directors' Profile  |
| 35 | Key Management Profile  |
| 38 | Corporate Governance Overview Statement   |
| 46 | Additional Disclosure Requirements Pursuant to the Listing Requirements             |
| 47 | Statement on Risk Management and Internal Control                                   |
| 50 | Audit Committee Report  |
| 53 | Statement on Directors' Responsibility  |

## FINANCIAL STATEMENTS

|     |   |
|-----|---|
| 54  | Directors' Report   |
| 58  | Statements of Financial Position                            |
| 59  | Statements of Profit or Loss and Other Comprehensive Income |
| 60  | Consolidated Statement of Changes in Equity                 |
| 61  | Statement of Changes in Equity                              |
| 62  | Statements of Cash Flows                                    |
| 65  | Notes to the Financial Statements                           |
| 113 | Statement by Directors                                      |
| 113 | Statutory Declaration                                       |
| 114 | Independent Auditors' Report                                |
| 118 | List of Properties  |
| 119 | Shareholding Distribution Schedule                          |
| 120 | Thirty Largest Shareholders                                 |
| 121 | Substantial Shareholders                                    |
| 122 | Directors' Shareholdings                                    |
|     | Form of Proxy   |

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Forty-Fourth Annual General Meeting (“**44th AGM**”) of **LYSAGHT GALVANIZED STEEL BERHAD** (“**the Company**”) will be held at Jasmine Hall, Level 3, Kinta Riverfront Hotel & Suites, Kinta Riverfront, Jalan Lim Bo Seng, 30000 Ipoh, Perak Darul Ridzuan on Thursday, 15 June 2023 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 2022 together with the Directors’ and Auditors’ Reports thereon.
2. To declare a final single tier dividend of 3 sen per ordinary share for the financial year ended 31 December 2022. **Ordinary Resolution 1**
3. To approve the payment of Directors’ Fees for an amount of up to RM500,000/- for the financial year ending 31 December 2023 to the Non-Executive Directors. **Ordinary Resolution 2**
4. To approve the payment of the meeting allowances for an amount of up to RM120,000/- for the financial year ending 31 December 2023 to the Non-Executive Directors. **Ordinary Resolution 3**
5. To re-elect Ir. Aik Siaw Kong who retires pursuant to Article 23.4 of the Company’s Constitution and who has offered himself for re-election. **Ordinary Resolution 4**  
  
Dato’ Ir. Wan Razali Bin Wan Muda who retires pursuant to Article 23.4 of the Company’s Constitution has expressed his intention not to seek re-election. Hence, he will retain office until the close of the 44<sup>th</sup> AGM.
6. To re-elect Mr. Yeoh Sheong Lee who retires pursuant to Article 23.11 of the Company’s Constitution and who has offered himself for re-election. **Ordinary Resolution 5**
7. To re-appoint KPMG PLT as Auditors of the Company for the financial year ending 31 December 2023 at such remuneration to be determined by the Directors. **Ordinary Resolution 6**
8. 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 3 sen per ordinary share for the financial year ended 31 December 2022, if approved by shareholders at the 44<sup>th</sup> AGM, will be paid on 14 July 2023 to Depositors whose names appear in the Record of Depositors of the Company at the close of business on 4 July 2023.

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

- (a) Shares transferred into the Depositor’s Securities Account before 4:30 p.m. on 4 July 2023 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.

# NOTICE OF ANNUAL GENERAL MEETING

cont'd

By Order of the Board

**LIM CHIEN JOO**

MAICSA No.: 7063152

SSM PC No.: 201908004025

Company Secretary

Kuala Lumpur

Date: 28 April 2023

**Notes:**

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 8 June 2023 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the 44<sup>th</sup> 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 44<sup>th</sup> 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, 13<sup>th</sup> 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 ("**MMLR**") of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of this 44<sup>th</sup> AGM will be put to vote by poll.

**Explanatory Notes:**

**1. Audited Financial Statements for the financial year ended 31 December 2022**

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 23 February 2023, 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 14 July 2023 in accordance with the requirements under Section 132(2) and (3) of the Act.

# NOTICE OF ANNUAL GENERAL MEETING

cont'd

## 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 2023.*

## 4. Ordinary Resolution 4 – Re-election of Director pursuant to Article 23.4 of the Company's Constitution

*Ir. Aik Siaw Kong, who retires in accordance with Article 23.4 of the Company's Constitution and being eligible, has offered himself for re-election at the 44<sup>th</sup> AGM.*

*The Board had through the Nomination Committee ("NC") carried out annual assessment on Ir. Aik Siaw Kong and agreed that he met the criteria of character, experience, integrity, competence and time commitment in discharging his roles as director of the Company and his ability to act in the best interest of the Company in decision-making and endorsed the NC's recommendation to seek shareholders' approval for the re-election of Ir. Aik Siaw Kong at the 44<sup>th</sup> AGM.*

*The Board has also through the NC carried out assessment on the independence of Ir. Aik Siaw Kong and is satisfied that he met the criteria of independence set out in the MMLR of Bursa Malaysia Securities Berhad.*

*The profile of Ir. Aik Siaw Kong is set out in the Directors' Profile on page 31 of the Annual Report 2022.*

## 5. Ordinary Resolution 5 – Re-election of Director pursuant to Article 23.11 of the Company's Constitution

*Article 23.11 of the Company's Constitution expressly states that the Board shall have the power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Board, but so that the total number of Directors shall not at any time exceed the number fixed in accordance with this Constitution. Any Director so appointed shall hold office only until the next following annual general meeting of the Company, and shall then be eligible for re-election but shall not taken into account in determining the Directors who are to retire by rotation at that meeting.*

*Mr. Yeoh Sheong Lee ("Mr. Yeoh") was appointed as an Independent Non-Executive Director of the Company on 1 April 2023. Mr. Yeoh, who retires in accordance with Article 23.11 of the Company's Constitution and being eligible, has offered himself for re-election at the 44<sup>th</sup> AGM.*

*The profile of Mr. Yeoh is set out in the Directors' Profile on page 33 of the Annual Report 2022.*

# 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 44<sup>th</sup> 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, <sup>KMN</sup>**  
*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*

**Yeoh Sheong Lee** (appointed on 1 April 2023)  
*Independent Non-Executive Director*

### AUDIT COMMITTEE

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

### NOMINATION COMMITTEE

Ee Beng Guan (*Chairman*)  
(redesignated as *Chairman* on 17 November 2022)  
Cheam Low Soo (redesignated as *member* on 17 November 2022)  
Chew Meu Jong (appointed on 17 November 2022)  
Dato' Ir. Wan Razali Bin Wan Muda (resigned on 17 November 2022)

### REMUNERATION COMMITTEE

Chew Meu Jong (*Chairman*)  
Ir. Aik Siaw Kong, <sup>KMN</sup>  
Chong Sai Sin (appointed on 17 November 2022)  
Dato' Ir. Wan Razali Bin Wan Muda (resigned on 17 November 2022)

### RISK MANAGEMENT COMMITTEE

Ir. Aik Siaw Kong, <sup>KMN</sup> (*Chairman*)  
Chew Meu Jong  
Ee Beng Guan (appointed on 17 November 2022)  
Dato' Ir. Wan Razali Bin Wan Muda (resigned on 17 November 2022)

### 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, Malaysia  
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, Wilayah Persekutuan, Malaysia  
Tel No : 603-2084 9000  
Fax No : 603-2094 9940

### EXTERNAL AUDITORS

KPMG PLT  
(LLP0010081-LCA & AF 0758)  
Level 17, Ipoh Tower  
Jalan Dato' Seri Ahmad Said  
30450 Ipoh  
Perak Darul Ridzuan, Malaysia  
Tel No : 03-7721 3388  
Fax No : 03-7721 3399

### PRINCIPAL BANKERS

Standard Chartered Bank Malaysia Bhd.

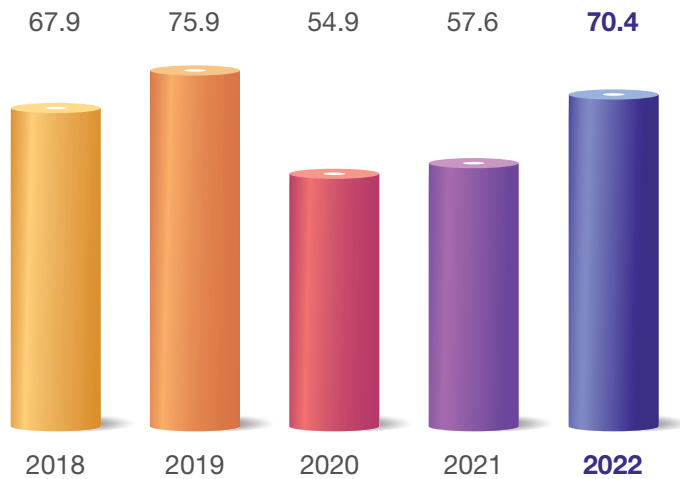
### STOCK EXCHANGE LISTING

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

## FINANCIAL HIGHLIGHTS

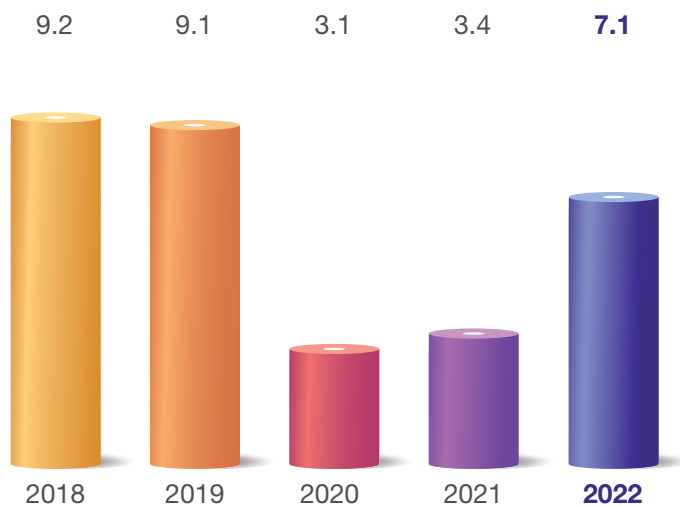
### REVENUE

(RM'Mil)



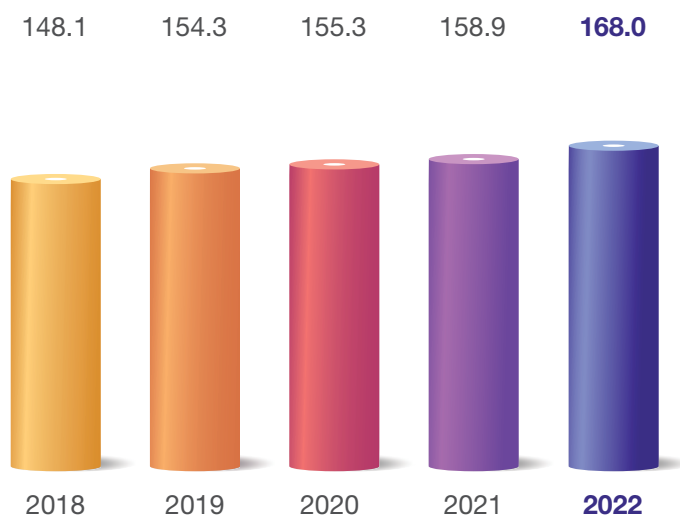
### PROFIT AFTER TAX

(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 Directors ("Board") of Lysaght Galvanized Steel Berhad ("Lysaght"). On behalf of the Board, it is my pleasure to present you the Annual Report and Financial Statements of our Group for the financial year ended ("FYE") 31 December 2022.

#### OPERATING ENVIRONMENT

Many have described the year 2022 was a year of transition for Malaysia, when the Country entered the transition to the Coronavirus Disease 2019 ("**COVID-19**") endemic phase on 1 April 2022 after battling the virus outbreak for two years. The spill over effect from the transition to the endemic phase has resulted in more vigorous social activities and hence economic sectors progressively returned to normalcy.

Rebounding from the pandemic-induced economic shock, the Malaysian economy gathered momentum in 2022 as its growth rate surpassed expectations quarter after quarter. The first quarter of 2022 saw a growth rate of 5.0% year-on-year ("**YoY**"). The pace continued through 2022 where the second quarter registered a remarkable rate of 8.9%. Malaysia's economy delivered a strong growth rate of 14.2% and 7.0% in the third and fourth quarter, bringing 2022's full year Gross Domestic Product (GDP) to stronger-than-expected growth of 8.7% that surpassing the government's forecast of 6.5% to 7.0%. The high growth rate was mainly driven by the private consumption supported by better labour market prospects and business confidence that remains positive.

(Source : [www.dosm.gov.my](http://www.dosm.gov.my))

While there were clear signs that the Malaysian economy had recovered from the debilitating effects of the pandemic, various challenges persisted. The Russia-Ukraine conflict put a major obstacle in the way of Malaysia's recovery. Although the war did not directly affect Malaysia's growth, it did lead to significant hike in crude oil prices and supply chain disruptions. Rising inflationary pressures from prolonged supply chain disruptions, global food shortages and other factors further stymied global and domestic economic recovery.

In 2022, global economic growth moderated to 3.4% from initial forecasts of 6.0%. This is the weakest growth since 2001, except for the 2008 global financial crisis and the acute phase of the COVID-19 pandemic.

(Source : [www.imf.org](http://www.imf.org))

As recession and global slowdown are widely expected, 2023 looks to be another year with highly challenging and volatile operating environment. The World Bank, in its January 2023 Global Economic Prospects report, forecasted that the global economy growth would decelerate sharply to 1.7% in 2023, the third weakest pace of growth in nearly three decades. The setback to global prosperity will likely persist as a result of the continued disruptions from Russia's invasion of Ukraine, higher-than-expected inflation and abrupt rises in interest rates to contain it. The World Bank also sees growth in Malaysia's economy moderating. In the World Bank's latest Global Economic Prospects report, it said growth is projected at 4.0% in Malaysia.

## CHAIRMAN'S STATEMENT

cont'd

Amid this backdrop, the Group continued to pursue its business and operational strategies towards creating financial and non-financial values. The Group continued to focus on our strategy of value engineering to manage cost. Prudent management was imperative in ensuring cost optimisation. The Group recorded a commendable result in FYE 2022 with an increase in total revenue of RM12.8 million or corresponding 22.2% to RM70.4 million, when comparing to FYE 2021's total revenue. A remarkable growth in profit before tax ("**PBT**") was also reported in FYE 2022. The Group's PBT surged more than two-fold in FYE 2022 as compared to RM4.1 million in FYE 2021 with a YoY increase of RM5.1 million or 126.2%. Our great performance in FYE 2022 was not solely due to the ongoing recovery in the economy, rather, it was due to the robustness and resiliency of our business model and the Management's continued focus on value creation.

As mentioned above, the Group anticipates that business conditions will likely remain challenging in 2023 with prevailing challenges in the operating environment. 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

Our highest priority remains the creation of sustainable, long-term value and return for our shareholders. Amidst the macroeconomic uncertainties, our stable operational performance and prudent cost management efforts allowed us to reward our shareholders with final single-tier dividend of 3 sen per share (FYE 2021: 1 sen per share), which to be approved by shareholders at the forthcoming Annual General Meeting of the Company. This equates to a pay-out of RM1.2 million to shareholders, made possible by our on-going focus on operational efficiencies and robust cash generation capabilities.

We are committed to provide our loyal shareholders with an attractive dividend yield, while also maintaining financial prudence to support reinvestment in our business. Our goal is to continue paying dividends to our shareholders, as we believe it is important to enable them to participate in our profits.

### ACKNOWLEDGEMENT

As a representative of the Board of the Company, I would like to express our utmost gratitude and appreciation to our shareholders for their unwavering trust and confidence in our Group. Additionally, I would like to extend my sincere gratitude to all our employees for your commitment and dedication, which have been instrumental in our Group's resilience 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 FYE 2022.

I wish to announce my retirement from the Board and my decision not to seek for re-election during the forthcoming AGM. It has truly been a privilege to have served Lysaght for the past eight years, bearing witness to and being directly involved in its many milestones of growth and accomplishments that have taken the Company to where it stands today.

At the same time, I warmly welcome Mr Yeoh Sheong Lee, who joined the Board recently. We are confident that his experience will contribute a more robust exchange of ideas which will be of significant benefit to the Board.

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.

**Dato' Ir. Wan Razali bin Wan Muda**

Chairman of the Board

14 April 2023

# MANAGEMENT DISCUSSION AND ANALYSIS

## OF BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE

### OVERVIEW OF BUSINESS OPERATIONS

#### Background

The Group is today one of 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 customised designs as customers now demand cost efficient solutions. Our quality management system is accredited by Lloyd's Register ISO 9001:2015.

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 and telecommunication etc. Another product of our Group 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. The Group had in 2020 completed the amalgamation and construction of factory extension building on a piece of leasehold land acquired in 2017 that is adjacent to our existing factory in Ipoh.

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

2022 marks the tail-end of the Coronavirus Disease 2019 (“**COVID-19**”) pandemic with a gradual recovery of global economic activities. Just when things were starting to open up and returning to normalcy, the recovery momentum was disrupted by the Russia-Ukraine conflict leading to trade and financial sanctions imposed on Russia by USA and the European Union. This has resulted in a huge spike in commodities prices. The rise in commodities prices added fuel to global high inflation prompting major central banks to raise interest rates which resulted in a very volatile global currency market. Meanwhile, the on-going US-China trade war is still intensifying.

Notwithstanding these uncertainties, the subsiding of the COVID-19 pandemic and the opening up of most global economies has accelerated the growth in demand. Companies are also starting to increase spending on capital expenditure, albeit cautiously which augurs well for infrastructure, construction and telecommunication industry. Consequently, we benefitted from an improved business operating environment in 2022.

Riding on the reopening of economy, our Group achieved another commendable financial performance during the financial year ended 31 December (“**FYE**”) 2022. We emerged more resilient and reinvigorated and this is reflected in our top and bottom line. The Group’s turnover increased by RM12.8 million or 22.2% to RM70.4 million and profit before tax (“**PBT**”) increased by RM5.1 million or 126.2% to RM9.2 million, when comparing to FYE 2021. We achieved this remarkable results despite the volatile business environment by maintaining our focus on sustainable growth and maintaining strong operational diligence.

### Revenue

| Revenue by country   | FY2022<br>RM' million | FY2021<br>RM' million |
|----------------------|-----------------------|-----------------------|
| Malaysia             | 32.4                  | 26.3                  |
| Singapore            | 27.5                  | 22.6                  |
| New Zealand          | 7.8                   | 5.7                   |
| United Arab Emirates | 0.8                   | -                     |
| Sri Lanka            | 0.5                   | 1.3                   |
| Taiwan               | 0.5                   | -                     |
| Papua New Guinea     | 0.4                   | 0.1                   |
| Others               | 0.5                   | 1.6                   |
| <b>Total</b>         | <b>70.4</b>           | <b>57.6</b>           |

For FYE 2022, the revenue for the Group of RM70.4 million was 22.2% or RM12.8 million higher than that of FYE 2021. Out of the RM12.8 million increase in revenue, RM11.0 million or 85.9% was contributed by the strong revenue growth in domestic and Singapore market.

The rise in revenue can be attributed primarily to the surge in sales volume linked to high-end housing and highways projects from the public and private sectors, mainly due to the resumption of economic activities during FYE 2022. The increase in revenue also contributed by the increase in selling price, which was driven by the increased material costs.

### Gross profit and margin

In congruence with the increase in revenue, our gross profit surged 53.2% or RM6.6 million to RM19.0 million in FYE 2022 as compared to RM12.4 million recorded in FYE 2021.

Notwithstanding the challenges of the increase in commodities price and supply chain disruption, the gross margin for FYE 2022 remained resilient, largely due to the stringent cost management imposed by the Group. The Group continued to be mindful of cost discipline and optimisation through leveraging on our operational excellence and cost optimisation initiatives.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OF BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE

cont'd

#### Profit before tax

Despite the turbulent market conditions with rising material costs, the Group's PBT of RM9.2 million increased more than two-fold in FYE 2022 as compared to RM4.1 million in FYE 2021, reported a year-on-year increase of RM5.1 million or 126.2%. This excellent result was indeed a testament to the team for staying alert and agile amidst the business challenges. Prudent management of costs and cashflow was imperative in ensuring cost optimisation and hence a healthy PBT margin recorded in FYE 2022.

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

Consistent with the above analysed PBT, the Group achieved a net profit of RM7.1 million for FYE 2022, which was higher than the net profit of RM3.4 million reported in FYE 2021 by RM3.7 million or 107.1%. As a result, the basic earnings per share for FYE 2022 reported a corresponding increase to 17.05 sen, which is 8.82 sen higher than 8.23 sen achieved in FYE 2021.

#### Liquidity, capital resources and gearing

The Group's cash and cash equivalents together with fixed deposits placed with licensed banks increased from RM61.2 million as of 31 December 2021 to RM74.4 million as of 31 December 2022. The Group's cash and cash equivalents consist of short-term deposits of RM53.5 million (31 December 2021 : RM5.1 million) as well as cash and bank balances of RM12.0 million as of 31 December 2022 (31 December 2021 : RM12.6 million).

The summary of the Group's cash flows during FYE 2022 is set out below:

- (i) We generated a positive net cash flow from operating activities of RM14.0 million during FYE 2022. The reported PBT together with the decrease in inventories, trade and other receivables and contract assets, offset with the reduction in trade and other payables and contract liabilities have contributed positively to the cash generated from operation.
- (ii) Net cash flow generated from investing activities in FYE 2022 was amounted to RM34.8 million. This was largely due to the expiry of fixed deposits placed with licensed banks with more than 3 months maturity period.
- (iii) The cash flow used in financing activities for FYE 2022 was due to the payment of dividends of RM0.4 million and the repayment of lease liabilities in FYE 2022.

The Management has allocated a 3-year capital commitment totalling RM19.6 million for the purpose of 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 2022.

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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OF BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE

cont'd

### RISK PROFILES

We highlight below the key anticipated or known risks that our Group is exposed to that may have a material effect on our operations, performance, financial condition and liquidity. Our plans and strategies to mitigate these risks have also been disclosed below:-

(i) Business risks

Our Group is principally involved in the manufacturing of galvanized steel poles and masts. Hence, we are susceptible to the risks inherent to our industries. These include, amongst others, any outbreaks of diseases affecting local and global markets, rising costs of labour and raw materials, availability of skilled personnel, changes in laws and regulations applicable to our business, business and credit conditions, as well as fluctuations in foreign exchange rates. There can be no assurance that any material changes to these factors will not have a material adverse effect on the business operations of our Group.

Nevertheless, our Group has been taking effective measures to mitigate the aforementioned risks such as prudent financial management and efficient operating procedures. Further, we constantly keep abreast of economic and regulatory changes relating to our business.

(ii) Operational risks

Due to the nature of our Group's operations, interruptions in our Group's operating capabilities through disruption in electricity supply and failure or damage of production machinery or other disruptions to our business operations may have an adverse effect on our Group's business and financial performance.

To avoid major breakdowns and disruptions to our operations, electricity supply and relevant equipment are constantly monitored and our production machineries undergo scheduled maintenance.

(iii) Credit risks

For local sales, we are exposed to credit risk due to slowdown in the collection of payments. The Group evaluated the likelihood and the severity and concluded that the Group would not be significantly affected by the expected credit loss of financial assets. For export sales, the overseas customers are generally required to make payment in advance prior to deliveries.

(iv) Foreign exchange risks

Our products are sold locally as well as in Singapore, New Zealand, United Arab Emirates, Sri Lanka, Taiwan, Papua New Guinea and others. Our import purchases of steel coils and zinc are transacted in United States Dollar (USD). As such, we are exposed to foreign exchange risks. There is no assurance that any foreign exchange fluctuation will not have an adverse impact on our earnings.

Although we do not actively hedge our Group's foreign currency exposure, we will continue to assess the need to utilise financial instruments to hedge our currency exposure, taking into consideration factors such as foreign currency, exposure period and transaction costs. For FYE 2022, our Group has not encountered any significant foreign currency exchange fluctuation that has resulted in material adverse impact on our Group's financials.

(v) Competition risks

The Group's revenue and profitability are exposed to the risk of uncertainty arising from global and local economic conditions. Furthermore, we continue to face competition from existing and new competitors who may be capable of offering similar services and products. Whilst we strive to remain competitive, there can be no assurance that any changes in the competitive environment would not have any material and adverse impact on our business and financial performance.

Nevertheless, our Group strives to maintain our competitive edge by ensuring the quality of our products through stringent quality assurance procedures.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OF BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE

cont'd

#### LOOKING AHEAD

Since 2020, the COVID-19 pandemic was the most negative issue plaguing the global economy followed by, arguably, supply chain disruption. Fortunately the pandemic is no longer a major concern while the supply chains situation started improving gradually. However, with the looming global recessionary risk, the tighter global monetary and financial conditions, and the uncertainties of the Russia-Ukraine conflict and intensifying US-China trade war, the global economic outlook is rather gloomy. These could potentially dampen the uptick of economic activity that we had been experiencing since early 2022. With the deceleration of the global economy, the nascent increased spending in capital expenditure could be impacted by rising risk aversion and risk-off sentiments. Companies could delay or postpone capital expenditure.

The World Bank, in its January 2023 Global Economic Prospects report, forecasted that the global economy growth would decelerate sharply to 1.7% in 2023, the third weakest pace of growth in nearly three decades. The setback to global prosperity will likely persist as a result of the continued disruptions from Russia's invasion of Ukraine, higher-than-expected inflation and abrupt rises in interest rates to contain it.

The World Bank also sees growth in Malaysia's economy moderating. In the World Bank's latest Global Economic Prospects report, it said growth is projected at 4.0% in Malaysia. Malaysia's real Gross Domestic Product (GDP) is expected to moderate in 2023 to 4.0% as forecasted by Fitch Solutions Country Risk and Industry Research, weighed down by the fading of base effects and pent-up demand, tighter credit conditions and a weakening global growth outlook.

(Source: [www.theedgemarkets.com](http://www.theedgemarkets.com))

While market volatility will remain largely beyond our control, we are cautiously optimistic at this juncture and we will continue to look for pockets of income growth while being mindful of keeping costs down, to deliver a commendable performance. We remain focus to ensure our capital and liquidity buffers are robust so that we remain resilient to market uncertainties and business challenges as we endeavour to remain focused on delivering growth and long-term shareholders' value.

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

Since the first Sustainability Report (“**Report**”) was first released in December 2017, Lysaght Galvanized Steel Berhad (“**Lysaght**” or the “**Company**”) has issued the Report for six (6) consecutive years. The Report elaborates Lysaght’s concepts, practices and achievements of its sustainable development and social responsibility during the financial year ended 31 December (“**FYE**”) 2022 from the economic, environmental and social (“**EES**”) as well as governance aspects.

### OUR SCOPE OF REPORTING

This Report covers Lysaght as well as our subsidiaries (collectively known as “**Group**”). 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.

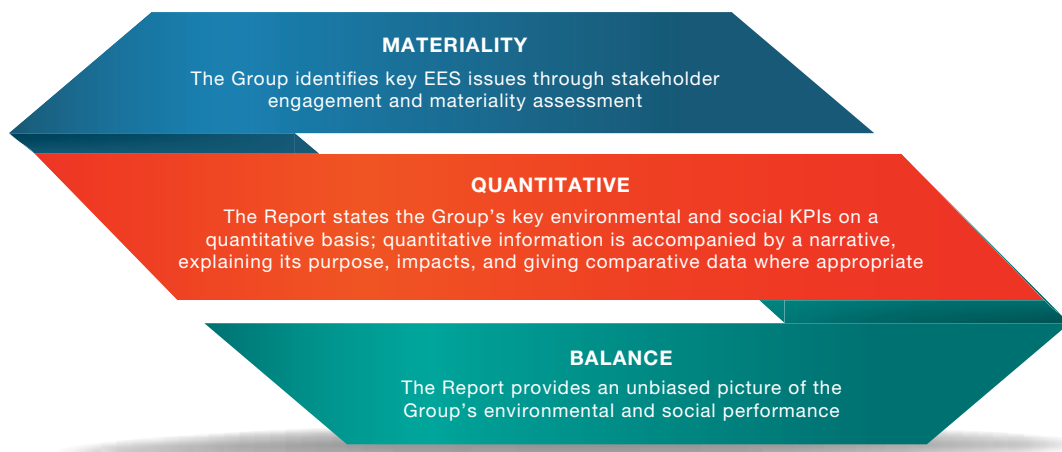
This Report covers data which had been compiled internally from 1 January 2022 to 31 December 2022. Where available and relevant, historical data of preceding year has been included for comparison.

### REPORTING PRINCIPLES

The Report is prepared in accordance with the requirements of:

- Bursa Malaysia Securities Berhad (“**Bursa Malaysia**”)’s Sustainability Reporting Guide (2nd Edition)
- Listing Requirements of Bursa Malaysia [Paragraph 29, Part A of Appendix 9C of the Main Market Listing Requirements (supplemented by Practice Note 9)].

The Report follows the reporting principles of:



### 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.

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’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.

## SUSTAINABILITY REPORT

cont'd

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.



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.



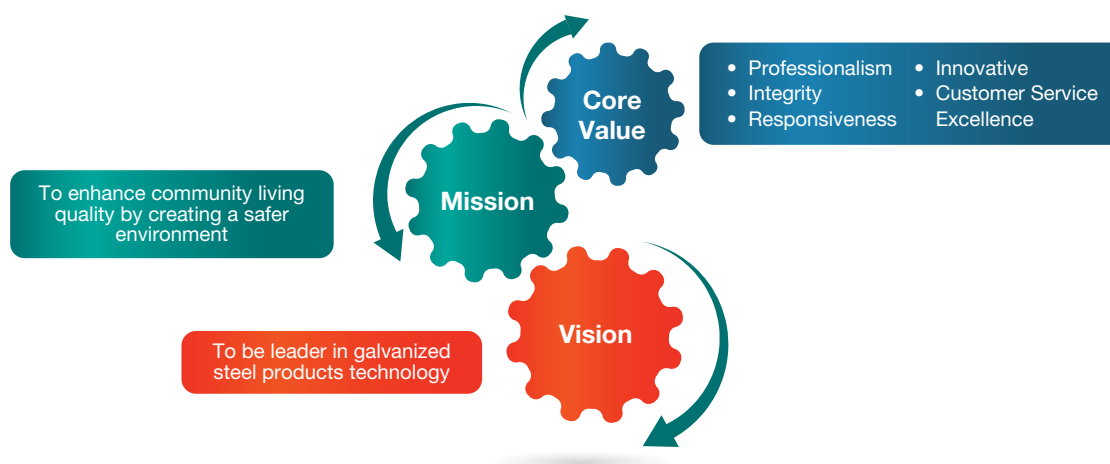
# SUSTAINABILITY REPORT

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## 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.



### 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 (“CEO”), 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. Besides, 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

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

#### Remuneration Committee

Assists the Board in developing and establishing competitive remuneration policies and packages

#### Nomination Committee

Oversees matters related to proposal of suitable new candidates for appointment to fill the seats of Board and Senior Management

#### Risk Management Committee

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

# SUSTAINABILITY REPORT

cont'd

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
- Communication of sustainability strategies, priorities and targets as well as performance against targets to internal and external stakeholders

## Ethical Business Practices and Anti-Bribery and Corruption Policy

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.

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.

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-bribery and corruption practices. The Group inducts all new employees on the Company's Anti-Bribery and Corruption Policy as well as Code of Business Ethics, during the dedicated in-house orientation programme or any related external seminar.

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. In an effort to combat bribery and corruption, the Board, along with the CEO, will be convening quarterly meeting to discuss about any potential issues related to bribery or corruptions throughout the Company's operation. Similar to FYE 2021, we did not receive any complaints of bribery or corruptions in FYE 2022.

### FYE 2022

Number of complaints of bribery or corruptions reported

Nil

## 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 | <ul style="list-style-type: none"> <li>• Annual &amp; Extraordinary General Meetings</li> <li>• Bursa announcements</li> <li>• Quarterly report</li> <li>• Annual report</li> <li>• Timely update on corporate website</li> </ul> | <ul style="list-style-type: none"> <li>• Financial and operational performance</li> <li>• Return on investments</li> </ul> |

# SUSTAINABILITY REPORT

cont'd

| STAKEHOLDERS       | ENGAGEMENT METHODS   | ENGAGEMENT AREAS  |
|--------------------|--|---|
| Government         | <ul style="list-style-type: none"> <li>• Compliances to laws and regulations</li> <li>• Compliances to standards and specifications</li> </ul>                           | <ul style="list-style-type: none"> <li>• Operation regulations</li> <li>• Bursa listing requirements</li> <li>• Companies Act</li> <li>• Labour law</li> <li>• Taxations</li> <li>• Compliance with Department of Environment ("DOE")</li> <li>• Ministry of Natural Resources and Environment Malaysia</li> <li>• Compliance with Jabatan Kerja Raya, Construction Industry Development Board, SIRIM and Majlis Bandaraya</li> <li>• Compliance with Jabatan Keselamatan dan Kesihatan Pekerjaan Malaysia requirement</li> </ul> |
| Board of directors | <ul style="list-style-type: none"> <li>• Board meetings</li> </ul>   | <ul style="list-style-type: none"> <li>• Corporate strategy</li> <li>• Corporate governance</li> </ul>  |
| Employees          | <ul style="list-style-type: none"> <li>• Trainings</li> <li>• Performance appraisal</li> <li>• Team building activities</li> </ul>                                       | <ul style="list-style-type: none"> <li>• Occupational safety &amp; health</li> <li>• Remuneration policy</li> <li>• Career development</li> <li>• Performance review</li> <li>• Fair employment practices</li> <li>• Trade union</li> </ul>   |
| Customers          | <ul style="list-style-type: none"> <li>• Regular meetings</li> <li>• Marketing activities</li> <li>• Conference</li> <li>• Presentation</li> <li>• Exhibition</li> </ul> | <ul style="list-style-type: none"> <li>• Customer satisfactions</li> <li>• After-sales services</li> <li>• Quality assurance</li> <li>• Innovative product</li> </ul>   |
| Suppliers          | <ul style="list-style-type: none"> <li>• Regular meetings</li> <li>• Quality audit on products</li> <li>• Contract negotiation</li> </ul>                                | <ul style="list-style-type: none"> <li>• Products' quality</li> <li>• Legal compliances</li> </ul>  |
| Communities        | <ul style="list-style-type: none"> <li>• Community events</li> </ul>   | <ul style="list-style-type: none"> <li>• Social contribution</li> <li>• Job opportunities</li> <li>• Donation and financial aid</li> </ul>  |
| Analyst / Media    | <ul style="list-style-type: none"> <li>• Annual &amp; Extraordinary General Meetings</li> </ul>  | <ul style="list-style-type: none"> <li>• Financial and operational performance</li> </ul>   |

## SUSTAINABILITY RISKS AND RESPONSES

The Board understands the importance of addressing sustainability risks and opportunities in an integrated and strategic manner to support the Group's long-term strategy and success. The Board proactively considers our sustainability issues when overseeing the planning, performance and long-term strategy of the Company, to ensure the Company remains resilient, is able to deliver durable and sustainable value as well as maintain the confident of its stakeholders.

# SUSTAINABILITY REPORT

cont'd

The Board has conducted a review on the current sustainability framework and practises of the Group as well as to establish an overall view of the level of risks in the key business processes and recommendations for improvement.

| RISK                                | EES PILLARS | RISK ANALYSIS   | RISK RESPONSES  |
|-------------------------------------|-------------|---|---|
| People risk                         | Social      | Insufficient blueprint and strategies in the process of developing talent of the successor.                 | The Group continues to cultivate a high-performance culture and nurture a vibrant and diverse workforce with robust training and succession plan. |
| Technological risk                  | Economic    | Exposure to cyber threats.  | The Group commits to invest in Information Technology ("IT") team to safeguard potential cyber threats.   |
| Occupational Safety and Health risk | Social      | Insufficient health and safety awareness and monitoring that potentially result in violation of regulation. | The Group commits to comply to Occupational Safety and Health Act 1994 and approved industrial code of practice.                                  |
| Market Demand risk                  | Economic    | Lack of market-oriented approach to identify and respond to the changing need of the customers.             | The Group strives to enhance our market competitiveness via innovation and engagement with customers.   |

## RESPONSES TO SUSTAINABLE DEVELOPMENT GOALS ("SDG(s)")

In September 2015, all one hundred and ninety-three (193) United Nation member states adopted "Agenda 2030" - a plan to solve the world's most pressing environmental, social and economic problems over the next fifteen (15) years. It consists of seventeen (17) goals and one hundred and sixty-nine (169) targets that cover a broad set of challenges such as economic inclusion, geopolitical instability, depleting natural resources, environmental degradation and climate change. Malaysia is committed to "Agenda 2030" through its SDG Roadmap.

We support the SDGs, recognise their strategic importance to our business and to the world, hence we are committed to helping achieve them. The Group has well-established programs to ensure we operate sustainably and responsibly, following our long-standing commitment to ethical corporate citizenship and promoting sustainability in all our activities. All the SDGs are relevant to our operations to varying degrees and we are already contributing to many of these goals.



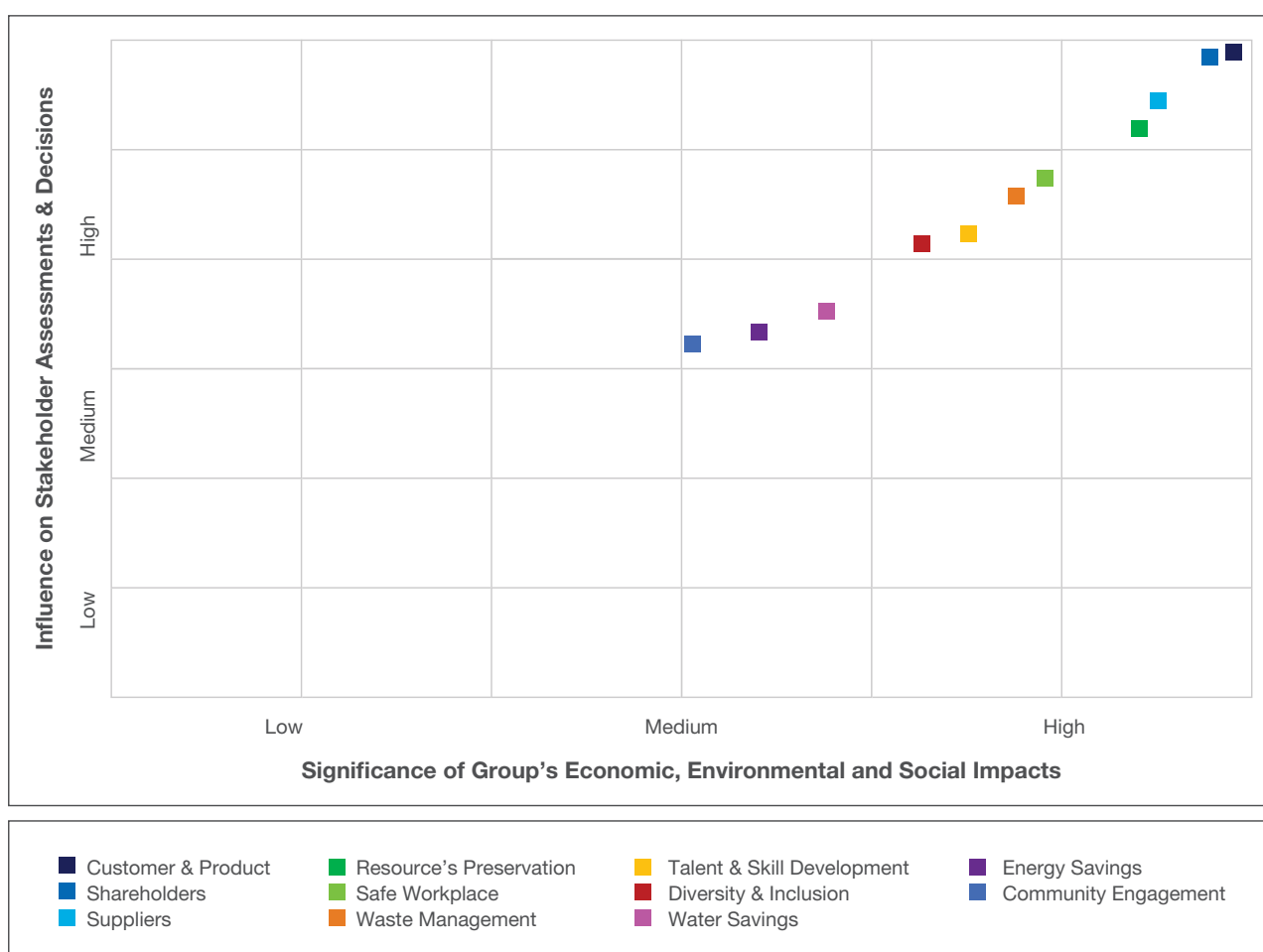
# SUSTAINABILITY REPORT

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## MATERIAL ASSESSMENT

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

We assess our material sustainability matters annually to fully understand how to manage the risks and opportunities they present. This ensures that we prioritise the issues that have the greatest impact on the economy, society and the environment.



# SUSTAINABILITY REPORT

cont'd

The table below shows key relationships between the Group's top material sustainability matters, and the related SDGs.

| Ranking | Material Sustainability Matters | EES Pillars   | Related SDGs  |
|---------|---------------------------------|---|---|
| 1.      | Customers & Products            |    |     |
| 2.      | Shareholders                    |    |    |
| 3.      | Suppliers                       |    |          |
| 4.      | Resource's Preservation         |    |          |
| 5.      | Safe Workplace                  |   |     |
| 6.      | Waste Management                |  |    |
| 7.      | Talent & Skill development      |  |    |
| 8.      | Diversity & Inclusion           |  |    |
| 9.      | Water Savings                   |  |     |
| 10.     | Energy Savings                  |  |     |
| 11.     | Community Engagement            |  |     |



Economic



Environment



Social

# SUSTAINABILITY REPORT

cont'd

## 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](http://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. 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

To generate sustainable and long-term economic value for our shareholders, we seek to continue enhancing our marketing competitiveness by keeping abreast of the latest market demand. The Group is committed to adopt a more customer-oriented business concept and continue to pursue innovation to keep up with the needs of our existing and potential customers such as usage of alternative materials or innovative design that promote longer life-span and lighter weight.

We understand that customers are our most important innovation partners. As we are constantly challenged to stay head of the competition, customer feedback is a valuable and immense resource of ideas that can ensure our product development and innovation alignment with their current and future needs. Hence we collect feedback from our customers via various channels so that we hear their expectation and thus advance the future improvements.

## SUSTAINABILITY REPORT

cont'd

Cybersecurity risk is intensifying nowadays, particularly with the widespread remote working and increased online interactions. In this environment, remaining cyber-resilient and building stakeholder trust in the company's data security and privacy practices are strategic imperatives. The Group views cyberattack risks as something to be reduced, if not eliminated. The Group strives to invest in IT team and send for training to embed and upgrade their skills in handling cybersecurity issues. In the year under review, similar to last year, there have been no incidence or breach from malware, ransomware, hacking or other cyberattacks on its database.

We conduct our business in compliance with the Personal Data Protection Act 2010 ("PDPA")'s guidance with the collection, use and disclosure of personal data. We have also safeguarded against external attempts to breach any confidential information. There were no reported cases of non-compliance with PDPA in FYE 2022.

FYE 2022

Number of substantiated complaints concerning breaches of customer privacy and losses of customer data

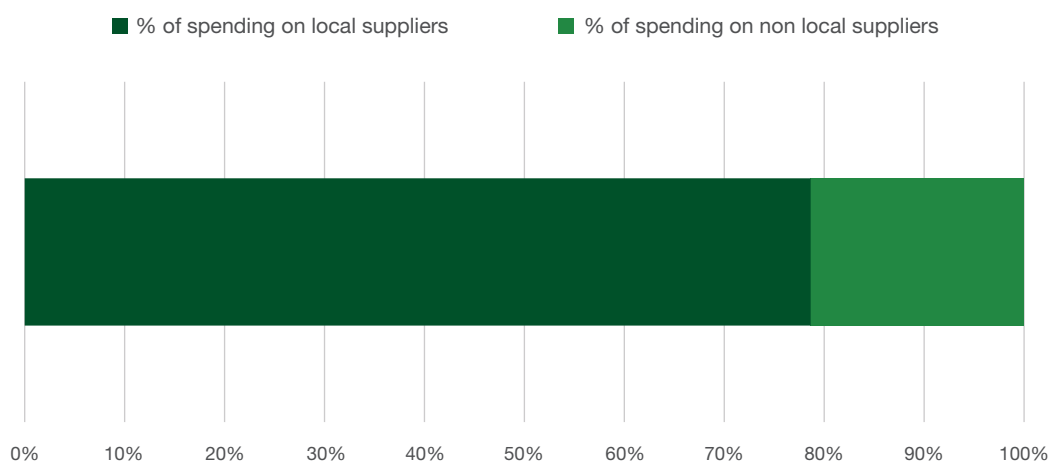
Nil

### 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.

The nature of business is highly localised and the Group focuses its procurement activities on local vendors to support local job creation and price-competitiveness. In the period under review, we have successfully utilised most of the procurement budgets to locate, evaluate and engage local suppliers with a strong service record, free from reputational issues and capable of turning around high-quality work at agreed schedules of delivery.

2022 Proportion of Spending on Local Suppliers



# SUSTAINABILITY REPORT

cont'd

## 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 wastewater. 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 them in 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.

## Energy Savings

If we don't tackle climate change, economic growth and progress of the business will be severely hampered. Although we generally do not generate any major environmental concerns, the Group is conscious of complying with all applicable environmental laws, guidelines and regulations. Action has also been taken internally to reduce the overall energy consumed by lighting. Where lighting in and around our office facilities and corridors need to be replaced, we have converted them to LED. The process is on-going and on stages. Furthermore, the Group will initiate the provision of reminders to switch off lighting, air-conditioner and computer when not in use.

Our electricity consumption in FYE 2022 slightly increased, which was consistent with the higher revenue generated due to increased production during the same period.

|                          | FYE 2021      | FYE 2022      |
|--------------------------|---------------|---------------|
| Electricity consumptions | 1,400,325 kWh | 1,571,750 kWh |

# SUSTAINABILITY REPORT

cont'd

## 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. A slight reduction of 0.3% in water usage has been reported in FYE 2022.

|             | FYE 2021             | FYE 2022             |
|-------------|----------------------|----------------------|
| Water usage | 23,189m <sup>3</sup> | 23,129m <sup>3</sup> |

## 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. No work-related fatalities was reported in FYE 2022.

|  | FYE 2022 |
|--|----------|
| Number of fatalities                                       | Nil      |
| Number of lost time injuries (hours)                       | 1,984    |
| Total number of hours worked                               | 793,768  |
| Lost Time Incident Rate ("LTIR") at 200,000 standard hours | 500      |

During FYE 2022, the LTIR was due to the fracture injuries of employees who required long medical leave. The Group has taken a proactive approach to enhance its safety measures and prevent the recurrence of similar accidents in the future.

In Malaysia, the Occupational Safety and Health Act is the main framework of the Company's Occupational Safety & Health provisions. Safety Induction Training were conducted for all of our newly joined employees in technical fieldwork. The programme is designed to train employees to become fully aware on the safety and health measures and to meet the Department of Occupational Safety and Health's guidelines. Workers are equipped with safety protective wear and equipment when involving in potentially dangerous works. Furthermore, safety briefings are compulsorily conducted to all visitors or contractors on the awareness of safety before entering to the site.

## SUSTAINABILITY REPORT

cont'd

In FYE 2022, a total of 43 employees underwent safety training. The main form of training was largely for the technical staff engaged in fieldwork.

| FYE 2022   |    |
|--|----|
| Number of employees trained on health and safety standards | 43 |

We are committed to providing a safe and healthy environment for its employees, not just in terms of occupational safety & health matters but in a personal capacity as well. As employees are returning to the workplace post Coronavirus Disease 2019 (“COVID”), we are committed to making health, well-being and safety a top priority and set in place new standards that support a more healthy and balanced way of living.

### Talent & Skill Development

We are committed to provide and respect fundamental human rights and safeguard against violation of human rights. We guarantee an anti-discriminatory and anti-harassment workplace, one that is safe and healthy and above all, ethical in conduct. Employees are not restricted from unionising and are afforded the freedom of association per local laws and practice. No complaint concerning human right violations or unfair treatment of all employees has been filed throughout FYE 2022.

| FYE 2022  |     |
|---|-----|
| Number of substantiated complaints concerning human rights violations | Nil |

In addition to this, all employee benefits provided by the Group is above minimum statutory requirements and includes healthcare and insurance coverage, leaves, statutory payment and career development bonuses. Remuneration packages, while strictly private and confidential, are determined upon the employees' experience, expertise, qualifications and job grade.

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.

| FYE 2022                 | External Training |                | Internal Training |                |
|--------------------------|-------------------|----------------|-------------------|----------------|
|                          | No. of employees  | Training hours | No. of employees  | Training hours |
| Senior Management        | 2                 | 8              | 6                 | 180            |
| Middle Management        | 5                 | 111            | 21                | 454            |
| Administrative workforce | -                 | -              | 6                 | 148            |
| Technical workforce      | 10                | 410            | 98                | 686            |
| <b>Total</b>             | <b>17</b>         | <b>529</b>     | <b>131</b>        | <b>1,468</b>   |

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. For many years, we have recognised the important of engaging with our workforce. Employees' engagement is important to an organisation because it motivates employees to do their best. We consider effective management a key element of the Company's ability to create value as we recognise that our people are our greatest asset. Prior to the pandemic state, Management regularly engages with the workforce through a range of activities such as annual luncheon, Family Day, sports activities etc.

# SUSTAINABILITY REPORT

cont'd

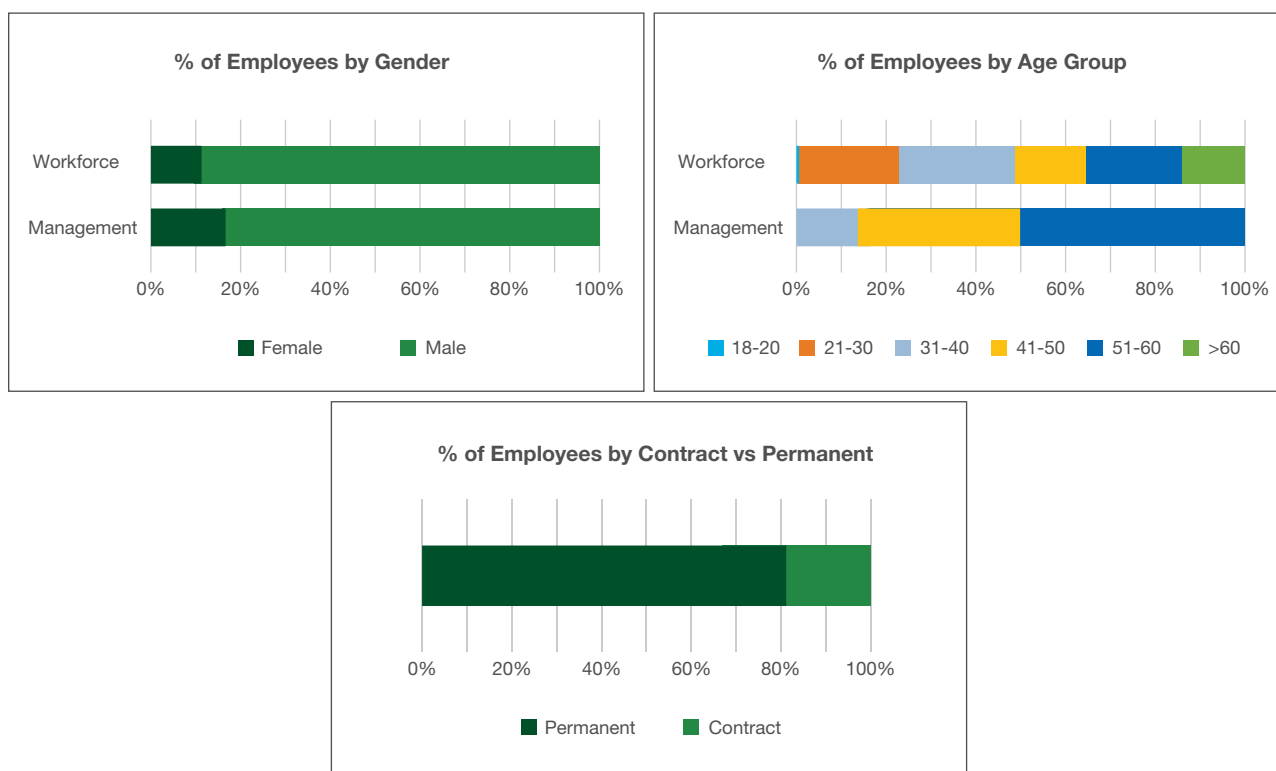
We have achieved a Retention Rate of 84.3% in FYE 2022 and we are committed to maintain this performance in FYE 2023.

| FYE 2022                 | Number of staff as at 1 January | Recruitment | Resignation | Number of staff as at 31 December |
|--------------------------|---------------------------------|-------------|-------------|-----------------------------------|
| BOD (Executive Director) | 1                               | -           | -           | 1                                 |
| Management               | 6                               | -           | -           | 6                                 |
| Workforce                | 317                             | 44          | 51          | 310                               |
| Total                    | 324                             | 44          | 51          | 317                               |

## 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.

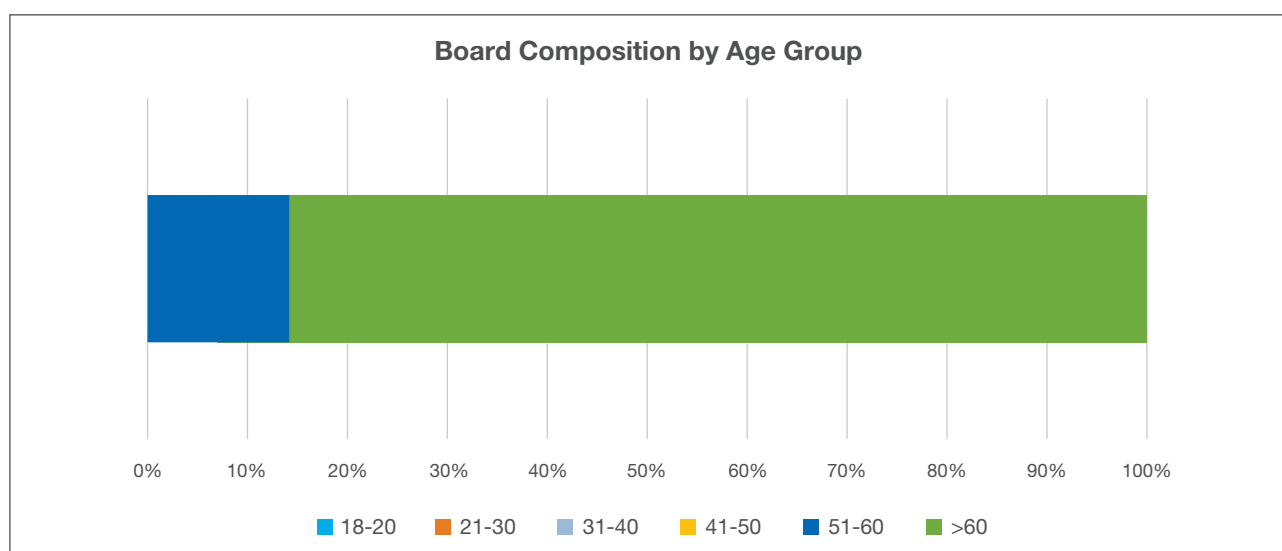
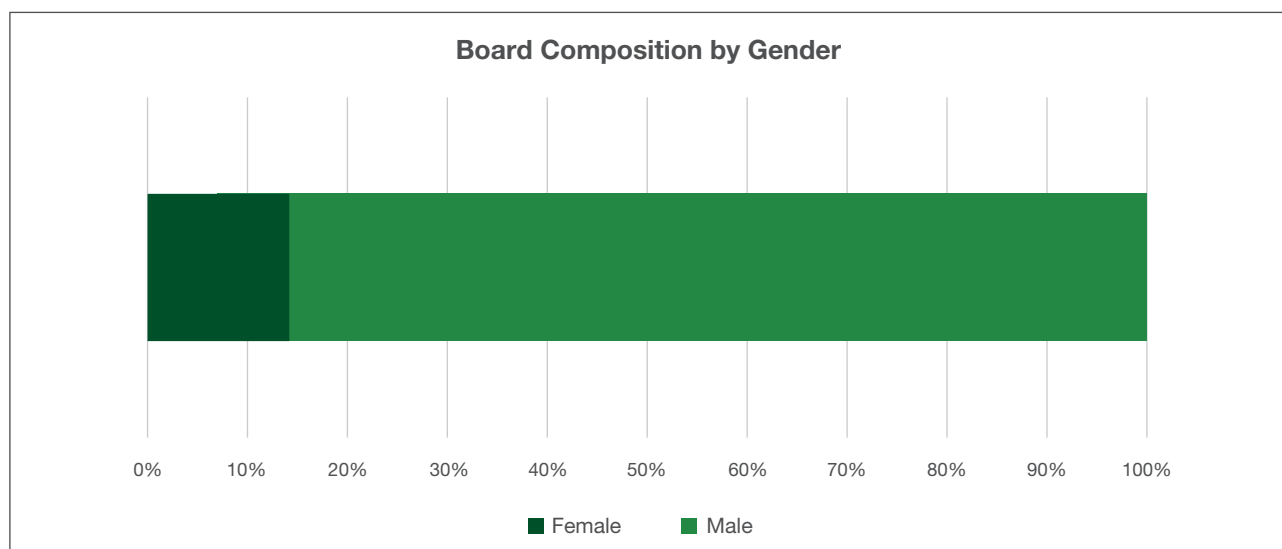
We draw strength from the diversity and inclusiveness that is prevalent in our workplace. As at 31 December 2022, total number of employees (inclusive of executive director) stood at 317 employees (2021: 324 employees), of which 11% (2021: 10%) is female and the remaining 89% (2021: 90%) is male. Having 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.



## SUSTAINABILITY REPORT

cont'd

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 5.9. 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.



### Community Engagement

Community engagement are support especially for those from vulnerable groups is an important part of our outreach activities. We are proud of having the privilege to serve various segments of the community such as those on low incomes, people living with disabilities, senior citizens and etc. 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 various donations and contribution to orphanages, old folks homes, disability homes and non-profit organisations.

**FYE 2022**

Total amount invested in the community with external beneficiaries

RM50,792

# SUSTAINABILITY REPORT

cont'd

## OUR COMMITMENT

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

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.

## DIRECTORS' PROFILE

### **DATO' IR. WAN RAZALI BIN WAN MUDA**

*Chairman/Independent Non-Executive Director*

*69 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 resigned as member of the Remuneration Committee, Risk Management Committee and Nomination Committee on 17 November 2022.

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.

Dato' Ir. Wan Razali has attended four (4) out of five (5) Board Meetings held during the financial year ended 31 December 2022.

### **IR. CHUA TIA BON**

*Executive Director/Chief Executive Officer*

*72 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 the Company 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 five (5) Board Meetings held during the financial year ended 31 December 2022.

## DIRECTORS' PROFILE

cont'd

### **CHEW MEU JONG**

*Non-Independent Non-Executive Director*

*67 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, Mr Chew Kar Heing 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 and Nomination Committees.

Madam Chew was a member of the Chartered Association of Certified Accountants, United Kingdom. She was involved in the operations of the Lysaght (Malaysia) Sdn. Bhd.'s Group in Australia, engaged in investment holding of real estate.

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 five (5) Board Meetings held during the financial year ended 31 December 2022.

### **IR. AIK SIAW KONG, <sup>KMN</sup>**

*Independent Non-Executive Director*

*72 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 five (5) Board Meetings held during the financial year ended 31 December 2022.

## DIRECTORS' PROFILE

cont'd

### **CHEAM LOW SOO**

*Independent Non-Executive Director*

*71 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 a member of our Audit and Nomination Committees.

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.

He is also the Director of the Company's subsidiaries, Lysaght Marketing Sdn. Bhd. and Lysaght Marketing (S) Pte. Ltd.

Mr. Cheam has attended all five (5) Board Meetings held during the financial year ended 31 December 2022.

### **EE BENG GUAN**

*Senior Independent Non-Executive Director*

*67 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 the Chairman of our Nomination Committee and a member of our Audit and Risk Management 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 five (5) Board Meetings held during the financial year ended 31 December 2022.

## DIRECTORS' PROFILE

cont'd

### CHONG SAI SIN

*Independent Non-Executive Director*

*56 years of age, Malaysian, Male*

Mr. Chong Sai Sin, was appointed to the Board as Independent Non-Executive Director on 17 June 2016. He is currently the Chairman of our Audit Committee and a member of our Remuneration Committee.

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 served as a co-opted member of the Public Practice Committee of the MICPA from February 2016 to February 2022.

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.

Mr. Chong has attended all five (5) Board Meetings held during the financial year ended 31 December 2022.

### YEOH SHEONG LEE

*Independent Non-Executive Director*

*48 years of age, Malaysian, Male*

Mr. Yeoh Sheong Lee, was appointed to the Board as Independent Non-Executive Director on 1 April 2023.

Mr. Yeoh graduated from Swinburne University of Technology in Melbourne, Australia with a Bachelor of Business in 1997. He is a member of the Certified Public Accountants of Australia since 2001, member of Malaysian Institute of Accountants since 2003 and obtained his practicing certificate from Malaysian Institute of Accountants since 2011 as well as his audit license since 2012.

He began his career with Ernst & Young in the Audit Department in 1998 where he was involved in statutory audits for clients in various industries as well as in special assignments relating to financial due diligence, limited review and profit forecast. He left and joined Chew & Associates, a public accounting firm, in 2004 as an Assurance and Advisory Director where he was responsible for leading, managing and coordinating audit, accounting and tax engagements with clients from various industries. He was subsequently made a partner of the firm in 2012 and is now the Head of Audit and Advisory Department in the firm.

Presently, he is on the Board of Nestcon Berhad as an Independent Non-Executive Director and serves as Chairman of its Audit Committee and Risk Management Committee. He is also a member of its Remuneration Committee and Nominating Committee.

Mr. Yeoh did not attend any Board Meetings held during the financial year ended 31 December 2022 as he was newly appointed to the Board on 1 April 2023.

## DIRECTORS' PROFILE

cont'd

### **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 interests 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 regulatory bodies during the financial year ended 31 December 2022.*

**4. Shareholdings**

*The details of the Directors' interest in the securities of the Company are set out on page 122 of the Annual Report.*

## KEY MANAGEMENT PROFILE

**FOO KOK SENG**

General Manager

69 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 and some local customers. He is also responsible for the product/equipment research & development and advisor on mechanical and electrical maintenance of machinery and equipment in the factory.

**JOHNNY CH'NG**

Area Sales Manager / Director

60 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

48 years of age, Malaysian, Female

Ms Ong Siew Sung joined Lysaght Galvanized Steel Berhad 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.

## KEY MANAGEMENT PROFILE

cont'd

### LING KUONG LOONG

General Manager

51 years of age, Malaysian, Male

Mr Ling was appointed as General Manager for Lysaght Galvanized Steel Berhad ("LGS") 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 LGS, his responsibilities include overseeing and managing sales and marketing of domestic customers.

### LIEW SUI KUM

Technical & Design Manager

70 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 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.

## KEY MANAGEMENT PROFILE

cont'd

### YAU CHAI FATT

QC/QA Manager

68 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.

#### 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 conflict of interests with the Company.

**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 regulatory bodies during the financial year ended 31 December 2022.

## 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 ("**FYE**") 2022. This overview takes guidance from the key CG principles set out in the Malaysian Code on Corporate Governance ("**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 2022 ("**CG Report**") which is available on the Group's website at [www.lysaghtgalvanizedsteelbhd.com](http://www.lysaghtgalvanizedsteelbhd.com).

The CG Report provides the explanations on how the Group applied each Practice set out in the Code during FYE 2022.

### 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 term and long term goals, providing advice, stewardship and directions on the management and business development of the Group. The Board also sets 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 are 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 are 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.

Pursuant to the Code, the Board acknowledged that action items ought to be taken to be in compliance with the Practise 1.4 of the Code where the Chairman of the Board should not be a member of the AC, NC or RC. Hence, during the financial year, our Chairman of the Board has resigned from being the member of the NC, RC and RMC.

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 conducts of Directors and employees. This code manages ethical business conduct, conflicts of interest and anti-corruption.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

#### (a) Board Responsibilities *cont'd*

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.

The Group also has undertaken an intensive exercise 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'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 recognises the growing importance of sustainability in business and in creating long term value to stakeholders and society at large. The Company aims to integrate the principles of sustainability into the Group's strategies, policies and procedures and create a culture of sustainability within the Group and the community, with an emphasis on incorporating the economic, environmental, social and governance considerations into decision making and the delivery of outcomes. More details of our sustainability activities are entailed in the Sustainability Report in this Annual Report.

The Board meet at least quarterly to approve, inter alia, the strategic plans and direction for the Group, the annual business plans and budgets, operational and financial performance reports and quarterly reports and to review the business performance of the Group. Senior management and/or external advisors may be invited to attend Board meetings to advise and/or furnish the Board with information and clarification needed on relevant items on the agenda to enable the Directors to arrive at a considered decision.

All Board meetings are furnished with proper agenda with due notice issued and Board papers as well as reports are prepared by the Management and circulated prior to the meetings to all Directors with sufficient time for their review for effective discussion and decision-making during the meetings. All pertinent issues discussed at the Board meetings in arriving at decisions and conclusions are properly recorded by the Company Secretary.

All Directors are encouraged to declare their time commitment to the Board and to notify the Chairman of the Board before accepting any new directorship in other public listed companies and that the new directorship would not unduly affect their time commitments and responsibilities to the Board. The Board believes that all members must be equally responsible for their overall core responsibilities.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

### (a) Board Responsibilities *cont'd*

The Board is satisfied with the level of the time commitment given by the Directors toward fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at the Board meetings during the FYE 2022, as follows:

| Director                          | No. of meetings attended/No. of meetings held* | %   |
|-----------------------------------|--|-----|
| Dato' Ir. Wan Razali bin Wan Muda | 4/5  | 80  |
| Ir. Chua Tia Bon                  | 5/5  | 100 |
| Chew Meu Jong                     | 5/5  | 100 |
| Ir. Aik Siaw Kong                 | 5/5  | 100 |
| Cheam Low Soo                     | 5/5  | 100 |
| Ee Beng Guan                      | 5/5  | 100 |
| Chong Sai Sin                     | 5/5  | 100 |

\* Number of meetings held during the respective director's tenure of office during FYE 2022

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 FYE 2022 were as follows:

| Director                          | Training Programmes/Seminars/Conferences  |
|-----------------------------------|---|
| Dato' Ir. Wan Razali bin Wan Muda | <ul style="list-style-type: none"> <li>Seminar on "Corporate Directors Training Programme Fundamental 4.0 + Financial Statements 101"</li> </ul>  |
| Ir. Chua Tia Bon                  | <ul style="list-style-type: none"> <li>Sustainability Report Awareness</li> <li>Sustainability Report – Sustainable Development Goals</li> <li>Sustainability Report – ESG Risk Assessment</li> </ul>   |
| Chew Meu Jong                     | <ul style="list-style-type: none"> <li>Transfer Pricing of Intragroup Financing</li> <li>Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers</li> </ul>   |
| Ir. Aik Siaw Kong                 | <ul style="list-style-type: none"> <li>Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers</li> <li>Talk on Construction Dispute Resolution</li> </ul>  |
| Cheam Low Soo                     | <ul style="list-style-type: none"> <li>Audit Oversight Board's Conversation with Audit Committees</li> <li>Seminar on Assessment of the Board, Board Committees and Individual Directors</li> </ul>   |
| Ee Beng Guan                      | <ul style="list-style-type: none"> <li>Nationwide AMLA Compliance Training – What You Should Know</li> <li>Contract Law Reform : Court Contestations Over Liquidated Damages and Penalties Clauses : Pitfalls for the Unwary Solicitor and a Challenge for Malaysian Contract Law Reform</li> </ul> |

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

### (a) Board Responsibilities *cont'd*

| Director      | Training Programmes/Seminars/Conferences  |
|---------------|---|
| Chong Sai Sin | <ul style="list-style-type: none"> <li>• Corporate Tax Planning</li> <li>• MIA Webinar Series : Practical Auditing Methodology for SMPs</li> <li>• MIA Webinar Series : Transfer Pricing Audits: Recent measures taken by the IRB</li> <li>• International Standard on Quality Management Webinar – Starting Your Implementation Journey Right</li> <li>• Transform Audit Digitally : The MICPA &amp; CCH ProSystem fx Integration</li> <li>• International Standard on Quality Management Webinar 2.0</li> <li>• Briefing Session on SSM Monitoring Framework for Auditors and Audit Firms</li> <li>• International Standard on Quality Management Webinar 3.0 : Powering Ahead</li> <li>• ISQM1 Guide and Illustrative Manual (IGIM)</li> <li>• Corporate Reporting: Are You Telling Enough</li> <li>• Transfer Pricing Documentation and Latest Updates</li> <li>• International Standard on Quality Management Webinar 4.0 : Monitoring and Remediation Process Within a Quality Environment</li> </ul> |

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 NC is responsible for determining the appropriate character, skills, and experience for the Board as a whole and its individual members with the objective of having a Board with diverse composition, backgrounds and experience in business. All Directors are expected to be individuals with integrity, high personal and professional ethics, sound business judgment, the ability and willingness to commit sufficient time to the duties of the Board.

As part of a Directors' Fit and Proper Policy adopted in 2022, which must be complied with for all appointments and re-elections of Directors to the Board, the NC will conduct comprehensive review and assessment of candidates, including checks on character and integrity, experience and competence as well as time and commitment of candidates. Upon completion of the assessment, the NC will recommend the proposed candidate to the Board. The Board will deliberate on the recommended candidate and if deemed appropriate, shall approve the appointment of candidate as a Board member. Upon the appointment of the candidate as a new Director, the fit and proper declaration should be made by the new Director.

In evaluating the suitability of individual Board members, the Board takes into account several factors, including skills, knowledge, expertise, experience, professionalism and time commitment to effectively discharge his or her role as a Director, contributions, background, character, integrity and competence. The Board is mindful of the importance of gender, age and ethnic diversity in the composition of the Board.

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.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

### (b) Board Composition *cont'd*

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 5.9. 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.

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.

### (c) Activities of 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
  - Environmental, social and governance issues
- (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 FYE 2022, the NC has informed the Board that it was satisfied with the contribution and performance of each individual Director.

The Board upon the recommendation from NC had on 1 April 2023 appointed Mr Yeoh Sheong Lee as Independent Non-Executive Director.

In ensuring the Directors to be re-elected are fit and capable to continue their position as a Director, the NC performed the fit and proper assessment in accordance with the Directors' Fit and Proper Policy of the Company.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

#### (c) Activities of Nomination Committee *cont'd*

The Board is mindful of the recommendation of the Code on limiting the tenure of Independent Directors to nine (9) years of service. However, the Board may, in appropriate cases and subject to the assessment of the NC on an annual basis, retain an Independent Director who has served a consecutive or cumulative term of nine (9) years to continue to serve as Independent Director subject to shareholders' approval. Currently, the Company does not have any long serving Independent Director who has exceeded a cumulative term limit of nine (9) years.

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) Activities of 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.

The aggregate remuneration paid or payable to the Directors by the Group and the Company during FYE 2022 is as follows:

|                                     | Salaries<br>and other<br>emoluments<br>RM'000 | Employees<br>Provident<br>Fund<br>RM'000 | Bonus<br>RM'000 | Benefits-<br>in-kind<br>RM'000 | Fee<br>RM'000 | Allowances<br>RM'000 | Total<br>RM'000 |
|-------------------------------------|---|--|-----------------|--------------------------------|---------------|----------------------|-----------------|
| Dato Ir. Wan Razali<br>bin Wan Muda | -   | -  | -               | -                              | 108           | 12                   | 120             |
| Ir. Chua Tia Bon                    | 549   | 148                                      | 229             | 20                             | -             | -                    | 946             |
| Chew Meu Jong                       | -   | -  | -               | -                              | 65            | 13                   | 78              |
| Ir. Aik Siaw Kong                   | -   | -  | -               | -                              | 65            | 13                   | 78              |
| Cheam Low Soo                       | -   | -  | -               | -                              | 65            | 17                   | 82              |
| Ee Beng Guan                        | -   | -  | -               | -                              | 65            | 17                   | 82              |
| Chong Sai Sin                       | -   | -  | -               | -                              | 65            | 22                   | 87              |

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## 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 partner of the external audit firm of the Group.

The AC has policies and procedures to review, assess and monitor the performances, suitability and independence of the external auditors to safeguard the quality and reliability of audited financial statement. 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 50 to 52 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 the 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.

Based on the above, the Board is of the view that the risk management process and system of internal control were in place during FYE 2022 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 47 to 49 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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

#### (a) Communication with Stakeholders *cont'd*

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, Malaysia  
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.

#### (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 43rd AGM held on 16 June 2022. Barring unforeseen circumstances, all Directors (which include the Chairs of all mandated Board committees) shall be attending the forthcoming 44th 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.

The Group had appointed Securities Services (Holdings) Sdn. Bhd. as the Poll Administrator to conduct the polling process and Commercial Quest Sdn. Bhd. as the Independent Scrutineer to verify the results of the poll voting.

In line with Practice 13.1, the Company's Notice of the forthcoming 44th AGM shall be given to shareholders at least 28 days prior to the meeting.

The Minutes of the 43rd AGM (including all the Questions raised at the meeting and the Answers thereto) held on 16 June 2022 was uploaded to the Group's website on 15 July 2022 which was not later than 30 business days after the conclusion of the 43rd AGM.

### 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 14 April 2023.

## **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 (“FYE”) 2022.

### **MATERIAL CONTRACTS**

Save for the related party transactions as disclosed in Note 27 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 FYE 2022 or which were entered into since the end of FYE 2021.

### **AUDIT AND NON-AUDIT FEES**

The audit fees paid or payable by the Company and the Group to the external auditors for FYE 2022 amounted to RM70,000 and RM156,936 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 FYE 2022, the amount concerned was RM8,000 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 controls are integral to corporate governance and that it is responsible for establishing a sound risk management framework and internal controls system as well as to ensure their adequacy and effectiveness. The Board recognises that the Group's risk management framework and internal controls 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 controls 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 to safeguard the Group's assets and shareholders' interests.

The RMC reviews the adequacy and effectiveness of the risk management process bi-annually. 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 Group has also drawn up an Anti-Bribery and Corruption Policy in view of the implementation of the corporate liability provision under Section 17A of the Malaysia Anti-Corruption Commission (Amendment) Act 2018, which was enforced with effect from 1 June 2020.

The members of the RMC during the financial year ended (“**FYE**”) 31 December 2022 and as at the date of this Statement were:

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

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

Ee Beng Guan *(Senior Independent Non-Executive Director) (appointed on 17 November 2022)*

Dato' Ir. Wan Razali Bin Wan Muda *(Independent Non-Executive Director) (resigned on 17 November 2022)*

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. The risks identified will then be 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.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

### RISK MANAGEMENT PROCESS *cont'd*

The Group's risk management practices are business driven and the processes in identifying, evaluating and managing significant risks facing the Group are communicated to all levels.

Appropriate mitigating activities and control procedures are also put in place to deal with any deficiencies identified.

### 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 controls. 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.

The internal audit of the Group is 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 controls. The audit findings and relevant recommended improvements are presented to the AC during their quarterly meetings. In addition, the internal auditors also perform follow-up reviews to ensure that recommendations for improvements are implemented.

The key elements of the internal controls system of the Group include:

1. An organisation structure with 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. Management financial statements and reports are prepared monthly while consolidated reports are prepared quarterly for monitoring of actual performance by the CEO and senior management;
7. Key functions such as finance, taxation, treasury, corporate secretarial and compliance and legal matters are controlled centrally;
8. A fully independent AC comprising exclusively Independent Directors with full and unrestricted access to both internal and external auditors; and
9. 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

### MANAGEMENT'S RESPONSIBILITIES

The Board has reviewed the adequacy and effectiveness of the Group's risk management framework and system of internal controls for FYE 2022 and up to the date of this Statement and necessary actions have been and are being taken to remedy any significant failings or weaknesses for the period. There were no significant risk management and internal control aspects that would have resulted in any material losses or contingencies that would require disclosure in this Annual Report. The Board is of the view that the risk management process and system of internal controls are in place for the period.

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

The CEO and CFO has provided assurance to the Board that the Group's risk management process and internal controls system were operating adequately and effectively in all material aspects, and that there were no material losses incurred as a result of any deficiencies 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 safeguarded.

### 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 controls. 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 14 April 2023.

## 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](http://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 (“**FYE**”) 2022, 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 FYE 2022 and as of the date of this Report together with their attendance record at AC meetings held during FYE 2022 are as follows:

| Name            | Designation | Status of Directorship                    | No. of meetings attended/No. of meetings held* |
|-----------------|-------------|---|--|
| Chong Sai Sin** | Chairman    | Independent Non-Executive Director        | 5/5  |
| Cheam Low Soo   | Member      | Independent Non-Executive Director        | 5/5  |
| Ee Beng Guan    | Member      | Senior Independent Non-Executive Director | 5/5  |

\* Number of meetings held during the respective member’s tenure of office during FYE 2022

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

Whilst the AC’s ToR requires the AC to meet at least four times in a financial year, it met five times during FYE 2022. 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.

# AUDIT COMMITTEE REPORT

cont'd

## 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 FYE 2022:

### (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, any significant and unusual events or transactions and management's reports and updates on actions recommended by the external auditors for improvement.

### (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, significant matters arising from the audit, significant judgements made by Executive Management 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.
- Evaluated the performance, suitability and independence of the external auditors and recommended their re-appointment to the Board for approval.
- Met twice during FYE 2022 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 FYE 2022 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 FYE 2022 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 review to monitor the implementation of the said action plans and measures for reporting to the AC.

For FYE 2022, the internal audit scope covered the review of the adequacy and effectiveness of the system of internal controls of the following processes:

- Inventory Management and Control System
- Compliance to Safety, Health and Environment Management
- Compliance to The Malaysian Anti-Corruption Commission (Amendment) Act 2018

Recommendation for improvement has been put forward for the Board and AC's consideration.

The total costs paid or payable for the internal audit function for FYE 2022 was RM33,500.

**Chong Sai Sin**

Chairman of Audit Committee

14 April 2023

## 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 2022 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 Malaysian Financial Reporting Standards, International 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 14 April 2023.

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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

#### PRINCIPAL ACTIVITIES

The Company is principally engaged in the manufacturing of galvanized steel products whilst the principal activities of the subsidiaries are stated in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

#### HOLDING COMPANIES

The Company is a subsidiary of Lysaght (Malaysia) Sdn. Bhd., which was incorporated in Malaysia. The Directors regarded CKH And LIK Family Sdn. Bhd. and Chew Bros (M) Sdn. Bhd., all of which were incorporated in Malaysia, as the Company's ultimate holding company and penultimate holding company respectively, during the financial year and until the date of this report.

#### SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

#### RESULTS

|                                      | GROUP<br>RM | COMPANY<br>RM |
|--------------------------------------|-------------|---------------|
| Profit for the year attributable to: |             |               |
| Owners of the Company                | 7,090,903   | 2,004,925     |

#### RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in Note 21 to the financial statements.

#### DIVIDENDS

Since the end of the previous financial year, the amount of dividend paid by the Company in respect of the financial year ended 31 December 2021 as reported in the Directors' Report of that year was an interim single tier dividend of 1 sen per ordinary share totalling RM415,800 declared on 28 April 2022 and paid on 15 July 2022.

In respect of the financial year ended 31 December 2022, the Directors recommend the payment of a final single tier dividend of 3 sen per ordinary share amounting to RM1,247,400, which is subject to shareholder's approval at the forthcoming Annual General Meeting ("AGM") of the Company.

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 earnings in the financial year ending 31 December 2023.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022  
Cont'd

## DIRECTORS OF THE COMPANY

Directors who served during the financial year until 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  
Yeoh Sheong Lee (Appointed on 1 April 2023)

The person who is a director of the subsidiary of the Company during the financial year (not including those directors listed above) is Johnny Ch'ng.

The information required to be disclosed pursuant to Section 253 of the Companies Act 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiaries and made a part hereof.

## DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end as recorded in the Register of Directors' Shareholdings are as follows:

|  | Number of ordinary shares |                  |                  |
|--|---------------------------|------------------|------------------|
|  | At<br>1.1.2022            | Bought<br>(Sold) | At<br>31.12.2022 |
| <b>Direct interest in the Company</b>                        |                           |                  |                  |
| Chua Tia Bon   | 12,600                    | -                | 12,600           |
| <b>Indirect interest in the Company</b>                      |                           |                  |                  |
| Chua Tia Bon*  | 10,600                    | -                | 10,600           |
| Chew Meu Jong**  | 22,957,200                | -                | 22,957,200       |
| <b>Ultimate holding company CKH and LIK Family Sdn. Bhd.</b> |                           |                  |                  |
| 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.

None of the other Directors holding office at 31 December 2022 had any interest in the shares of the Company and of its related corporations during the financial year.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

Cont'd

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

The directors' benefits paid to or receivable by directors of the Company in respect of the financial year ended 31 December 2022 are as follows:

|                           | <b>From the<br/>Company<br/>RM</b> |
|---------------------------|------------------------------------|
| Directors of the Company: |                                    |
| Fees                      | 432,000                            |
| Remuneration              | 777,410                            |
| Allowance                 | 95,000                             |
| Other benefits            | 168,237                            |
|                           | <u>1,472,647</u>                   |

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

## ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company during the financial year. There were no debentures issued during the financial year.

## OPTIONS GRANTED OVER UNISSUED SHARES

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

## INDEMNITY AND INSURANCE COSTS

During the financial year, the total amounts of indemnity sum insured and insurance premium paid for the Directors and officers of the Company were RM10,000,000 and RM24,390 respectively. There was no indemnity given to, or insurance effected, for auditors of the Company during the financial year.

## OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- (i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- (ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

## DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022  
Cont'd

### OTHER STATUTORY INFORMATION *cont'd*

At the date of this report, the Directors are not aware of any circumstances:

- (i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- (ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- (iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- (ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2022 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

### AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration of the Group and of the Company during the year are RM156,936 and RM70,000 respectively.

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

**DATO' IR. WAN RAZALI BIN WAN MUDA**  
Director

**CHUA TIA BON**  
Director

Date: 14 April 2023

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

|   |      | GROUP       |             | COMPANY     |             |
|---|------|-------------|-------------|-------------|-------------|
|   | Note | 2022        | 2021        | 2022        | 2021        |
|   |      | RM          | RM          | RM          | RM          |
| <b>Assets</b>   |      |             |             |             |             |
| Property, plant and equipment                             | 3    | 28,942,457  | 29,420,834  | 28,896,710  | 29,373,253  |
| Right-of-use assets                                       | 4    | 12,452,735  | 12,506,464  | 9,486,836   | 9,530,233   |
| Goodwill  |      | 7,871       | 7,871       | -           | -           |
| Investments in subsidiaries                               | 5    | -           | -           | 128,561     | 128,561     |
| Deferred tax assets                                       | 6    | 246,564     | 321,343     | -           | 78,000      |
| <b>Total non-current assets</b>                           |      | 41,649,627  | 42,256,512  | 38,512,107  | 39,110,047  |
| Inventories   | 7    | 43,669,094  | 44,943,035  | 43,197,685  | 44,399,905  |
| Trade and other receivables                               | 8    | 13,375,821  | 16,714,965  | 657,695     | 725,158     |
| Contract assets   | 9    | 68,424      | 151,687     | -           | -           |
| Current tax assets  |      | 1,766,074   | 1,904,683   | 1,687,074   | 1,783,948   |
| Fixed deposits placed with licensed banks                 | 10   | 8,909,725   | 43,479,385  | 1,152,558   | 20,442,438  |
| Cash and cash equivalents                                 | 10   | 65,446,705  | 17,709,633  | 20,835,157  | 13,252,758  |
| <b>Total current assets</b>                               |      | 133,235,843 | 124,903,388 | 67,530,169  | 80,604,207  |
| <b>Total assets</b>                                       |      | 174,885,470 | 167,159,900 | 106,042,276 | 119,714,254 |
| <b>Equity</b>   |      |             |             |             |             |
| Share capital   | 11   | 41,580,000  | 41,580,000  | 41,580,000  | 41,580,000  |
| Other reserves  | 12   | 7,190,095   | 4,716,119   | -           | -           |
| Retained earnings   |      | 119,270,727 | 112,595,624 | 58,697,809  | 57,108,684  |
| <b>Total equity attributable to owners of the Company</b> |      | 168,040,822 | 158,891,743 | 100,277,809 | 98,688,684  |
| <b>Liabilities</b>  |      |             |             |             |             |
| Lease liabilities   |      | 30,920      | 151,654     | 30,920      | 151,654     |
| Retirement benefits                                       | 13   | -           | -           | -           | -           |
| Deferred tax liabilities                                  | 6    | 658,000     | -           | 658,000     | -           |
| <b>Total non-current liabilities</b>                      |      | 688,920     | 151,654     | 688,920     | 151,654     |
| Lease liabilities   |      | 516,540     | 240,857     | 516,540     | 240,857     |
| Tax payable   |      | 699,045     | 685,891     | -           | -           |
| Trade and other payables                                  | 14   | 3,662,446   | 5,512,013   | 4,559,007   | 20,633,059  |
| Contract liabilities                                      | 9    | 1,277,697   | 1,677,742   | -           | -           |
| <b>Total current liabilities</b>                          |      | 6,155,728   | 8,116,503   | 5,075,547   | 20,873,916  |
| <b>Total liabilities</b>                                  |      | 6,844,648   | 8,268,157   | 5,764,467   | 21,025,570  |
| <b>Total equity and liabilities</b>                       |      | 174,885,470 | 167,159,900 | 106,042,276 | 119,714,254 |

The notes on pages 65 to 112 are an integral part of these financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

|  | Note | GROUP        |              | COMPANY      |              |
|--|------|--------------|--------------|--------------|--------------|
|  |      | 2022<br>RM   | 2021<br>RM   | 2022<br>RM   | 2021<br>RM   |
| Revenue  | 15   | 70,410,130   | 57,617,120   | 54,627,797   | 42,429,353   |
| Cost of sales  |      | (51,427,071) | (45,226,142) | (45,449,163) | (40,482,242) |
| <b>Gross profit</b>  |      | 18,983,059   | 12,390,978   | 9,178,634    | 1,947,111    |
| Other income   |      | 1,513,328    | 2,988,629    | 1,592,713    | 8,987,714    |
| Administrative expenses  |      | (10,114,222) | (9,542,272)  | (8,091,548)  | (7,723,438)  |
| Impairment loss on trade receivables                                 |      | -            | (454,323)    | -            | -            |
| Selling and distribution expenses                                    |      | (2,186,132)  | (2,076,745)  | (334,052)    | (266,103)    |
| <b>Results from operating activities</b>                             |      | 8,196,033    | 3,306,267    | 2,345,747    | 2,945,284    |
| Interest income  | 16   | 1,033,372    | 774,334      | 547,057      | 542,525      |
| Interest expense   | 17   | (22,505)     | (11,105)     | (22,505)     | (11,105)     |
| <b>Net finance income</b>  |      | 1,010,867    | 763,229      | 524,552      | 531,420      |
| <b>Profit before tax</b>   |      | 9,206,900    | 4,069,496    | 2,870,299    | 3,476,704    |
| Taxation   | 18   | (2,115,997)  | (645,999)    | (865,374)    | 481,504      |
| <b>Profit for the year</b>   | 19   | 7,090,903    | 3,423,497    | 2,004,925    | 3,958,208    |
| <b>Other comprehensive income</b>                                    |      |              |              |              |              |
| <b>Items that may be reclassified subsequently to profit or loss</b> |      |              |              |              |              |
| Foreign currency translation   |      | 2,473,976    | 610,152      | -            | -            |
| <b>Total comprehensive income for the year</b>                       |      | 9,564,879    | 4,033,649    | 2,004,925    | 3,958,208    |
| <b>Profit attributable to:</b>                                       |      |              |              |              |              |
| Owners of the Company  |      | 7,090,903    | 3,423,497    | 2,004,925    | 3,958,208    |
| <b>Total comprehensive income attributable to:</b>                   |      |              |              |              |              |
| Owners of the Company  |      | 9,564,879    | 4,033,649    | 2,004,925    | 3,958,208    |

|                                     | Note | GROUP       |             |
|-------------------------------------|------|-------------|-------------|
|                                     |      | 2022<br>sen | 2021<br>sen |
| <b>Earnings per ordinary share:</b> |      |             |             |
| Basic/Diluted                       | 20   | 17.05       | 8.23        |

The notes on pages 65 to 112 are an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

| GROUP                                   | Note | Attributable to owners of the Company |                          |                              |                           | Total<br>RM |
|---|------|---------------------------------------|--------------------------|------------------------------|---------------------------|-------------|
|   |      | Non-distributable                     |                          | Distributable                |                           |             |
|   |      | Share<br>capital<br>RM                | Capital<br>reserve<br>RM | Translation<br>reserve<br>RM | Retained<br>profits<br>RM |             |
| At 1 January 2021                       |      | 41,580,000                            | 499,998                  | 3,605,969                    | 109,587,927               | 155,273,894 |
| Total comprehensive income for the year |      | -                                     | -                        | 610,152                      | 3,423,497                 | 4,033,649   |
| Dividends to owners of the Company      | 21   | -                                     | -                        | -                            | (415,800)                 | (415,800)   |
| At 31 December 2021/1 January 2022      |      | 41,580,000                            | 499,998                  | 4,216,121                    | 112,595,624               | 158,891,743 |
| Total comprehensive income for the year |      | -                                     | -                        | 2,473,976                    | 7,090,903                 | 9,564,879   |
| Dividends to owners of the Company      | 21   | -                                     | -                        | -                            | (415,800)                 | (415,800)   |
| At 31 December 2022                     |      | 41,580,000                            | 499,998                  | 6,690,097                    | 119,270,727               | 168,040,822 |
|   |      | Note 11                               | Note 12                  | Note 12                      |                           |             |

The notes on pages 65 to 112 are an integral part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

|   | Note | Distributable |                   | Total       |
|---|------|---------------|-------------------|-------------|
|   |      | Share capital | Retained earnings |             |
| COMPANY                                   |      | RM            | RM                | RM          |
| <b>At 1 January 2021</b>                  |      | 41,580,000    | 53,566,276        | 95,146,276  |
| Total comprehensive income for the year   |      | -             | 3,958,208         | 3,958,208   |
| Dividends to owners of the Company        | 21   | -             | (415,800)         | (415,800)   |
| <b>At 31 December 2021/1 January 2022</b> |      | 41,580,000    | 57,108,684        | 98,688,684  |
| Total comprehensive income for the year   |      | -             | 2,004,925         | 2,004,925   |
| Dividends to owners of the Company        | 21   | -             | (415,800)         | (415,800)   |
| <b>At 31 December 2022</b>                |      | 41,580,000    | 58,697,809        | 100,277,809 |
|   |      | Note 11       |                   |             |

The notes on pages 65 to 112 are an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

|   |      | GROUP       |             | COMPANY      |             |
|---|------|-------------|-------------|--------------|-------------|
|   | Note | 2022        | 2021        | 2022         | 2021        |
|   |      | RM          | RM          | RM           | RM          |
| Cash flows from operating activities                    |      |             |             |              |             |
| Profit before tax                                       |      | 9,206,900   | 4,069,496   | 2,870,299    | 3,476,704   |
| Adjustments for:  |      |             |             |              |             |
| Impairment loss on trade receivables                    |      | -           | 454,323     | -            | -           |
| Depreciation of right-of-use assets                     | 4    | 954,404     | 797,174     | 763,901      | 613,253     |
| Depreciation of property, plant and equipment           | 3    | 1,324,928   | 1,348,819   | 1,309,358    | 1,329,966   |
| Interest expense  | 17   | 22,505      | 11,105      | 22,505       | 11,105      |
| Gain on disposal of property, plant and equipment       |      | (7,500)     | -           | (7,500)      | -           |
| Interest income   | 16   | (1,033,372) | (774,334)   | (547,057)    | (542,525)   |
| Property, plant and equipment written off               |      | 3           | -           | 3            | -           |
| Unrealised loss/(gain) on foreign exchange, net         |      | 21,931      | (48,500)    | 9,857        | 11,816      |
| Operating profit before changes in working capital      |      |             |             |              |             |
| Changes in working capital:                             |      | 10,489,799  | 5,858,083   | 4,421,366    | 4,900,319   |
| Contract assets   |      | 83,263      | (151,687)   | -            | -           |
| Inventories   |      | 1,273,941   | (7,024,947) | 1,202,220    | (6,826,827) |
| Trade and other receivables                             |      | 5,624,730   | (1,065,009) | 67,463       | (172,829)   |
| Trade and other payables                                |      | (1,859,424) | 430,519     | (16,083,909) | 13,747,399  |
| Contract liabilities                                    |      | (400,045)   | 1,054,349   | -            | (1,059,921) |
| Retirement benefits paid                                | 13   | -           | (10,840)    | -            | (10,840)    |
| Net tax paid  |      | (1,231,070) | (1,740,498) | (32,500)     | (357,500)   |
| Net cash generated from/ (used in) operating activities |      | 13,981,194  | (2,650,030) | (10,425,360) | 10,219,801  |

# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

Cont'd

|   |      | GROUP       |             | COMPANY     |             |
|---|------|-------------|-------------|-------------|-------------|
|   | Note | 2022        | 2021        | 2022        | 2021        |
|   |      | RM          | RM          | RM          | RM          |
| <b>Cash flows from investing activities</b>                   |      |             |             |             |             |
| Acquisition of property, plant and equipment                  | 3    | (846,743)   | (1,122,980) | (833,818)   | (1,107,136) |
| Proceeds from disposal of property, plant and equipment       |      | 8,500       | -           | 8,500       | -           |
| Interest received   |      | 1,033,372   | 774,334     | 547,057     | 542,525     |
| Decrease/(Increase) of deposits placed with licensed banks    |      | 34,569,660  | 292,203     | 19,289,880  | (492,779)   |
| <b>Net cash generated from/(used in) investing activities</b> |      | 34,764,789  | (56,443)    | 19,011,619  | (1,057,390) |
| <b>Cash flows from financing activities</b>                   |      |             |             |             |             |
| Dividends paid  | 21   | (415,800)   | (415,800)   | (415,800)   | (415,800)   |
| Repayment of lease liabilities                                |      | (565,555)   | (423,913)   | (565,555)   | (423,913)   |
| Interest paid   |      | (22,505)    | (11,105)    | (22,505)    | (11,105)    |
| <b>Net cash used in financing activities</b>                  |      | (1,003,860) | (850,818)   | (1,003,860) | (850,818)   |
| <b>Net increase/(decrease) in cash and cash equivalents</b>   |      | 47,742,123  | (3,557,291) | 7,582,399   | 8,311,593   |
| Effect of foreign exchange rate changes                       |      | (5,051)     | 39,020      | -           | -           |
| <b>Cash and cash equivalents at 1 January</b>                 |      | 17,709,633  | 21,227,904  | 13,252,758  | 4,941,165   |
| <b>Cash and cash equivalents at 31 December</b>               | 10   | 65,446,705  | 17,709,633  | 20,835,157  | 13,252,758  |

# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

Cont'd

## Cash outflows for leases as a lessee

|   | GROUP            |                  | COMPANY          |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2022<br>RM       | 2021<br>RM       | 2022<br>RM       | 2021<br>RM       |
| <b>Included in net cash from operating activities</b> |                  |                  |                  |                  |
| Payment relating to short-term leases                 | (49,088)         | (87,160)         | (49,088)         | (87,160)         |
| <b>Included in net cash from financing activities</b> |                  |                  |                  |                  |
| Repayment of lease liabilities                        | (565,555)        | (423,913)        | (565,555)        | (423,913)        |
| Interest paid   | (22,505)         | (11,105)         | (22,505)         | (11,105)         |
| <b>Total cash outflows for leases</b>                 | <b>(637,148)</b> | <b>(522,178)</b> | <b>(637,148)</b> | <b>(522,178)</b> |

## Reconciliation of movements of liabilities to cash flows arising from financing activities

| GROUP/<br>COMPANY | At<br>1.1.2021<br>RM | Net<br>changes<br>from<br>financing<br>cash flows<br>RM | Acquisition<br>of new<br>lease<br>RM | At<br>31.12.2021/<br>1.1.2022<br>RM | Net<br>changes<br>from<br>financing<br>cash flows<br>RM | Remeasurement<br>RM | At<br>31.12.2022<br>RM |
|-------------------|----------------------|---|--------------------------------------|-------------------------------------|---|---------------------|------------------------|
| Lease liabilities | 394,891              | (423,913)   | 421,533                              | 392,511                             | (565,555)   | 720,504             | 547,460                |

The notes on pages 65 to 112 are an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

Lysaght Galvanized Steel Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

**Principal place of business**

No.11, Jalan Majistret U1/26  
Seksyen U1  
Hicom-Glenmarie Industrial Park  
40150 Shah Alam  
Selangor Darul Ehsan

**Registered office**

Suite 13.03, 13th Floor  
Menara Tan & Tan  
207 Jalan Tun Razak  
50400 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”).

The Company is principally engaged in the manufacturing of galvanized steel products whilst the principal activities of the subsidiaries are stated in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

The Company is a subsidiary of Lysaght (Malaysia) Sdn. Bhd., which was incorporated in Malaysia. The Directors regarded CKH And LIK Family Sdn. Bhd. and Chew Bros (M) Sdn. Bhd., all of which were incorporated in Malaysia, as the Company’s ultimate holding company and penultimate holding company respectively, during the financial year and until the date of this report.

These financial statements were authorised for issue by the Board of Directors on 14 April 2023.

### 1. BASIS OF PREPARATION

#### 1.1 Statement of compliance

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

# NOTES TO THE FINANCIAL STATEMENTS

Cont'd

## 1. BASIS OF PREPARATION *cont'd*

### 1.1 Statement of compliance *cont'd*

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group:

#### ***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023***

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

#### ***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024***

- Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*

#### ***MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed***

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group plans to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 January 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 and amendments to MFRS 17 which are not applicable to the Group.
- from the annual period beginning on 1 January 2024 for the amendments that are effective for annual periods beginning on or after 1 January 2024.

The initial application of the abovementioned accounting standards and amendments are not expected to have any material financial impact to the current period and prior period financial statements of the Group.

### 1.2 Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

### 1.3 Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM unless otherwise stated.

# NOTES TO THE FINANCIAL STATEMENTS

Cont'd

## 1. BASIS OF PREPARATION *cont'd*

### 1.4 Use of estimates and judgements

The preparation of the financial statements in conformity with Malaysian Financial Reporting Standards ("MFRSs") requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 6 – Deferred tax assets
- Note 23.4.1 – Measurement of expected credit loss ("ECL")

## 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

### 2.1 Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

#### (ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

# NOTES TO THE FINANCIAL STATEMENTS

Cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.1 Basis of consolidation *cont'd*

#### (ii) Business combinations *cont'd*

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

#### (iii) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

#### (iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

### 2.2 Foreign currency

#### (i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

# NOTES TO THE FINANCIAL STATEMENTS

Cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.3 Financial instruments

#### (i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group of the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

#### (ii) Financial instrument categories and subsequent measurement

##### ***Financial assets***

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

##### ***Amortised cost***

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2.10) where the effective interest rate is applied to the amortised cost.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 2.10).

##### ***Financial liabilities***

##### ***Amortised cost***

Financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

Cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.3 Financial instruments *cont'd*

#### (iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Liabilities arising from financial guarantees are presented together with other provisions.

#### (iv) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### (v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

### 2.4 Property, plant and equipment

#### (i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

Cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.4 Property, plant and equipment *cont'd*

#### (ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

#### (iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated depreciation rate for the current and comparative periods are as follows:

|  |            |
|--|------------|
| Buildings and electrical installation    | 2%         |
| Plant and machinery                      | 10% to 20% |
| Motor vehicles                           | 20%        |
| Furniture, fittings and office equipment | 10%        |
| Renovation                               | 20%        |

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period and adjusted as appropriate.

### 2.5 Leases

#### (i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

# NOTES TO THE FINANCIAL STATEMENTS

Cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.5 Leases *cont'd*

#### (i) Definition of a lease *cont'd*

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of its relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

#### (ii) Recognition and initial measurement

##### (a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities uses their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

##### (b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

# NOTES TO THE FINANCIAL STATEMENTS

Cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.5 Leases *cont'd*

#### (ii) Recognition and initial measurement *cont'd*

##### (b) As a lessor *cont'd*

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

#### (iii) Subsequent measurement

##### (a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

##### (b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

### 2.6 Intangible assets

#### (i) Goodwill

Goodwill arising on business combinations is measured at cost less any accumulated impairment losses.

#### (ii) Amortisation

Goodwill with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

# NOTES TO THE FINANCIAL STATEMENTS

Cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.7 Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method except for production supplies which is determined on the first-in-first-out method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

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.

### 2.8 Contract asset/Contract liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* (see Note 2.10).

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

### 2.9 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits if any.

### 2.10 Impairment

#### (i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets and contract assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for cash and bank balance for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

# NOTES TO THE FINANCIAL STATEMENTS

Cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.10 Impairment *cont'd*

#### (i) Financial assets *cont'd*

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

#### (ii) Other assets

The carrying amounts of other assets (except for inventories, contract assets and deferred tax asset) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill that has indefinite useful life or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows 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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

# NOTES TO THE FINANCIAL STATEMENTS

Cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.11 Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently. Ordinary shares are classified as equity.

### 2.12 Employee benefits

#### (i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### (ii) Statutory contribution plan

The Group's and the Company's contributions to the Employees' Provident Fund ("EPF") and Central Provident Fund ("CPF"), the statutory pension fund in Malaysia and Singapore respectively, are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligation.

### 2.13 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

### 2.14 Revenue and other income

#### (i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided as the Company performs;
- (b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

# NOTES TO THE FINANCIAL STATEMENTS

Cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.14 Revenue and other income *cont'd*

#### (ii) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

#### (iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

#### (iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

### 2.15 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets and liabilities in a transaction that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### 2.16 Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

# NOTES TO THE FINANCIAL STATEMENTS

Cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.16 Earnings per ordinary share *cont'd*

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

### 2.17 Contingent liability

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

### 2.18 Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as 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 measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement 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.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

### 2.19 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

## NOTES TO THE FINANCIAL STATEMENTS

Cont'd

## 3. PROPERTY, PLANT AND EQUIPMENT

|  | Freehold<br>land<br>RM | Buildings<br>and<br>electrical<br>installation<br>RM | Plant<br>and<br>machinery<br>RM | Motor<br>vehicles<br>RM | Furniture,<br>fittings and<br>office<br>equipment<br>and<br>renovation<br>RM | Capital<br>work-in-<br>progress<br>RM | Total<br>RM |
|--|------------------------|--|---------------------------------|-------------------------|--|---------------------------------------|-------------|
| <b>GROUP</b>                           |                        |  |                                 |                         |  |                                       |             |
| <b>Cost</b>                            |                        |  |                                 |                         |  |                                       |             |
| At 1 January 2021                      | 9,457,959              | 17,724,861   | 33,962,686                      | 1,607,632               | 2,125,299  | 1,368,841                             | 66,247,278  |
| Additions                              | -                      | 150,247  | 498,568                         | -                       | 58,876   | 415,289                               | 1,122,980   |
| Disposals                              | -                      | -  | -                               | -                       | (4,892)  | -                                     | (4,892)     |
| Transfers                              | -                      | 233,420  | 644,523                         | -                       | -  | (877,943)                             | -           |
| Effect of movements in exchange rates  | -                      | -  | -                               | 6,193                   | 6,883  | -                                     | 13,076      |
| At 31 December 2021/<br>1 January 2022 | 9,457,959              | 18,108,528   | 35,105,777                      | 1,613,825               | 2,186,166  | 906,187                               | 67,378,442  |
| Additions                              | -                      | 39,700   | 20,890                          | 25,743                  | 72,558   | 687,852                               | 846,743     |
| Disposals                              | -                      | -  | -                               | (210,081)               | -  | -                                     | (210,081)   |
| Written off                            | -                      | -  | (803,759)                       | -                       | (1,200)  | -                                     | (804,959)   |
| Transfers                              | -                      | 726,358  | 55,632                          | -                       | -  | (781,990)                             | -           |
| Effect of movements in exchange rates  | -                      | -  | -                               | 21,970                  | 24,747   | -                                     | 46,717      |
| At 31 December 2022                    | 9,457,959              | 18,874,586   | 34,378,540                      | 1,451,457               | 2,282,271  | 812,049                               | 67,256,862  |

## NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. PROPERTY, PLANT AND EQUIPMENT *cont'd*

| GROUP cont'd                           |           |            |            |           |           |           |            |            |
|--|-----------|------------|------------|-----------|-----------|-----------|------------|------------|
| Accumulated depreciation               |           |            |            |           |           |           |            |            |
| At 1 January 2021                      | -         | 4,733,807  | 28,339,212 | 1,597,630 | 1,930,263 | -         | -          | 36,600,912 |
| Depreciation for the year              | -         | 357,222    | 945,255    | -         | 46,342    | -         | -          | 1,348,819  |
| Disposals                              | -         | -          | -          | -         | (4,892)   | -         | -          | (4,892)    |
| Effect of movements in exchange rates  | -         | -          | -          | 6,193     | 6,576     | -         | -          | 12,769     |
|  |           |            |            |           |           |           |            |            |
| At 31 December 2021/<br>1 January 2022 | -         | 5,091,029  | 29,284,467 | 1,603,823 | 1,978,289 | -         | -          | 37,957,608 |
| Depreciation for the year              | -         | 369,419    | 904,811    | 4,290     | 46,408    | -         | -          | 1,324,928  |
| Disposal                               | -         | -          | -          | (209,081) | -         | -         | -          | (209,081)  |
| Written off                            | -         | -          | (803,757)  | -         | (1,199)   | -         | -          | (804,956)  |
| Effect of movements in exchange rates  | -         | -          | -          | 21,970    | 23,936    | -         | -          | 45,906     |
| At 31 December 2022                    | -         | 5,460,448  | 29,385,521 | 1,421,002 | 2,047,434 | -         | -          | 38,314,405 |
|  |           |            |            |           |           |           |            |            |
| Carrying amounts                       |           |            |            |           |           |           |            |            |
| At 1 January 2021                      | 9,457,959 | 12,991,054 | 5,623,474  | 10,002    | 195,036   | 1,368,841 | 29,646,366 |            |
| At 31 December 2021/<br>1 January 2022 | 9,457,959 | 13,017,499 | 5,821,310  | 10,002    | 207,877   | 906,187   | 29,420,834 |            |
| At 31 December 2022                    | 9,457,959 | 13,414,138 | 4,993,019  | 30,455    | 234,837   | 812,049   | 28,942,457 |            |

## NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. PROPERTY, PLANT AND EQUIPMENT *cont'd*

| COMPANY                                | Freehold land<br>RM | Buildings and electrical installation<br>RM | Plant and machinery<br>RM | Motor vehicles<br>RM | Furniture, fittings and office equipment and renovation<br>RM | Capital work-in-progress<br>RM | Total<br>RM |
|--|---------------------|---|---------------------------|----------------------|---|--------------------------------|-------------|
|  |                     |   |                           |                      |   |                                |             |
| <b>Cost</b>                            |                     |   |                           |                      |   |                                |             |
| At 1 January 2021                      | 9,457,959           | 17,724,860                                  | 33,918,207                | 1,192,639            | 939,704   | 1,368,842                      | 64,602,211  |
| Additions                              | -                   | 150,247                                     | 498,568                   | -                    | 43,032  | 415,289                        | 1,107,136   |
| Transfers                              | -                   | 233,420                                     | 644,523                   | -                    | -   | (877,943)                      | -           |
| At 31 December 2021/<br>1 January 2022 | 9,457,959           | 18,108,527                                  | 35,061,298                | 1,192,639            | 982,736   | 906,188                        | 65,709,347  |
| Additions                              | -                   | 39,700                                      | 20,890                    | 25,743               | 59,633  | 687,852                        | 833,818     |
| Transfers                              | -                   | 726,358                                     | 55,632                    | -                    | -   | (781,990)                      | -           |
| Written off                            | -                   | -   | -                         | (210,081)            | -   | -                              | (210,081)   |
| Disposals                              | -                   | -   | (803,759)                 | -                    | (1,200)   | -                              | (804,959)   |
| At 31 December 2022                    | 9,457,959           | 18,874,585                                  | 34,334,061                | 1,008,301            | 1,041,169   | 812,050                        | 65,528,125  |

# NOTES TO THE FINANCIAL STATEMENTS

Cont'd

## 3. PROPERTY, PLANT AND EQUIPMENT *cont'd*

### COMPANY *cont'd*

#### Accumulated depreciation

|  |   |           |            |           |         |   |            |
|--|---|-----------|------------|-----------|---------|---|------------|
| At 1 January 2021                      | - | 4,733,806 | 28,294,733 | 1,182,638 | 794,951 | - | 35,006,128 |
| Depreciation for the year              | - | 357,223   | 945,255    | -         | 27,488  | - | 1,329,966  |
| At 31 December 2021/<br>1 January 2022 | - | 5,091,029 | 29,239,988 | 1,182,638 | 822,439 | - | 36,336,094 |
| Depreciation for the year              | - | 369,419   | 904,811    | 4,290     | 30,838  | - | 1,309,358  |
| Disposals                              | - | -         | -          | (209,081) | -       | - | (209,081)  |
| Written off                            | - | -         | (803,757)  | -         | (1,199) | - | (804,956)  |
| At 31 December 2022                    | - | 5,460,448 | 29,341,042 | 977,847   | 852,078 | - | 36,631,415 |

#### Carrying amounts

|  |           |            |           |        |         |           |            |
|--|-----------|------------|-----------|--------|---------|-----------|------------|
| At 1 January 2021                      | 9,457,959 | 12,991,054 | 5,623,474 | 10,001 | 144,753 | 1,368,842 | 29,596,083 |
| At 31 December 2021/<br>1 January 2022 | 9,457,959 | 13,017,498 | 5,821,310 | 10,001 | 160,297 | 906,188   | 29,373,253 |
| At 31 December 2022                    | 9,457,959 | 13,414,137 | 4,993,019 | 30,454 | 189,091 | 812,050   | 28,896,710 |

# NOTES TO THE FINANCIAL STATEMENTS

Cont'd

## 4. RIGHT-OF-USE ASSETS

|                                       | Land<br>RM | Premises<br>RM | Total<br>RM |
|---------------------------------------|------------|----------------|-------------|
| <b>GROUP</b>                          |            |                |             |
| At 1 January 2021                     | 9,333,282  | 3,493,577      | 12,826,859  |
| Additions                             | -          | 421,533        | 421,533     |
| Depreciation for the year             | (193,006)  | (604,168)      | (797,174)   |
| Effect of movements in exchange rates | -          | 55,246         | 55,246      |
| At 31 December 2021 / 1 January 2022  | 9,140,276  | 3,366,188      | 12,506,464  |
| Remeasurement                         | -          | 720,504        | 720,504     |
| Depreciation for the year             | (193,006)  | (761,398)      | (954,404)   |
| Effect of movements in exchange rates | -          | 180,171        | 180,171     |
| At 31 December 2022                   | 8,947,270  | 3,505,465      | 12,452,735  |
|                                       | Land<br>RM | Premises<br>RM | Total<br>RM |
| <b>COMPANY</b>                        |            |                |             |
| At 1 January 2021                     | 9,333,282  | 388,671        | 9,721,953   |
| Additions                             | -          | 421,533        | 421,533     |
| Depreciation for the year             | (193,006)  | (420,247)      | (613,253)   |
| At 31 December 2021 / 1 January 2022  | 9,140,276  | 389,957        | 9,530,233   |
| Remeasurement                         | -          | 720,504        | 720,504     |
| Depreciation for the year             | (193,006)  | (570,895)      | (763,901)   |
| At 31 December 2022                   | 8,947,270  | 539,566        | 9,486,836   |

The parcels of leasehold land of the Group and the Company are depreciated over the lease terms of 63 to 85 years. The Group and the Company lease three premises that run between 2 and 26 years.

## 5. INVESTMENTS IN SUBSIDIARIES

|                         | <b>COMPANY</b> |            |
|-------------------------|----------------|------------|
|                         | 2022<br>RM     | 2021<br>RM |
| Unquoted shares at cost | 128,561        | 128,561    |

# NOTES TO THE FINANCIAL STATEMENTS

Cont'd

## 5. INVESTMENTS IN SUBSIDIARIES *cont'd*

Details of the subsidiaries are as follows:

| Name of company                   | Principal place of business/Country of incorporation | Principal activities  | Effective ownership interest and voting interest |      |
|-----------------------------------|--|---|--|------|
|                                   |  |   | 2022   | 2021 |
| Direct subsidiary                 |  |   |  |      |
| Lysaght Marketing Sdn. Bhd.       | Malaysia   | Trading in galvanized steel poles, masts and related products.  | 100  | 100  |
| Indirect subsidiary               |  |   |  |      |
| Lysaght Marketing (S) Pte. Ltd.#^ | Singapore  | Trading in galvanized lighting columns and high masts, gantries, transmission and telecommunication towers, power poles and general lattice structures. | 100  | 100  |

# Not audited by member firms of KPMG PLT

^ Held through Lysaght Marketing Sdn. Bhd.

## 6. DEFERRED TAX ASSETS/(LIABILITIES)

### Recognised deferred tax assets/(liabilities)

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

|                               | Assets      |             | (Liabilities) |             | Net         |             |
|-------------------------------|-------------|-------------|---------------|-------------|-------------|-------------|
|                               | 2022        | 2021        | 2022          | 2021        | 2022        | 2021        |
|                               | RM          | RM          | RM            | RM          | RM          | RM          |
| <b>GROUP</b>                  |             |             |               |             |             |             |
| Property, plant and equipment | -           | -           | (1,967,000)   | (1,329,000) | (1,967,000) | (1,329,000) |
| Unutilised tax losses         | 380,000     | 185,000     | -             | -           | 380,000     | 185,000     |
| Unabsorbed capital allowances | 815,000     | 1,108,000   | -             | -           | 815,000     | 1,108,000   |
| Provisions                    | 357,564     | 357,179     | -             | -           | 357,564     | 357,179     |
| Others                        | 3,000       | 164         | -             | -           | 3,000       | 164         |
| Tax assets/(liabilities)      | 1,555,564   | 1,650,343   | (1,967,000)   | (1,329,000) | (411,436)   | 321,343     |
| Set off of tax                | (1,309,000) | (1,329,000) | 1,309,000     | 1,329,000   | -           | -           |
| Net tax assets/(liabilities)  | 246,564     | 321,343     | (658,000)     | -           | (411,436)   | 321,343     |
| <b>COMPANY</b>                |             |             |               |             |             |             |
| Property, plant and equipment | -           | -           | (1,962,000)   | (1,324,000) | (1,962,000) | (1,324,000) |
| Unutilised tax losses         | 380,000     | 185,000     | -             | -           | 380,000     | 185,000     |
| Unabsorbed capital allowances | 815,000     | 1,108,000   | -             | -           | 815,000     | 1,108,000   |
| Provisions                    | 106,000     | 106,000     | -             | -           | 106,000     | 106,000     |
| Others                        | 3,000       | 3,000       | -             | -           | 3,000       | 3,000       |
| Tax assets/(liabilities)      | 1,304,000   | 1,402,000   | (1,962,000)   | (1,324,000) | (658,000)   | 78,000      |
| Set off of tax                | (1,304,000) | (1,324,000) | 1,304,000     | 1,324,000   | -           | -           |
| Net tax assets/(liabilities)  | -           | 78,000      | (658,000)     | -           | (658,000)   | 78,000      |

## NOTES TO THE FINANCIAL STATEMENTS

Cont'd

6. DEFERRED TAX ASSETS/(LIABILITIES) *cont'd*

Movement in temporary differences during the year

|                               | At<br>1.1.2021<br>RM | Recognised<br>in profit<br>or loss<br>(Note 18)<br>RM | Effect of<br>movement<br>in exchange<br>rates<br>RM | At<br>31.12.2021/<br>1.1.2022<br>RM | Recognised<br>in profit<br>or loss<br>(Note 18)<br>RM | Effect of<br>movement<br>in exchange<br>rates<br>RM | At<br>31.12.2022<br>RM |
|-------------------------------|----------------------|---|---|-------------------------------------|---|---|------------------------|
| <b>GROUP</b>                  |                      |   |   |                                     |   |   |                        |
| Property, plant and equipment | (1,130,555)          | (198,445)   | -   | (1,329,000)                         | (638,000)   | -   | (1,967,000)            |
| Unutilised tax losses         | 23,000               | 162,000   | -   | 185,000                             | 195,000   | -   | 380,000                |
| Unabsorbed capital allowances | 592,402              | 515,598   | -   | 1,108,000                           | (293,000)   | -   | 815,000                |
| Provisions                    | 126,462              | 230,608   | 109   | 357,179                             | -   | 385   | 357,564                |
| Others                        | 2,884                | (2,720)   | -   | 164                                 | 2,836   | -   | 3,000                  |
|                               | (385,807)            | 707,041   | 109   | 321,343                             | (733,164)   | 385   | (411,436)              |
| <b>COMPANY</b>                |                      |   |   |                                     |   |   |                        |
| Property, plant and equipment | (1,118,974)          | (205,026)   | -   | (1,324,000)                         | (638,000)   | -   | (1,962,000)            |
| Unutilised tax losses         | 23,000               | 162,000   | -   | 185,000                             | 195,000   | -   | 380,000                |
| Unabsorbed capital allowances | 592,402              | 515,598   | -   | 1,108,000                           | (293,000)   | -   | 815,000                |
| Provisions                    | 97,183               | 8,817   | -   | 106,000                             | -   | -   | 106,000                |
| Others                        | 2,885                | 115   | -   | 3,000                               | -   | -   | 3,000                  |
|                               | (403,504)            | 481,504   | -   | 78,000                              | (736,000)   | -   | (658,000)              |

# NOTES TO THE FINANCIAL STATEMENTS

Cont'd

## 6. DEFERRED TAX ASSETS/(LIABILITIES) *cont'd*

The unabsorbed tax losses and capital allowances as disclosed above are subject to agreement with the Inland Revenue Board.

Based on Finance Act 2021, the unutilised tax losses from year of assessment 2019 onwards can be carried forward up to 10 consecutive years of assessment.

Unutilised tax losses will expire as follows under current tax legislation (stated at net):

|                       | GROUP/COMPANY  |                |
|-----------------------|----------------|----------------|
|                       | 2022           | 2021           |
|                       | RM             | RM             |
| <b>Year of expiry</b> |                |                |
| 2030                  | 23,000         | 23,000         |
| 2031                  | 357,000        | 357,000        |
|                       | <b>380,000</b> | <b>380,000</b> |

The unabsorbed capital allowances and other deductible temporary differences do not expire under current tax legislation.

## 7. INVENTORIES

|   | GROUP             |                   | COMPANY           |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | 2022              | 2021              | 2022              | 2021              |
|   | RM                | RM                | RM                | RM                |
| Raw materials                           | 22,663,429        | 27,739,828        | 22,663,434        | 27,739,828        |
| Work-in-progress                        | 6,481,323         | 7,734,148         | 6,481,323         | 7,734,148         |
| Finished goods                          | 13,832,620        | 8,668,302         | 13,361,206        | 8,125,172         |
| Production supplies                     | 691,722           | 800,757           | 691,722           | 800,757           |
|   | <b>43,669,094</b> | <b>44,943,035</b> | <b>43,197,685</b> | <b>44,399,905</b> |
| <b>Recognised in profit or loss:</b>    |                   |                   |                   |                   |
| Inventories recognised as cost of sales | 28,664,224        | 24,489,984        | 23,300,299        | 20,318,786        |

# NOTES TO THE FINANCIAL STATEMENTS

Cont'd

## 8. TRADE AND OTHER RECEIVABLES

|                                   |      | GROUP      |            | COMPANY |         |
|-----------------------------------|------|------------|------------|---------|---------|
|                                   | Note | 2022       | 2021       | 2022    | 2021    |
|                                   |      | RM         | RM         | RM      | RM      |
| <b>Trade</b>                      |      |            |            |         |         |
| Trade receivables                 |      | 12,950,734 | 15,944,920 | 7,809   | 516     |
| Amount due from a subsidiary      | a    | -          | -          | 273,373 | -       |
| Amount due from a related company | a    | 19,372     | 22,987     | 19,372  | 22,987  |
|                                   |      | 12,970,106 | 15,967,907 | 300,554 | 23,503  |
| <b>Non-trade</b>                  |      |            |            |         |         |
| Other receivables                 |      | 22,324     | 233,679    | 11,350  | 225,876 |
| Deposits                          | b    | 300,191    | 260,701    | 262,591 | 223,101 |
| Prepayments                       |      | 83,200     | 252,678    | 83,200  | 252,678 |
|                                   |      | 405,715    | 747,058    | 357,141 | 701,655 |
|                                   |      | 13,375,821 | 16,714,965 | 657,695 | 725,158 |

### Note a

The amounts due from a subsidiary and a related company arise from trade transactions are unsecured, interest free and repayable within the credit term of 60 days (2021: 60 days).

### Note b

Included in deposits of both the Group and the Company is RM110,510 (2021: RM110,510) representing utilities deposits for rental of buildings from related companies.

## 9. CONTRACT ASSETS/(LIABILITIES)

|                      | Note | 2022<br>RM  | 2021<br>RM  |
|----------------------|------|-------------|-------------|
| <b>GROUP</b>         |      |             |             |
| Contract assets      | a    | 68,424      | 151,687     |
| Contract liabilities | b    | (1,277,697) | (1,677,742) |

### Note a

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date for sales of goods. Contract assets are transferred to receivables when the rights become unconditional.

### Note b

Contract liabilities of the Group represent considerations received in advance from certain customers before the transfer of goods and services. A portion of the contract liabilities at the beginning of the year amounted to RM1,223,464 has been recognised as revenue during the year.

# NOTES TO THE FINANCIAL STATEMENTS

Cont'd

## 10. CASH AND CASH EQUIVALENTS AND FIXED DEPOSITS PLACED WITH LICENSED BANKS

|                                  | GROUP      |            | COMPANY    |            |
|----------------------------------|------------|------------|------------|------------|
|                                  | 2022       | 2021       | 2022       | 2021       |
|                                  | RM         | RM         | RM         | RM         |
| <b>Cash and cash equivalents</b> |            |            |            |            |
| Short-term deposits              | 53,485,121 | 5,057,588  | 19,187,497 | 5,057,588  |
| Cash and bank balances           | 11,961,584 | 12,652,045 | 1,647,660  | 8,195,170  |
|                                  | 65,446,705 | 17,709,633 | 20,835,157 | 13,252,758 |

Short-term deposits placed with licensed banks have maturity periods of 6 to 94 days (2021: 6 to 92 days). The effective interest rates per annum of the short-term deposits of the Group and of the Company during the year range from 2.75% to 4.00% (2021: 1.50% to 2.10%) and 1.50% to 4.00% (2021: 1.50% to 2.10%) respectively.

|  | GROUP     |            | COMPANY   |            |
|--|-----------|------------|-----------|------------|
|  | 2022      | 2021       | 2022      | 2021       |
|  | RM        | RM         | RM        | RM         |
| <b>Fixed deposits placed with licensed banks</b>       |           |            |           |            |
| Fixed deposits with more than 3 months maturity period | 8,909,725 | 43,479,385 | 1,152,558 | 20,442,438 |

Fixed deposits placed with licensed banks have maturity periods of 181 to 182 days (2021: 178 to 184 days). The effective interest rates per annum of the fixed deposits of the Group and of the Company range from 2.85% to 3.10% (2021: 0.23% to 2.20%) and 2.95% (2021: 2.03% to 2.20%) respectively.

## 11. SHARE CAPITAL

### GROUP AND COMPANY

|   | 2022             |            | 2021             |            |
|---|------------------|------------|------------------|------------|
|   | Number of shares | Amount RM  | Number of shares | Amount RM  |
| Issued and fully paid ordinary shares with no par value |                  |            |                  |            |
| At 1 January/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.

# NOTES TO THE FINANCIAL STATEMENTS

Cont'd

## 12. OTHER RESERVES

|                                    | Non-distributable  |                        |           |
|------------------------------------|--------------------|------------------------|-----------|
|                                    | Capital<br>reserve | Translation<br>reserve | Total     |
|                                    | RM                 | RM                     | RM        |
| <b>GROUP</b>                       |                    |                        |           |
| At 1 January 2021                  | 499,998            | 3,605,969              | 4,105,967 |
| Foreign currency translation       | -                  | 610,152                | 610,152   |
| At 31 December 2021/1 January 2022 | 499,998            | 4,216,121              | 4,716,119 |
| Foreign currency translation       | -                  | 2,473,976              | 2,473,976 |
| At 31 December 2022                | 499,998            | 6,690,097              | 7,190,095 |

### Capital reserve

Capital reserve arose from profit attributable to the shareholders of the Group capitalised by a subsidiary by way of a bonus share issue.

### Translation reserve

Translation reserve represents foreign currency translation differences arising from the translation of the financial statements of a foreign subsidiary whose functional currency is different from that of the Group's presentation currency.

## 13. RETIREMENT BENEFITS

### GROUP/COMPANY

|                                    | RM       |
|------------------------------------|----------|
| At 1 January 2021                  | 10,840   |
| Paid during the year               | (10,840) |
| At 31 December 2021/1 January 2022 | -        |
| Paid during the year               | -        |
| At 31 December 2022                | -        |

With effect from 1 January 1983, the Group and the Company had 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. The vested amount has been fully paid in prior year.

# NOTES TO THE FINANCIAL STATEMENTS

Cont'd

## 14. TRADE AND OTHER PAYABLES

|                                 |      | GROUP     |           | COMPANY   |            |
|---------------------------------|------|-----------|-----------|-----------|------------|
|                                 | Note | 2022      | 2021      | 2022      | 2021       |
|                                 |      | RM        | RM        | RM        | RM         |
| <b>Trade</b>                    |      |           |           |           |            |
| Trade payables                  |      | 795,536   | 2,408,510 | 771,165   | 2,312,237  |
| Amounts due to subsidiaries     | a    | -         | -         | 1,698,542 | 16,394,418 |
| Amount due to a related party   | b    | 242,630   | 301,303   | -         | -          |
| Amount due to a related company | c    | 8,114     | 4,738     | 8,114     | 4,738      |
|                                 |      | 1,046,280 | 2,714,551 | 2,477,821 | 18,711,393 |
| <b>Non-trade</b>                |      |           |           |           |            |
| Other payables                  |      | 791,823   | 1,070,296 | 603,858   | 541,217    |
| Accruals                        |      | 1,776,254 | 1,606,014 | 1,477,328 | 1,380,449  |
| Goods and services tax payable  |      | 48,089    | 121,152   | -         | -          |
|                                 |      | 2,616,166 | 2,797,462 | 2,081,186 | 1,921,666  |
|                                 |      | 3,662,446 | 5,512,013 | 4,559,007 | 20,633,059 |

### Note a

The amounts represent advances made by subsidiaries for the purchase of goods from the Company. The amounts are unsecured, non-interest bearing and repayable on demand.

### Note b

The amount due to a related party arose from trade purchases from a company in which a director of the Company is deemed to have substantial financial interests. The amount is unsecured, interest free and repayable within the credit term of 60 days (2021: 60 days).

### Note c

The amount due to a related company is unsecured, interest free and repayable within the credit term of 60 days (2021: 60 days).

## 15. REVENUE

|                                       | GROUP      |            | COMPANY    |            |
|---------------------------------------|------------|------------|------------|------------|
|                                       | 2022<br>RM | 2021<br>RM | 2022<br>RM | 2021<br>RM |
| Revenue from contracts with customers |            |            |            |            |
| - Point in time                       | 69,141,609 | 56,142,407 | 53,450,775 | 41,352,760 |
| - Overtime                            | 1,268,521  | 1,474,713  | 1,177,022  | 1,076,593  |
|                                       | 70,410,130 | 57,617,120 | 54,627,797 | 42,429,353 |

# NOTES TO THE FINANCIAL STATEMENTS

Cont'd

## 15. REVENUE *cont'd*

### 15.1 Disaggregation of revenue

|  | Sales of<br>galvanized<br>steel products<br>RM | Installation<br>services<br>RM | Delivery<br>services<br>RM | Total<br>RM       |
|--|--|--------------------------------|----------------------------|-------------------|
| <b>GROUP</b>                                       |  |                                |                            |                   |
| <b>2022</b>  |  |                                |                            |                   |
| <b>Primary geographical markets</b>                |  |                                |                            |                   |
| Malaysia   | 31,447,158                                     | 126,302                        | 858,949                    | 32,432,409        |
| Singapore  | 27,481,839                                     | -                              | -                          | 27,481,839        |
| New Zealand  | 7,611,772                                      | -                              | 211,310                    | 7,823,082         |
| United Arab Emirates                               | 760,964  | -                              | 21,702                     | 782,666           |
| Sri Lanka  | 506,253  | -                              | 13,707                     | 519,960           |
| Taiwan   | 503,637  | -                              | 13,707                     | 517,344           |
| Papua New Guinea                                   | 401,616  | -                              | 11,422                     | 413,038           |
| Brunei   | 10,220   | -                              | 284                        | 10,504            |
| Others   | 418,150  | -                              | 11,138                     | 429,288           |
| <b>Total revenue from contracts with customers</b> | <b>69,141,609</b>                              | <b>126,302</b>                 | <b>1,142,219</b>           | <b>70,410,130</b> |
| <b>Timing of revenue recognition</b>               |  |                                |                            |                   |
| Goods transferred at a point in time               | 69,141,609                                     | -                              | -                          | 69,141,609        |
| Services transferred over time                     | -  | 126,302                        | 1,142,219                  | 1,268,521         |
|  | <b>69,141,609</b>                              | <b>126,302</b>                 | <b>1,142,219</b>           | <b>70,410,130</b> |
| <b>2021</b>  |  |                                |                            |                   |
| <b>Primary geographical markets</b>                |  |                                |                            |                   |
| Malaysia   | 25,094,302                                     | 153,486                        | 1,008,096                  | 26,255,884        |
| Singapore  | 22,645,912                                     | -                              | -                          | 22,645,912        |
| New Zealand  | 5,483,498                                      | -                              | 224,609                    | 5,708,107         |
| Sri Lanka  | 1,236,206                                      | -                              | 52,849                     | 1,289,055         |
| Mauritius  | 243,783  | -                              | 9,249                      | 253,032           |
| Papua New Guinea                                   | 97,269   | -                              | 3,921                      | 101,190           |
| Brunei   | 172,167  | -                              | 2,111                      | 174,278           |
| Others   | 1,169,270                                      | -                              | 20,392                     | 1,189,662         |
| <b>Total revenue from contracts with customers</b> | <b>56,142,407</b>                              | <b>153,486</b>                 | <b>1,321,227</b>           | <b>57,617,120</b> |
| <b>Timing of revenue recognition</b>               |  |                                |                            |                   |
| Goods transferred at a point in time               | 56,142,407                                     | -                              | -                          | 56,142,407        |
| Services transferred over time                     | -  | 153,486                        | 1,321,227                  | 1,474,713         |
|  | <b>56,142,407</b>                              | <b>153,486</b>                 | <b>1,321,227</b>           | <b>57,617,120</b> |

# NOTES TO THE FINANCIAL STATEMENTS

Cont'd

## 15. REVENUE *cont'd*

### 15.1 Disaggregation of revenue *cont'd*

|  | Sales of<br>galvanized<br>steel products<br>RM | Installation<br>services<br>RM | Delivery<br>services<br>RM | Total<br>RM       |
|--|--|--------------------------------|----------------------------|-------------------|
| <b>COMPANY</b>                                     |  |                                |                            |                   |
| <b>2022</b>  |  |                                |                            |                   |
| <b>Primary geographical markets</b>                |  |                                |                            |                   |
| Malaysia   | 37,274,208                                     | 114,095                        | 741,924                    | 38,130,227        |
| Singapore  | 16,176,567                                     | -                              | 321,003                    | 16,497,570        |
| <b>Total revenue from contracts with customers</b> | <b>53,450,775</b>                              | <b>114,095</b>                 | <b>1,062,927</b>           | <b>54,627,797</b> |
| <b>Timing of revenue recognition</b>               |  |                                |                            |                   |
| Goods transferred at a point in time               | 53,450,775                                     | -                              | -                          | 53,450,775        |
| Services transferred overtime                      | -  | 114,095                        | 1,062,927                  | 1,177,022         |
|  | <b>53,450,775</b>                              | <b>114,095</b>                 | <b>1,062,927</b>           | <b>54,627,797</b> |
| <b>2021</b>  |  |                                |                            |                   |
| <b>Primary geographical markets</b>                |  |                                |                            |                   |
| Malaysia   | 28,571,974                                     | 139,532                        | 730,843                    | 29,442,349        |
| Singapore  | 12,780,786                                     | -                              | 206,218                    | 12,987,004        |
| <b>Total revenue from contracts with customers</b> | <b>41,352,760</b>                              | <b>139,532</b>                 | <b>937,061</b>             | <b>42,429,353</b> |
| <b>Timing of revenue recognition</b>               |  |                                |                            |                   |
| Goods transferred at a point in time               | 41,352,760                                     | -                              | -                          | 41,352,760        |
| Services transferred overtime                      | -  | 139,532                        | 937,061                    | 1,076,593         |
|  | <b>41,352,760</b>                              | <b>139,532</b>                 | <b>937,061</b>             | <b>42,429,353</b> |

## NOTES TO THE FINANCIAL STATEMENTS

Cont'd

15. REVENUE *cont'd*

## 15.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

| Nature of goods or services   | Timing of recognition or method used to recognise revenue  | Significant payment terms   | Variable elements in consideration   | Obligation for returns or refunds                               |
|---|--|---|--|---|
| Sales of galvanized steel products (i.e. masts, poles and other related products) | Revenue is recognised at the point when the goods are delivered and accepted by the customers based on incoterms.        | Credit period of 30 days to 90 days (2021: 30 days to 90 days) from invoice date or cash on delivery. | Discounts and rebates are negotiable with customers and it is provided to the customers, net with the invoiced amounts | The Group allows returns or refunds by issuance of credit note. |
| Installation and delivery services  | Revenue is recognised over time, using an input method to measure progress towards complete satisfaction of the service. | Credit period of 30 days to 90 days (2021: 30 days to 90 days) from invoice date or cash on delivery. | Not applicable   | Not applicable  |

# NOTES TO THE FINANCIAL STATEMENTS

Cont'd

## 16. INTEREST INCOME

|  | GROUP     |         | COMPANY |         |
|--|-----------|---------|---------|---------|
|  | 2022      | 2021    | 2022    | 2021    |
|  | RM        | RM      | RM      | RM      |
| Interest income of financial assets calculated using the effective interest method that is at amortised cost | 1,033,372 | 774,334 | 547,057 | 542,525 |

## 17. INTEREST EXPENSE

|                                       | GROUP/COMPANY |        |
|---------------------------------------|---------------|--------|
|                                       | 2022          | 2021   |
|                                       | RM            | RM     |
| Interest expense on lease liabilities | 22,505        | 11,105 |

## 18. TAXATION

### 18.1 Recognised in profit or loss

|   | GROUP     |           | COMPANY |           |
|---|-----------|-----------|---------|-----------|
|   | 2022      | 2021      | 2022    | 2021      |
|   | RM        | RM        | RM      | RM        |
| <b>Major components of taxation include:</b>                |           |           |         |           |
| Current taxation  |           |           |         |           |
| Malaysian taxation  | 679,374   | 650,000   | 129,374 | -         |
| Foreign taxation  | 680,916   | 685,167   | -       | -         |
|   | 1,360,290 | 1,335,167 | 129,374 | -         |
| Deferred taxation (Note 6)                                  |           |           |         |           |
| Relating to origination/(reversal) of temporary differences | 518,164   | (562,257) | 521,000 | (457,183) |
| Under/(Over) provision in prior year                        | 215,000   | (144,784) | 215,000 | (24,321)  |
|   | 733,164   | (707,041) | 736,000 | (481,504) |
| (Over)/Under provision of taxation in respect of prior year |           |           |         |           |
| Malaysian taxation  | (19,613)  | (14,345)  | -       | -         |
| Foreign taxation  | 42,156    | 32,218    | -       | -         |
|   | 22,543    | 17,873    | -       | -         |
|   | 2,115,997 | 645,999   | 865,374 | (481,504) |

Malaysian current taxation is calculated at the Malaysian corporate statutory tax rate of 24% (2021: 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% (2021: 17%).

# NOTES TO THE FINANCIAL STATEMENTS

Cont'd

## 18. TAXATION *cont'd*

### 18.2 Reconciliation of taxation

|   | GROUP     |           | COMPANY   |             |
|---|-----------|-----------|-----------|-------------|
|   | 2022      | 2021      | 2022      | 2021        |
|   | RM        | RM        | RM        | RM          |
| Profit before tax   | 9,206,900 | 4,069,496 | 2,870,299 | 3,476,704   |
| Taxation calculated using Malaysian tax rate of 24% (2021: 24%) | 2,217,000 | 978,000   | 688,871   | 834,000     |
| Effect of tax rate in foreign jurisdiction                      | (291,000) | (310,000) | -         | -           |
| Non-taxable income  | (1,800)   | -         | (1,800)   | (1,440,000) |
| Non-deductible expenses   | 216,000   | 177,000   | 162,530   | 130,000     |
| Special deductions  | (296,000) | (108,000) | (222,392) | -           |
| Others  | 34,254    | 35,910    | 23,165    | 18,817      |
| Current tax   | 1,878,454 | 772,910   | 650,374   | (457,183)   |
| Under/(Over) provision in prior year                            |           |           |           |             |
| - Current tax   | 22,543    | 17,873    | -         | -           |
| - Deferred tax  | 215,000   | (144,784) | 215,000   | (24,321)    |
|   | 2,115,997 | 645,999   | 865,374   | (481,504)   |

## 19. PROFIT FOR THE YEAR

|  |      | GROUP     |           | COMPANY   |             |
|--|------|-----------|-----------|-----------|-------------|
|  | Note | 2022      | 2021      | 2022      | 2021        |
|  |      | RM        | RM        | RM        | RM          |
| <b>Profit for the year is arrived at after charging/(crediting):</b> |      |           |           |           |             |
| Auditors' remunerations:   |      |           |           |           |             |
| Statutory audit  |      |           |           |           |             |
| KPMG PLT   |      |           |           |           |             |
| - Current year   |      | 93,000    | 93,000    | 70,000    | 70,000      |
| Other auditors   |      |           |           |           |             |
| - Current year   |      | 63,936    | 38,116    | -         | -           |
| - Prior year   |      | -         | 33,000    | -         | 29,000      |
| Non-audit fees   |      |           |           |           |             |
| - KPMG PLT   |      | 8,000     | 8,000     | 8,000     | 8,000       |
| <b>Material expenses/(income)</b>                                    |      |           |           |           |             |
| Impairment loss on trade receivables                                 |      | -         | 454,323   | -         | -           |
| Depreciation of property, plant and equipment                        | 3    | 1,324,928 | 1,348,819 | 1,309,358 | 1,329,966   |
| Depreciation of right-of-use assets                                  | 4    | 954,404   | 797,174   | 763,901   | 613,253     |
| Dividend received from a subsidiary                                  | 27   | -         | -         | -         | (6,000,000) |
| Interest expense on lease liabilities                                | 17   | 22,505    | 11,105    | 22,505    | 11,105      |
| Property, plant and equipment written off                            |      | 3         | -         | 3         | -           |
| Repair and maintenance expenses                                      |      | 1,091,749 | 1,465,159 | 1,091,749 | 1,465,159   |

# NOTES TO THE FINANCIAL STATEMENTS

Cont'd

## 19. PROFIT FOR THE YEAR *cont'd*

|  |      | GROUP       |             | COMPANY     |             |
|--|------|-------------|-------------|-------------|-------------|
|  | Note | 2022        | 2021        | 2022        | 2021        |
|  |      | RM          | RM          | RM          | RM          |
| <b>Material expenses/(income) <i>cont'd</i></b>          |      |             |             |             |             |
| Unrealised loss/(gain) on foreign exchange, net          |      | 21,931      | (48,500)    | 9,857       | 11,816      |
| Gain on disposal of property, plant and equipment        |      | (7,500)     | -           | (7,500)     | -           |
| Interest income  | 16   | (1,033,372) | (774,334)   | (547,057)   | (542,525)   |
| Other income consists mainly of:                         |      |             |             |             |             |
| - sales of scraps, zinc ash and dross                    |      | (1,702,362) | (1,791,013) | (1,702,362) | (1,791,013) |
| - Realised loss/(gain) on foreign exchange, net          |      | 196,658     | (37,586)    | 227,643     | (66,190)    |
| - Rental income  |      | -           | -           | (120,000)   | (120,000)   |
| - Bad debt recovered                                     |      | (267)       | -           | -           | -           |
| Personnel expenses (including key management personnel): |      |             |             |             |             |
| - Wages and salaries                                     |      | 17,966,089  | 16,952,832  | 15,477,065  | 14,537,467  |
| - Employees' Provident Fund                              |      | 1,926,620   | 1,887,633   | 1,773,560   | 1,731,430   |
| - Central Provident Fund (Singapore)                     |      | 141,637     | 132,688     | -           | -           |
| - SOCSO & EIS  |      | 184,927     | 178,063     | 171,133     | 163,602     |
| - Other staff related expenses                           |      | 207,693     | 130,357     | 202,748     | 124,640     |

|  |      | GROUP  |        | COMPANY |        |
|--|------|--------|--------|---------|--------|
|  | Note | 2022   | 2021   | 2022    | 2021   |
|  |      | RM     | RM     | RM      | RM     |
| <b>Expenses arising from leases</b>    |      |        |        |         |        |
| Expenses relating to short-term leases | a    | 49,088 | 87,160 | 49,088  | 87,160 |

### Note a

The Company leases cranes with contract terms of less than 1 year. These leases are short-term. The Company has elected not to recognise right-of-use assets and lease liabilities for this lease.

# NOTES TO THE FINANCIAL STATEMENTS

Cont'd

## 20. EARNINGS PER ORDINARY SHARE

### (a) Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2022 and 31 December 2021 was based on the Group's profit attributable to ordinary shareholders and the number of ordinary shares outstanding, calculated as follows:

|   | 2022<br>RM  | 2021<br>RM  |
|---|-------------|-------------|
| Profit for the year attributable to owners of the Company | 7,090,903   | 3,423,497   |
|   | 2022        | 2021        |
| Number of ordinary shares                                 | 41,580,000  | 41,580,000  |
|   | 2022<br>Sen | 2021<br>Sen |
| Basic earnings per ordinary share                         | 17.05       | 8.23        |

### (b) Diluted

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

## 21. DIVIDENDS

Dividends recognised and paid by the Company were as follows:

|                                   | Sen<br>per share<br>RM | Total<br>amount<br>RM | Date of<br>payment |
|-----------------------------------|------------------------|-----------------------|--------------------|
| <b>2022</b>                       |                        |                       |                    |
| Final single tier 2021 ordinary   | 0.01                   | 415,800               | 15 July 2022       |
| <b>2021</b>                       |                        |                       |                    |
| Interim single tier 2020 ordinary | 0.01                   | 415,800               | 16 July 2021       |

In respect of the financial year ended 31 December 2022, the Directors recommend the payment of a final single tier dividend of 3 sen per ordinary share amounting to RM1,247,400, which is subject to shareholder's approval at the forthcoming Annual General Meeting ("AGM") of the Company.

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 earnings in the financial year ending 31 December 2023.

# NOTES TO THE FINANCIAL STATEMENTS

Cont'd

## 22. SEGMENT INFORMATION

### Group

#### Business segments

The Group operates within a single business segment.

#### Geographical segments

##### (i) Analysis of revenue from external customers by geographical locations

|                      | 2022<br>RM        | 2021<br>RM        |
|----------------------|-------------------|-------------------|
| <b>Group</b>         |                   |                   |
| Malaysia             | 32,432,409        | 26,255,884        |
| Singapore            | 27,481,839        | 22,645,912        |
| New Zealand          | 7,823,082         | 5,708,107         |
| United Arab Emirates | 782,666           | -                 |
| Sri Lanka            | 519,960           | 1,289,055         |
| Mauritius            | -                 | 253,032           |
| Taiwan               | 517,344           | -                 |
| Papua New Guinea     | 413,038           | 101,190           |
| Brunei               | 10,504            | 174,278           |
| Others               | 429,288           | 1,189,662         |
|                      | <b>70,410,130</b> | <b>57,617,120</b> |

##### (ii) Analysis of non-current assets by geographical locations

|                                      | 2022<br>RM        | 2021<br>RM        |
|--------------------------------------|-------------------|-------------------|
| <b>Right-of-use assets</b>           |                   |                   |
| Malaysia                             | 9,486,836         | 9,530,233         |
| Singapore                            | 2,965,899         | 2,976,231         |
|                                      | <b>12,452,735</b> | <b>12,506,464</b> |
| <b>Property, plant and equipment</b> |                   |                   |
| Malaysia                             | 28,933,924        | 29,403,845        |
| Singapore                            | 8,533             | 16,989            |
|                                      | <b>28,942,457</b> | <b>29,420,834</b> |

# NOTES TO THE FINANCIAL STATEMENTS

Cont'd

## 23. FINANCIAL INSTRUMENTS

### 23.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as amortised cost ("AC").

|   | Carrying<br>Amount<br>RM | AC<br>RM           |
|---|--------------------------|--------------------|
| <b>2022</b>                               |                          |                    |
| <b>Financial assets</b>                   |                          |                    |
| <b>GROUP</b>                              |                          |                    |
| Trade and other receivables*              | 13,292,621               | 13,292,621         |
| Fixed deposits placed with licensed banks | 8,909,725                | 8,909,725          |
| Cash and cash equivalents                 | 65,446,705               | 65,446,705         |
|   | <u>87,649,051</u>        | <u>87,649,051</u>  |
| <b>COMPANY</b>                            |                          |                    |
| Trade and other receivables*              | 574,495                  | 574,495            |
| Fixed deposits placed with licensed banks | 1,152,558                | 1,152,558          |
| Cash and cash equivalents                 | 20,835,157               | 20,835,157         |
|   | <u>22,562,210</u>        | <u>22,562,210</u>  |
| <b>2022</b>                               |                          |                    |
| <b>Financial liabilities</b>              |                          |                    |
| <b>GROUP</b>                              |                          |                    |
| Trade and other payables**                | <u>(3,614,357)</u>       | <u>(3,614,357)</u> |
| <b>COMPANY</b>                            |                          |                    |
| Trade and other payables                  | <u>(4,559,007)</u>       | <u>(4,559,007)</u> |
| <b>2021</b>                               |                          |                    |
| <b>Financial assets</b>                   |                          |                    |
| <b>GROUP</b>                              |                          |                    |
| Trade and other receivables*              | 16,462,287               | 16,462,287         |
| Fixed deposits placed with licensed banks | 43,479,385               | 43,479,385         |
| Cash and cash equivalents                 | 17,709,633               | 17,709,633         |
|   | <u>77,651,305</u>        | <u>77,651,305</u>  |
| <b>COMPANY</b>                            |                          |                    |
| Trade and other receivables*              | 472,480                  | 472,480            |
| Fixed deposits placed with licensed banks | 20,442,438               | 20,442,438         |
| Cash and cash equivalents                 | 13,252,758               | 13,252,758         |
|   | <u>34,167,676</u>        | <u>34,167,676</u>  |

# NOTES TO THE FINANCIAL STATEMENTS

Cont'd

## 23. FINANCIAL INSTRUMENTS *cont'd*

### 23.1 Categories of financial instruments *cont'd*

|   | Carrying<br>Amount<br>RM | AC<br>RM     |
|---|--------------------------|--------------|
| <b>2021</b>                                     |                          |              |
| <b>Financial liabilities</b>                    |                          |              |
| <b>GROUP</b>                                    |                          |              |
| Trade and other payables**                      | (5,390,861)              | (5,390,861)  |
| <b>COMPANY</b>                                  |                          |              |
| Trade and other payables                        | (20,633,059)             | (20,633,059) |
| * <i>Exclude prepayments</i>                    |                          |              |
| ** <i>Exclude goods and service tax payable</i> |                          |              |

### 23.2 Net gains and losses arising from financial instruments

|   | 2022<br>RM | 2021<br>RM |
|---|------------|------------|
| <b>GROUP</b>                            |            |            |
| <b>Net gains/(losses) on:</b>           |            |            |
| Financial assets at amortised cost      | 1,052,550  | 381,322    |
| Financial liabilities at amortised cost | (237,500)  | 24,775     |
|   | 815,050    | 406,097    |
| <b>COMPANY</b>                          |            |            |
| <b>Net gains/(losses) on:</b>           |            |            |
| Financial assets at amortised cost      | 547,057    | 542,525    |
| Financial liabilities at amortised cost | (237,500)  | 54,374     |
|   | 309,557    | 596,899    |

### 23.3 Financial risk management

The Group and the Company have exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

# NOTES TO THE FINANCIAL STATEMENTS

Cont'd

## 23. FINANCIAL INSTRUMENTS *cont'd*

### 23.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposures to credit risk arise principally from the individual characteristics of each customer from its trade receivables, contract assets, amount due from a subsidiary and amounts due from related companies. There are no significant changes as compared to prior periods.

#### 23.4.1 Trade receivables and contract assets

##### *Risk management objectives, policies and processes for managing the risk*

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.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. For export sales, the overseas customers are generally required to make payment in advance prior to deliveries. Normally, credit evaluations are performed on all customers requiring credit over a certain amount.

At each reporting date, the Group or the Company assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by the carrying amounts in the statement of financial position.

##### *Concentration of credit risk*

The exposure of credit risk for trade receivables (stated at gross) and contract assets as at the end of the reporting period by geographic region was:

|             | GROUP      |            | COMPANY    |            |
|-------------|------------|------------|------------|------------|
|             | 2022<br>RM | 2021<br>RM | 2022<br>RM | 2021<br>RM |
| Malaysia    | 7,941,642  | 8,983,981  | 7,809      | 516        |
| Singapore   | 5,673,863  | 8,124,793  | -          | -          |
| New Zealand | 447,784    | -          | -          | -          |
| Sri Lanka   | -          | -          | -          | -          |
| Others      | 37,179     | 62,106     | -          | -          |
|             | 14,100,468 | 17,170,880 | 7,809      | 516        |

# NOTES TO THE FINANCIAL STATEMENTS

Cont'd

## 23. FINANCIAL INSTRUMENTS *cont'd*

### 23.4 Credit risk *cont'd*

#### 23.4.1 Trade receivables and contract assets *cont'd*

##### **Recognition and measurement of impairment losses**

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 90 days.

The Group uses an allowance matrix to measure ECLs of trade receivables, whereby invoices which are past due 90 days will be considered as credit impaired.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 90 days past due.

Loss rates are based on actual credit loss experience over the past three years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

For contracts with customers involved in construction projects, as there are only a few customers, the Group assessed the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable. All of these customers have low risk of default.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets which are grouped together as they are expected to have similar risk nature.

|                            | Gross<br>carrying<br>amount<br>RM | Loss<br>allowance<br>RM | Net<br>balance<br>RM |
|----------------------------|-----------------------------------|-------------------------|----------------------|
| <b>GROUP</b>               |                                   |                         |                      |
| <b>2022</b>                |                                   |                         |                      |
| Current (not past due)     | 4,569,170                         | (66,537)                | 4,502,633            |
| 1 - 30 days past due       | 3,025,896                         | (81,889)                | 2,944,007            |
| 31 - 60 days past due      | 1,792,425                         | (87,233)                | 1,705,192            |
| 61 - 90 days past due      | 2,984,158                         | (205,843)               | 2,778,315            |
| <b>Credit impaired</b>     | 12,371,649                        | (441,502)               | 11,930,147           |
| More than 90 days past due | 1,558,907                         | (469,896)               | 1,089,011            |
| Individually impaired      | 169,912                           | (169,912)               | -                    |
|                            | 14,100,468                        | (1,081,310)             | 13,019,158           |

# NOTES TO THE FINANCIAL STATEMENTS

Cont'd

## 23. FINANCIAL INSTRUMENTS *cont'd*

### 23.4 Credit risk *cont'd*

#### 23.4.1 Trade receivables and contract assets *cont'd*

##### *Recognition and measurement of impairment losses cont'd*

|                            | Gross<br>carrying<br>amount<br>RM | Loss<br>allowance<br>RM | Net<br>balance<br>RM |
|----------------------------|-----------------------------------|-------------------------|----------------------|
| <b>GROUP</b>               |                                   |                         |                      |
| <b>2021</b>                |                                   |                         |                      |
| Current (not past due)     | 6,435,144                         | (88,035)                | 6,347,109            |
| 1 - 30 days past due       | 3,309,899                         | (126,435)               | 3,183,464            |
| 31 - 60 days past due      | 2,446,669                         | (13,820)                | 2,432,849            |
| 61 - 90 days past due      | 2,806,350                         | (122,487)               | 2,683,863            |
| <b>Credit impaired</b>     | 14,998,062                        | (350,777)               | 14,647,285           |
| More than 90 days past due | 1,962,259                         | (512,937)               | 1,449,322            |
| Individually impaired      | 210,559                           | (210,559)               | -                    |
|                            | 17,170,880                        | (1,074,273)             | 16,096,607           |
|                            |                                   | <b>2022</b>             | <b>2021</b>          |
|                            |                                   | <b>RM</b>               | <b>RM</b>            |

#### **GROUP**

Stated at net:

|                   |            |            |
|-------------------|------------|------------|
| Trade receivables | 12,950,734 | 15,944,920 |
| Contract assets   | 68,424     | 151,687    |
|                   | 13,019,158 | 16,096,607 |

The movements in the allowance for impairment in respect of trade receivables during the year are shown below.

|   | Lifetime<br>ECL<br>RM | Individually<br>impaired<br>RM | Total<br>RM |
|---|-----------------------|--------------------------------|-------------|
| <b>GROUP</b>                                      |                       |                                |             |
| <b>Balance at 1 January 2021</b>                  | 617,966               | -                              | 617,966     |
| Net remeasurement of loss allowance               | 243,764               | 210,559                        | 454,323     |
| Effect of movements in exchange rates             | 1,984                 | -                              | 1,984       |
| <b>Balance at 31 December 2021/1 January 2022</b> | 863,714               | 210,559                        | 1,074,273   |
| Net remeasurement of loss allowance               | 40,647                | (40,647)                       | -           |
| Effect of movements in exchange rates             | 7,037                 | -                              | 7,037       |
| <b>Balance at 31 December 2022</b>                | 911,398               | 169,912                        | 1,081,310   |

# NOTES TO THE FINANCIAL STATEMENTS

Cont'd

## 23. FINANCIAL INSTRUMENTS *cont'd*

### 23.4 Credit risk *cont'd*

#### 23.4.2 Cash and cash equivalents and fixed deposits placed with licensed banks

The cash and cash equivalents and fixed deposits are held with licensed banks. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks have low credit risks. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

#### 23.4.3 Other receivables

Credit risks on other receivables are mainly arising from advances to employees.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at the end of the reporting period, the Group and the Company did not recognise any allowance for impairment losses.

#### 23.4.4 Financial guarantees

##### ***Risk management objectives, policies and processes for managing the risk***

The Company provides performance guarantee to a third party customer in connection with projects to be performed by a subsidiary. The Company monitors the ability of the subsidiary to service the performance on an individual basis.

##### ***Exposure to credit risk, credit quality and collateral***

The maximum exposure to credit risk amounts to RM155,479 (2021: RM20,563) representing the outstanding due performance of the subsidiary as at the end of the reporting period.

##### ***Recognition and measurement of impairment loss***

The Company did not recognise the corporate guarantee given to the subsidiary's customer as the Directors are in the view that the subsidiary is able to fulfil the contracted obligations and is unlikely that the subsidiary will default the due performance.

#### 23.4.5 Intercompany balances

##### ***Risk management objectives, policies and processes for managing the risk***

The Group and the Company have intercompany balances arising from trade transactions with its related company and subsidiary. The Group and the Company monitor the ability of its related company and subsidiary to repay the outstanding amount on an individual basis.

##### ***Exposure to credit risk, credit quality and collateral***

As at the end of the reporting period, the maximum exposure to credit risk is represented by its carrying amount in the statement of financial position.

# NOTES TO THE FINANCIAL STATEMENTS

Cont'd

## 23. FINANCIAL INSTRUMENTS *cont'd*

### 23.4 Credit risk *cont'd*

#### 23.4.5 Intercompany balances *cont'd*

##### **Recognition and measurement of impairment loss**

Generally, the Group and the Company consider the related company and subsidiary balances have low credit risk. The Group and the Company assume that there is a significant increase in credit risk when a related company's financial position deteriorates significantly. As the Group or the Company is able to determine the timing of payments of the related company's or subsidiary's balance when it is payable, the Group or Company considers the related company's or subsidiary's balance to be in default when the related company or subsidiary is not able to pay when demanded.

The Group and Company determine the probability of default for the related company and subsidiary balance individually using internal information available.

The Group and the Company did not recognise any allowance for impairment in respect of related company and subsidiary balance during the financial year as it is deemed immaterial.

### 23.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables and lease liabilities.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

##### **Maturity analysis**

The table below summarises the maturity profile of the Group's and the Company's financial liabilities and lease liabilities as at the end of the reporting period based on undiscounted contractual payments.

|   | Carrying<br>amount<br>RM | Contractual<br>interest rate<br>% per annum | Contractual<br>cash flows<br>RM | Under<br>one year<br>RM | One to<br>two years<br>RM |
|---|--------------------------|---|---------------------------------|-------------------------|---------------------------|
| <b>GROUP</b>                                |                          |   |                                 |                         |                           |
| <b>2022</b>                                 |                          |   |                                 |                         |                           |
| <b>Non-derivative financial liabilities</b> |                          |   |                                 |                         |                           |
| Trade and other payables                    | 3,614,357                | -   | 3,614,357                       | 3,614,357               | -                         |
| Performance guarantee                       | -                        | -   | 155,479                         | 155,479                 | -                         |
| Lease liabilities                           | 547,460                  | 2.30 - 3.10                                 | 556,043                         | 525,043                 | 31,000                    |
|   | <u>4,161,817</u>         |   | <u>4,325,879</u>                | <u>4,294,879</u>        | <u>31,000</u>             |

# NOTES TO THE FINANCIAL STATEMENTS

Cont'd

## 23. FINANCIAL INSTRUMENTS *cont'd*

### 23.5 Liquidity risk *cont'd*

#### *Maturity analysis cont'd*

|  | Carrying<br>amount<br>RM | Contractual<br>interest rate<br>% per annum | Contractual<br>cash flows<br>RM | Under<br>one year<br>RM | One to<br>two years<br>RM |
|--|--------------------------|---|---------------------------------|-------------------------|---------------------------|
| <b>GROUP</b>                                       |                          |   |                                 |                         |                           |
| <b>2021</b>  |                          |   |                                 |                         |                           |
| <b><i>Non-derivative financial liabilities</i></b> |                          |   |                                 |                         |                           |
| Trade and other payables                           | 5,390,861                | -   | 5,390,861                       | 5,390,861               | -                         |
| Performance guarantee                              | -                        | -   | 20,563                          | 20,563                  | -                         |
| Lease liabilities                                  | 392,511                  | 2.30 - 3.50                                 | 400,103                         | 247,060                 | 153,043                   |
|  | <u>5,783,372</u>         |   | <u>5,811,527</u>                | <u>5,658,484</u>        | <u>153,043</u>            |
| <b>COMPANY</b>                                     |                          |   |                                 |                         |                           |
| <b>2022</b>  |                          |   |                                 |                         |                           |
| <b><i>Non-derivative financial liabilities</i></b> |                          |   |                                 |                         |                           |
| Trade and other payables                           | 4,559,007                | -   | 4,559,007                       | 4,559,007               | -                         |
| Performance guarantee                              | -                        | 2.30 - 3.10                                 | 155,479                         | 155,479                 | -                         |
| Lease liabilities                                  | 547,460                  |   | 556,043                         | 525,043                 | 31,000                    |
|  | <u>5,106,467</u>         |   | <u>5,270,529</u>                | <u>5,239,529</u>        | <u>31,000</u>             |
| <b>2021</b>  |                          |   |                                 |                         |                           |
| <b><i>Non-derivative financial liabilities</i></b> |                          |   |                                 |                         |                           |
| Trade and other payables                           | 20,633,059               | -   | 20,633,059                      | 20,633,059              | -                         |
| Performance guarantee                              | -                        | -   | 20,563                          | 20,563                  | -                         |
| Lease liabilities                                  | 392,511                  | 2.30 - 3.50                                 | 400,103                         | 247,060                 | 153,043                   |
|  | <u>21,025,570</u>        |   | <u>21,053,725</u>               | <u>20,900,682</u>       | <u>153,043</u>            |

### 23.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's and the Company's financial position or cash flows.

#### ***Currency risk***

The Group and the Company are exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily the U.S. Dollar ("USD"), Singapore Dollar ("SGD") and New Zealand Dollar ("NZD").

# NOTES TO THE FINANCIAL STATEMENTS

Cont'd

## 23. FINANCIAL INSTRUMENTS *cont'd*

### 23.6 Market risk *cont'd*

#### *Currency risk cont'd*

#### *Risk management objectives, policies and processes for managing the risk*

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. Exposure to foreign currency risk is monitored on an ongoing basis and the Group endeavours to keep the net exposure at an acceptable level.

#### *Exposure to foreign currency risk*

The Group's and the Company's exposure to foreign currency (a currency other than Ringgit Malaysia) risk, based on carrying amounts as at the end of the reporting period are as follows:

|   | ← Denominated in → |                    |                    |                |
|---|--------------------|--------------------|--------------------|----------------|
|   | USD                | SGD                | New Zealand Dollar | Total          |
|   | RM                 | RM                 | RM                 | RM             |
| <b>GROUP</b>  |                    |                    |                    |                |
| <b>2022</b>   |                    |                    |                    |                |
| <b>Balances recognised in the statement of financial position</b> |                    |                    |                    |                |
| Trade receivables   | 26,610             | 10,568             | 447,784            | 484,962        |
| Cash and bank balances  | 435,309            | -                  | -                  | 435,309        |
| <b>Net exposure</b>   | <b>461,919</b>     | <b>10,568</b>      | <b>447,784</b>     | <b>920,271</b> |
| <b>2021</b>   |                    |                    |                    |                |
| <b>Balances recognised in the statement of financial position</b> |                    |                    |                    |                |
| Trade receivables   | 62,106             | -                  | -                  | 62,106         |
| Cash and bank balances  | 264,356            | 1,062              | -                  | 265,418        |
| <b>Net exposure</b>   | <b>326,462</b>     | <b>1,062</b>       | <b>-</b>           | <b>327,524</b> |
|   | ← Denominated in → |                    |                    |                |
|   | USD                | SGD                | Total              |                |
|   | RM                 | RM                 | RM                 |                |
| <b>COMPANY</b>  |                    |                    |                    |                |
| <b>2022</b>   |                    |                    |                    |                |
| <b>Balances recognised in the statement of financial position</b> |                    |                    |                    |                |
| Cash and cash equivalents   | 1,812              | -                  | 1,812              |                |
| Amount due to a subsidiary  | -                  | (1,698,542)        | (1,698,542)        |                |
| <b>Net exposure</b>   | <b>1,812</b>       | <b>(1,698,542)</b> | <b>(1,696,730)</b> |                |

# NOTES TO THE FINANCIAL STATEMENTS

Cont'd

## 23. FINANCIAL INSTRUMENTS *cont'd*

### 23.6 Market risk *cont'd*

#### *Currency risk cont'd*

#### *Exposure to foreign currency risk cont'd*

|   | Denominated in |                     |                     |
|---|----------------|---------------------|---------------------|
|   | USD            | SGD                 | Total               |
|   | RM             | RM                  | RM                  |
| <b>COMPANY</b>  |                |                     |                     |
| <b>2021</b>   |                |                     |                     |
| <b>Balances recognised in the statement of financial position</b> |                |                     |                     |
| Cash and cash equivalents   | 1,812          | 1,062               | 2,874               |
| Amount due to a subsidiary  | -              | (11,421,329)        | (11,421,329)        |
| <b>Net exposure</b>   | <b>1,812</b>   | <b>(11,420,267)</b> | <b>(11,418,455)</b> |

#### *Currency risk sensitivity analysis*

Foreign currency risk arises from the Group's and the Company's monetary financial assets and financial liabilities primarily denominated in USD, SGD and NZD. There is no other material exposure to foreign currency risk and hence sensitivity analysis will only be presented for the abovementioned exposures.

A 3% (2021: 3%) strengthening of RM against USD, SGD and NZD at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group and the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

|  | Profit or Loss |         |         |         |
|--|----------------|---------|---------|---------|
|  | GROUP          |         | COMPANY |         |
|  | 2022           | 2021    | 2022    | 2021    |
|  | RM             | RM      | RM      | RM      |
| <i>Functional currency/ Foreign currency</i> |                |         |         |         |
| RM/USD                                       | (10,532)       | (1,511) | (41)    | (41)    |
| RM/SGD                                       | (241)          | (24)    | 38,727  | 260,382 |
| RM/NZD                                       | (10,209)       | -       | -       | -       |
| SGD/USD                                      | (10,741)       | (5,933) | -       | -       |

A 3% (2021: 3%) weakening of RM against NZD, USD and SGD and others at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

# NOTES TO THE FINANCIAL STATEMENTS

Cont'd

## 23. FINANCIAL INSTRUMENTS *cont'd*

### 23.6 Market risk *cont'd*

#### ***Interest rate risk***

The Group's and the Company's exposure to interest rate is minimal. Interest earning financial assets are mainly fixed deposits placed with licensed banks that generate interest income. Interest bearing financial liabilities is lease liabilities. 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. Short-term receivables and payables are not significantly exposed to interest rate risk.

#### ***Risk management objectives, policies and processes for managing the risk***

The Group entities closely monitor the interest rate trends and decisions in respect of the fluctuations of interest rates. The Group entities place deposits with reputable licensed banks to generate interest income. The Group entities manage their interest rate risk by placing such balances on varying maturities and interest rate terms.

#### ***Exposure to interest rate risk***

The interest rate profile of the Group's and the Company's significant interest-earning and interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

|   | GROUP             |                   | COMPANY           |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | 2022              | 2021              | 2022              | 2021              |
|   | RM                | RM                | RM                | RM                |
| <b>Fixed rate instruments</b>               |                   |                   |                   |                   |
| Financial assets                            |                   |                   |                   |                   |
| - Fixed deposits placed with licensed banks | 8,909,725         | 43,479,385        | 1,152,558         | 20,442,438        |
| - Cash and cash equivalents                 | 53,485,121        | 5,057,588         | 19,187,497        | 5,057,588         |
|   | <u>62,394,846</u> | <u>48,536,973</u> | <u>20,340,055</u> | <u>25,500,026</u> |
| Financial liabilities                       |                   |                   |                   |                   |
| - Lease liabilities                         | 547,460           | 392,511           | 547,460           | 392,511           |

#### ***Fair value sensitivity analysis for fixed rate instruments***

The Group and the Company do not account for any fixed rate financial assets at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

### 23.7 Fair value information

The carrying amounts of cash and cash equivalents, trade and other receivables, inter-company balances, trade and other payables reasonably approximate their fair values due to the relatively short-term nature of these instruments.

# NOTES TO THE FINANCIAL STATEMENTS

Cont'd

## 24. CAPITAL COMMITMENT

|  | GROUP AND COMPANY |                   |
|--|-------------------|-------------------|
|  | 2022<br>RM        | 2021<br>RM        |
| <b>Property, plant and equipment :</b> |                   |                   |
| Contracted but not provided for        | 100,000           | 300,000           |
| Approved but not contracted for        | 19,500,000        | 20,900,000        |
|  | <u>19,600,000</u> | <u>21,200,000</u> |

## 25. 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 2022 and 31 December 2021.

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 2022 and 31 December 2021, the Group has zero gearing.

There was no change in the Group's approach to capital management during the financial year.

## 26. CONTINGENT LIABILITIES

- a. Upon the commencement of the Company's civil suit against Macsteel International Far East Limited ("Macsteel") in the High Court of Malaya (the "High Court"), the Company had applied for an interlocutory injunction against Macsteel to injunct Macsteel from proceeding with the arbitration in Hong Kong. Thereafter, Macsteel had applied to the High Court for a stay of proceedings pursuant to the Arbitration Act 2005 for the suit before the High Court to be stayed while parties resolve the dispute by way of arbitration.

On 20 October 2021, the Company's application for an interlocutory injunction was allowed while Macsteel's application for a stay of proceedings was dismissed. Following the decision of the High Court, Macsteel is prevented from proceeding with the arbitration initiated in Hong Kong pending disposal of the suit before the High Court. However, Macsteel had then appealed against the decisions of the High Court to the Court of Appeal (the "Appeal"). On 15 August 2022, the Appeal was heard and the Court of Appeal dismissed the Appeal.

On 13 September 2022, Macsteel filed 3 notices of motion to the Federal Court for leave to appeal against the decision of the Court of Appeal for dismissing the Appeal. Macsteel's motion before the Federal Court was fixed for hearing on 16 February 2023 and the Federal Court had dismissed Macsteel's motion for leave to appeal to the Federal Court.

The above claim has not been provided for in the financial statements as the Board of Directors are of the opinion that the likelihood of the above claim succeeding is low.

# NOTES TO THE FINANCIAL STATEMENTS

Cont'd

## 26. CONTINGENT LIABILITIES *cont'd*

- b. There is a claim alleging unlawful dismissal of employment pursuant to Section 20 Industrial Relations Act 1967 within the Ministry of Human Resources' Industrial Relations Department following the cessation of employment on 1 January 2020 against a subsidiary of the Group. The Group maintains that the Claimant's employment was terminated by effluxion of time.

The matter was referred to the Industrial Court and trial proceeded in March 2022, April 2022, November 2022 and December 2022. The trial has not concluded and is scheduled to continue on 8 June 2023 and 9 June 2023.

The potential financial exposure has not been provided for in the financial statements as the Board of Directors are of the opinion that the likelihood of the above claim succeeding is low.

## 27. RELATED PARTIES

### Identity of related parties

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group. The key management personnel include all the Directors of the Group and certain members of senior management of the Group.

The Group has related party relationship with its subsidiaries and key management personnel.

### Significant related party transactions

Related party transactions have been entered into under negotiated trade terms. The balances related to the below transactions are shown in Notes 8 and 14.

The significant related party transactions of the Group and the Company are shown below.

|  | GROUP     |           | COMPANY     |             |
|--|-----------|-----------|-------------|-------------|
|  | 2022      | 2021      | 2022        | 2021        |
|  | RM        | RM        | RM          | RM          |
| <b>Transactions with subsidiaries</b>      |           |           |             |             |
| Rental income of office                    | -         | -         | 120,000     | 120,000     |
| Sales of galvanized products               | -         | -         | 54,373,269  | 42,282,712  |
| Dividend received                          | -         | -         | -           | 6,000,000   |
| Payment settled on behalf by the Company   | -         | -         | 1,049,195   | 1,070,466   |
| Payment on behalf by subsidiaries          | -         | -         | (2,443,205) | (6,269,639) |
| <b>Transactions with related companies</b> |           |           |             |             |
| Rental of factory                          | (588,060) | (435,018) | (588,060)   | (435,018)   |
| Purchase of used motor vehicle             | (25,000)  | -         | (25,000)    | -           |
| Transportation services                    | -         | (8,250)   | -           | (8,250)     |
| Powder coating services rendered           | 226,080   | 142,526   | 226,080     | 142,526     |
| Fabricating expenses                       | (107,126) | (76,342)  | (107,126)   | (76,342)    |
| Galvanizing expenses                       | -         | (387,747) | -           | (387,747)   |

# NOTES TO THE FINANCIAL STATEMENTS

Cont'd

## 27. RELATED PARTIES *cont'd*

### Significant related party transactions *cont'd*

Significant transactions with related party in which a Director of the Company is deemed to have substantial financial interests, are as follows:

|  | GROUP     |           | COMPANY   |           |
|--|-----------|-----------|-----------|-----------|
|  | 2022      | 2021      | 2022      | 2021      |
|  | RM        | RM        | RM        | RM        |
| <b>Transactions with related party</b>               |           |           |           |           |
| Purchase of goods                                    | 4,464,026 | 3,671,340 | -         | -         |
| <b>Key management personnel</b>                      |           |           |           |           |
| <b><i>Directors of the Company</i></b>               |           |           |           |           |
| - Remuneration                                       | 548,760   | 524,760   | 548,760   | 524,760   |
| - Bonus  | 228,650   | 174,920   | 228,650   | 174,920   |
| - Employees' Provident Fund                          | 147,712   | 132,952   | 147,712   | 132,952   |
| - Benefit-in-kind                                    | 20,525    | 30,266    | 20,525    | 30,266    |
| <b><i>Other Directors</i></b>                        |           |           |           |           |
| - Salaries and other emoluments                      | 679,760   | 616,064   | -         | -         |
| <b><i>Non-executive Directors of the Company</i></b> |           |           |           |           |
| - Fees   | 432,000   | 432,000   | 432,000   | 432,000   |
| - Allowance  | 95,000    | 96,500    | 95,000    | 96,500    |
| <b>Other key management personnel</b>                |           |           |           |           |
| - Salaries and other emoluments                      | 1,660,854 | 1,650,596 | 1,660,854 | 1,650,596 |

## STATEMENT BY DIRECTORS

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

In the opinion of the Directors, the financial statements set out on pages 58 to 112 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 of 31 December 2022 and of its financial performance and cash flows for the financial year then ended.

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

**DATO' IR. WAN RAZALI BIN WAN MUDA**  
Director

**CHUA TIA BON**  
Director

Date: 14 April 2023

## STATUTORY DECLARATION

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

I, Ong Siew Sung, NRIC: 741220-08-5658, the officer primarily responsible for the financial management of Lysaght Galvanized Steel Berhad, do solemnly and sincerely declare that the financial statements set out on pages 58 to 112 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared  
by the abovenamed Ong Siew Sung,  
(MIA CA: 23490)  
at Ipoh in the State of Perak Darul Ridzuan  
on 14 April 2023.

**Ong Siew Sung**

Before me:

Commissioner for Oaths  
Perak Darul Ridzuan

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LYSAGHT GALVANIZED STEEL BERHAD

(Registration No.: 197901002195 (46426-P))

(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 as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 58 to 112.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the 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 auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence and Other Ethical Responsibilities*

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

### Key Audit Matters

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

### Revenue recognition (RM70,410,130)

Refer to Note 2.14(i) – Significant accounting policy: "Revenue" and Note 15 – "Revenue".

### The key audit matter

Revenue recognised for the financial year ended 31 December 2022 mainly consisted of sales of galvanized steel products. We have identified revenue recognition as a key audit matter as the Group has significant volume of transactions during the year and there is a risk that revenue may be misstated. Performance obligation delivered and satisfied may not be recognised based on the dates when controls are transferred to the customers and hence, there is a risk that revenue may not be recognised in the correct accounting period.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LYSAGHT GALVANIZED STEEL BERHAD

(Registration No.: 197901002195 (46426-P))

(Incorporated in Malaysia)

Cont'd

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *cont'd*

### Key Audit Matters *cont'd*

#### How the matter was addressed in our audit

We performed the following audit procedures, among others:

- Assessed the design and implementation of key controls over the recognition of revenue and tested these controls for operating effectiveness.
- Assessed contracts with customers and relevant supporting documents such as purchase orders, confirmation orders and invoices and assessed the performance obligations included therein.
- Compared the basis of price allocation to the accounting standards and evaluated the appropriateness of the allocation of the transaction price as well as performed recalculations to evaluate the accuracy of the price allocation.
- Inspected samples of sales invoices and delivery documents on sales transactions during the year and considered material transactions with related parties during the year.
- Obtained external confirmation from a customer for the total sales transactions during the year.
- Inspected evidence for delivery of goods and sales invoices in respect of samples selected from sales of goods transacted immediately before and after the end of the reporting period to assess whether the revenue were recorded in the correct financial year.
- Evaluated the adequacy of disclosures on revenue recognition as disclosed in the financial statements.

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

### 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 annual report 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 annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, 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 ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LYSAGHT GALVANIZED STEEL BERHAD

(Registration No.: 197901002195 (46426-P))

(Incorporated in Malaysia)

Cont'd

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *cont'd*

### Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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 auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LYSAGHT GALVANIZED STEEL BERHAD

(Registration No.: 197901002195 (46426-P))

(Incorporated in Malaysia)

Cont'd

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 5 to the financial statements.

## OTHER MATTER

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

### KPMG PLT

(LLP0010081-LCA & AF 0758)

Chartered Accountants

### CHEW BENG HONG

Approval Number: 02920/02/2024 J

Chartered Accountant

Ipoh

Date: 14 April 2023

# LIST OF PROPERTIES

31 DECEMBER 2022

| 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  | 36                                   | 1,932,435           | 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   | 28                                   | 2,288,480           | 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   | 50                                   | 10,189,263          | 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  | 10                                   | 4,894,363           | 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 | 6                                    | 1,076,762           | 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                             | 28                                   | 11,438,064          | 20.9.2013           |
| No. 50 Tuas Ave 11, #02-28, Singapore 639107  | Leasehold office building and warehouse          | Office and Warehouse      | 8,913 sq ft           | Leasehold 99 years expiring on 31.3.2079  | 10                                   | 2,965,899           | 6.12.2012           |

# SHAREHOLDING DISTRIBUTION SCHEDULE

AS AT 4 APRIL 2023

## 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<br>Shareholders | % of<br>Shareholders | No. of<br>Shares  | % of<br>Issued capital |
|--|------------------------|----------------------|-------------------|------------------------|
| Less than 100 Shares                     | 17                     | 1.1                  | 380               | 0.00                   |
| 100 to 1,000                             | 271                    | 17.55                | 166,000           | 0.40                   |
| 1,001 to 10,000                          | 1,040                  | 67.36                | 3,579,720         | 8.61                   |
| 10,001 to 100,000                        | 198                    | 12.82                | 4,728,700         | 11.37                  |
| 100,001 to less than 5% of issued shares | 16                     | 1.04                 | 3,750,700         | 9.02                   |
| 5% and above of the issued shares        | 2                      | 0.13                 | 29,354,500        | 70.60                  |
| <b>TOTAL</b>                             | <b>1,544</b>           | <b>100.00</b>        | <b>41,580,000</b> | <b>100.00</b>          |

## THIRTY LARGEST SHAREHOLDERS

AS AT 4 APRIL 2023

### List of 30 Largest Securities Account Holders (as per the record of depositors)

|    | Name of Shareholders  | No. of<br>Shares Held | Percentage<br>(%) |
|----|---|-----------------------|-------------------|
| 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  | Teo Kwee Hock   | 537,500               | 1.29              |
| 5  | Liew Swee Mio @ Liew Hoi Foo  | 344,400               | 0.83              |
| 6  | Liew Wah Tang   | 268,600               | 0.65              |
| 7  | Public Nominees (Tempatan) Sdn. Bhd.<br><i>Pledged Securities Account for Lee Kin Kheong (E-IMO)</i>                | 242,700               | 0.58              |
| 8  | CIMB Group Nominees (Asing) Sdn. Bhd.<br><i>Exempt an for DBS Bank Ltd (SFS)</i>                                    | 230,200               | 0.55              |
| 9  | Ng Sey Hoe  | 201,800               | 0.49              |
| 10 | Tan Yau Lam   | 187,700               | 0.45              |
| 11 | Bina Securities & Management Sdn. Bhd.  | 172,200               | 0.41              |
| 12 | Lim Khuan Eng   | 165,000               | 0.40              |
| 13 | Public Nominees (Tempatan) Sdn. Bhd.<br><i>Pledged Securities Account for Tan Tian Sang @ Tan Tian Song (E-PPG)</i> | 124,000               | 0.30              |
| 14 | UOB Kay Hian Nominees (Tempatan) Sdn. Bhd.<br><i>Pledged Securities Account for Teo Siew Lai</i>                    | 114,800               | 0.28              |
| 15 | Goh Eng Ngai  | 114,400               | 0.28              |
| 16 | RHB Nominees (Tempatan) Sdn. Bhd.<br><i>Pledged Securities Account for Yee Lee Ying</i>                             | 114,400               | 0.28              |
| 17 | Liew Ing Shian  | 102,000               | 0.25              |
| 18 | Tew Kok Kian  | 101,200               | 0.24              |
| 19 | Tan Thian Chai  | 91,900                | 0.22              |
| 20 | Lee Tek Mook @ Lee Teh Moh  | 87,600                | 0.21              |
| 21 | Lai Shwu Yan  | 87,300                | 0.21              |
| 22 | Yee Lee Ying  | 83,800                | 0.20              |
| 23 | Choo Kok Heng   | 81,000                | 0.19              |
| 24 | Ong Swee Gueh   | 70,600                | 0.17              |
| 25 | Teoh Ah Yet   | 67,900                | 0.16              |
| 26 | Ong Yoke Meng   | 64,000                | 0.15              |
| 27 | CGS-CIMB Nominees (Tempatan) Sdn. Bhd.<br><i>Pledged Securities Account for Tan Boon Eng (B Tinggi-CL)</i>          | 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              |
|    | <b>Total</b>  | <b>33,980,300</b>     | <b>81.73</b>      |

## SUBSTANTIAL SHAREHOLDERS

AS AT 4 APRIL 2023

### Substantial Shareholders (As per the Register of Substantial Shareholders)

| No. | Name of Shareholders                   | Direct Shareholdings |       | Indirect Shareholdings  |       |
|-----|--|----------------------|-------|-------------------------|-------|
|     |  | 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 <sup>1</sup> | 73.24 |
| 4   | Chew Mee Lee                           | 729,800              | 1.76  | 30,069,500 <sup>2</sup> | 72.32 |
| 5   | Chew Bros (M) Sdn. Bhd.                | -                    | -     | 22,925,700 <sup>3</sup> | 55.14 |
| 6   | ChewKarHeing Sdn. Bhd.                 | -                    | -     | 22,925,700 <sup>3</sup> | 55.14 |
| 7   | Yusuf Bin Jamil                        | -                    | -     | 23,097,900 <sup>4</sup> | 55.55 |
| 8   | WTWT Sdn. Bhd.                         | -                    | -     | 22,925,700 <sup>3</sup> | 55.14 |
| 9   | Janfreys Sdn. Bhd.                     | -                    | -     | 23,097,900 <sup>5</sup> | 55.55 |
| 10  | Bina Securities & Management Sdn. Bhd. | 172,200              | 0.41  | 22,925,700 <sup>3</sup> | 55.14 |
| 11  | CKH And LIK Family Sdn. Bhd.           | -                    | -     | 22,925,700 <sup>3</sup> | 55.14 |
| 12  | Lim lee Kuan                           | -                    | -     | 22,925,700 <sup>6</sup> | 55.14 |
| 13  | Chew Meu Jong                          | -                    | -     | 22,957,200 <sup>7</sup> | 55.21 |
| 14  | Deborah Mun Sook Ho                    | -                    | -     | 22,925,700 <sup>6</sup> | 55.14 |
| 15  | Chew Kar Yoo @ Chew Kar Hoo            | -                    | -     | 22,925,700 <sup>6</sup> | 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 4 APRIL 2023

### Directors' Shareholdings (As per the Register of Directors' Shareholdings)

| No. | Name of Directors                 | Direct Shareholdings |      | Indirect Shareholdings   |       |
|-----|-----------------------------------|----------------------|------|--------------------------|-------|
|     |                                   | 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 <sup>*1</sup>     | 0.03  |
| 3   | Chew Meu Jong                     | -                    | -    | 22,957,200 <sup>*2</sup> | 55.21 |
| 4   | Ir. Aik Siaw Kong                 | -                    | -    | -                        | -     |
| 5   | Cheam Low Soo                     | -                    | -    | -                        | -     |
| 6   | Ee Beng Guan                      | -                    | -    | -                        | -     |
| 7   | Chong Sai Sin                     | -                    | -    | -                        | -     |
| 8   | Yeoh Sheong Lee                   | 100                  | 0.00 | -                        | -     |

#### 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

## 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-Fourth Annual General Meeting ("44<sup>th</sup> AGM") of the Company to be held at Jasmine Hall, Level 3, Kinta Riverfront Hotel & Suites, Kinta Riverfront, Jalan Lim Bo Seng, 30000 Ipoh, Perak Darul Ridzuan on Thursday, 15 June 2023 at 10:00 a.m. and at any adjournment thereof.

| ORDINARY BUSINESS |  | Resolution            | FOR | AGAINST |
|-------------------|--|-----------------------|-----|---------|
| 1.                | To declare a final single tier dividend of 3 sen per ordinary share for the financial year ended 31 December 2022.   | Ordinary Resolution 1 |     |         |
| 2.                | To approve the payment of Directors' Fees for an amount of up to RM500,000/- for the financial year ending 31 December 2023 to the Non-Executive Directors.        | Ordinary Resolution 2 |     |         |
| 3.                | To approve the payment of the meeting allowances for an amount of up to RM120,000/- for the financial year ending 31 December 2023 to the Non-Executive Directors. | Ordinary Resolution 3 |     |         |
| 4.                | To re-elect Ir. Aik Siaw Kong as Director of the Company pursuant to Article 23.4 of the Company's Constitution.   | Ordinary Resolution 4 |     |         |
| 5.                | To re-elect Mr. Yeoh Sheong Lee as Director of the Company pursuant to Article 23.11 of the Company's Constitution.  | Ordinary Resolution 5 |     |         |
| 6.                | To re-appoint KPMG PLT as Auditors of the Company for the financial year ending 31 December 2023 at such remuneration to be determined by the Directors.           | Ordinary Resolution 6 |     |         |

(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 \_\_\_\_\_, 2023

\_\_\_\_\_  
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

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**Notes:**

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 8 June 2023 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the 44<sup>th</sup> 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 44<sup>th</sup> 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, 13<sup>th</sup> 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 ("**MMLR**") of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of this 44<sup>th</sup> AGM will be put to vote by poll.



[www.lysaghtmarketing.com](http://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](mailto:lysaght_sales@lysaghtmarketing.com.my)