



LYSAGHT GALVANIZED STEEL BERHAD

(Registration No. 197901002195 (46426-P))

ANNUAL REPORT

2021





CONTENTS

FINANCIAL STATEMENTS

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
13	Sustainability Report
24	Directors' Profile
28	Key Management Profile
31	Corporate Governance Overview Statement
39	Additional Disclosure Requirements Pursuant to the Listing Requirements
40	Statement on Risk Management and Internal Control
43	Audit Committee Report
46	Statement on Directors' Responsibility

47	Directors' Report
51	Statements of Financial Position
52	Statements of Profit or Loss and Other Comprehensive Income
53	Consolidated Statement of Changes in Equity
54	Statement of Changes in Equity
55	Statements of Cash Flows
57	Notes to the Financial Statements
108	Statement by Directors
108	Statutory Declaration
109	Independent Auditors' Report
113	List of Properties
114	Shareholding Distribution Schedule
115	Thirty Largest Shareholders
116	Substantial Shareholders
117	Directors' Shareholdings
	Form of Proxy

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-Third Annual General Meeting (“**43rd AGM**”) of **LYSAGHT GALVANIZED STEEL BERHAD** (“**the Company**”) will be held at Ballroom 1, Level 6, Weil Hotel, 292, Jalan Sultan Idris Shah, 30000 Ipoh, Perak Darul Ridzuan on Thursday, 16 June 2022 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 2021 together with the Directors’ and Auditors’ Reports thereon.
2. To declare a final single tier dividend of 1 sen per ordinary share for the financial year ended 31 December 2021. **Ordinary Resolution 1**
3. To approve the payment of Directors’ Fees of RM432,000/- for the financial year ending 31 December 2022 to the Non-Executive Directors. **Ordinary Resolution 2**
4. To approve the payment of the meeting allowances up to RM107,000/- for the financial year ending 31 December 2022 to the Non-Executive Directors. **Ordinary Resolution 3**
5. To re-elect the following Directors who retire pursuant to Article 23.4 of the Company’s Constitution and who have offered themselves for re-election:-
 - i. Mr Cheam Low Soo **Ordinary Resolution 4**
 - ii. Madam Chew Meu Jong **Ordinary Resolution 5**
6. To re-appoint KPMG PLT as Auditors of the Company for the financial year ending 31 December 2022 at such remuneration to be determined by the Directors. **Ordinary Resolution 6**
7. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company’s Constitution.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT the final single tier dividend of 1 sen per ordinary share for the financial year ended 31 December 2021, if approved by shareholders at the 43rd AGM, will be paid on 15 July 2022 to Depositors whose names appear in the Record of Depositors of the Company at the close of business on 4 July 2022.

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 2022 in respect of the transfers; and
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

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

Kuala Lumpur
Date: 29 April 2022

NOTICE OF ANNUAL GENERAL MEETING

cont'd

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 9 June 2022 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the 43rd 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 43rd AGM, such appointment shall be invalid unless the member specifies the proportion of his/her holdings to be represented by each proxy.
4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
5. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under common seal or under the hand of an officer or attorney duly authorised.
7. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's Registered Office at Suite 13.03, 13th Floor, Menara Tan & Tan, 207 Jalan Tun Razak, 50400 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjournment meeting at which the person named in the instrument proposes to vote.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of this 43rd AGM will be put to vote by poll.

Explanatory Notes:

1. Audited Financial Statements for the financial year ended 31 December 2021

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 2022, 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 15 July 2022 in accordance with the requirements under Section 132(2) and (3) of the Act.

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

The total estimated amount of meeting allowances payable is calculated based on the number of scheduled Board's and Board Committees' meetings for the current financial year ending 31 December 2022.

4. Ordinary Resolutions 4 and 5 – Re-election of Directors

Mr Cheam Low Soo and Madam Chew Meu Jong ("**Retiring Directors**"), who retire in accordance with Article 23.4 of the Company's Constitution and being eligible, have offered themselves for re-election at the 43rd AGM.

The Board had through the Nomination Committee ("**NC**") carried out annual assessment on the Retiring Directors and agreed that they met the criteria of character, experience, integrity, competence and time commitment in discharging their roles as directors of the Company and their 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 the Retiring Directors at the 43rd AGM.

The Board has also through the NC carried out assessment on the independence of Mr Cheam Low Soo and is satisfied that he met the criteria of independence set out in the MMLR of Bursa Malaysia Securities Berhad.

The profiles of the Retiring Directors are set out in the Directors' Profile on pages 25 and 26 of the Annual Report 2021.

NOTICE OF ANNUAL GENERAL MEETING

cont'd

Measures to minimise risk of COVID-19:

- (a) *Your safety is the Company's top priority. As a precautionary measure from the exposure to COVID-19, face masks will be provided to all present and hand sanitisers will be placed at the common areas for your use.*
- (b) *If you are unwell with sore throat / fever / flu / cough / shortness of breath or showed symptoms of respiratory illness such as coughing and sneezing, you are strongly encouraged not to attend the meeting. In view of this, we encourage that you appoint a proxy and deposit the Proxy Form as per Note 7 above in the event you are not able to attend and vote on the date of the meeting. The appointment of a proxy does not preclude you from attending the meeting should you wish to and are fit to attend.*
- (c) *On the seating arrangements and number of individuals to be present at the meeting venue, the Company will observe and abide by the prevailing directives, safety and precautionary requirements as prescribed by the Government, the Ministry of Health, the Malaysian National Security Council and other relevant authorities to curb the spread of the COVID-19 pandemic. Shareholders are advised to arrive early at the 43rd AGM venue given that the above-mentioned precautionary measures may cause delay in the registration process.*

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 43rd Annual General Meeting of the Company.

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Ir. Chua Tia Bon
Executive Director/Chief Executive Officer

Chew Meu Jong
Non-Independent Non-Executive Director

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

Cheam Low Soo
Independent Non-Executive Director

Ee Beng Guan
Senior Independent Non-Executive Director

Chong Sai Sin
Independent Non-Executive Director

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

COMPANY SECRETARY

Lim Chien Joo
MAICSA 7063152
SSM PC No. 201908004025

REGISTERED OFFICE

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

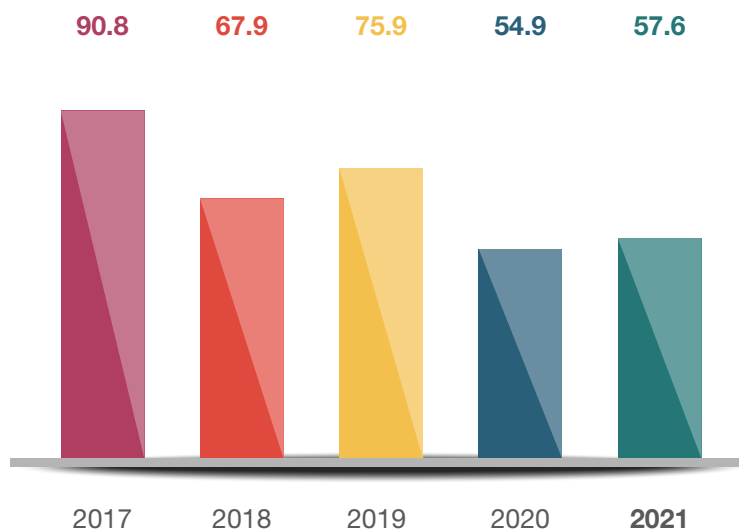
STOCK EXCHANGE LISTING

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

FINANCIAL HIGHLIGHTS

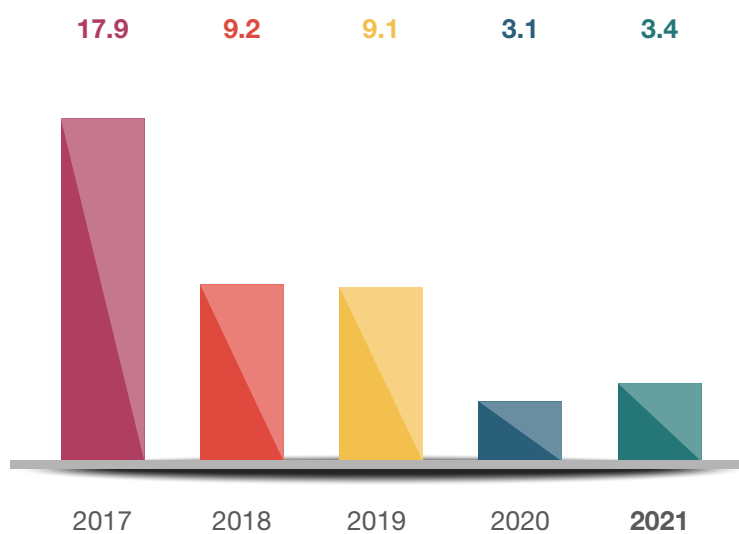
REVENUE

(RM'Mil)



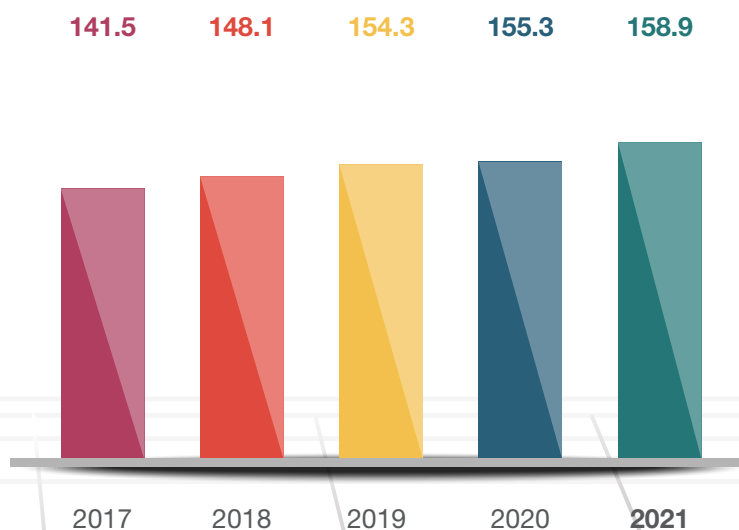
PROFIT AFTER TAX

(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 Lysaght Galvanized Steel Berhad ("**Lysaght**"). On behalf of the Board of Directors ("**Board**"), it is my pleasure to present to you the Annual Report and Financial Statements of our Group for the financial year ended 31 December 2021 ("**FY2021**").

OPERATING ENVIRONMENT

The Coronavirus Disease 2019 ("**COVID-19**") pandemic has been spanning over two years now, persisted to wreak havoc on the economy and people's lives across the world in 2021. Movement restrictions, which were implemented to curtail the virus spread, were gradually relaxed once the infectivity rates dipped.

However, because of the relaxed movement restrictions, this has caused a resurgence in infection numbers, leading to a re-tightening of the restrictions. It is inevitable that the governments around the world have to make difficult decisions in balancing between saving lives and livelihood when opening up the economy. The oscillation between tighten and relaxed movement restrictions caused widespread disruptions to businesses and the overall trajectory of the global economic recovery.

While operating conditions did not return to their pre-pandemic state in 2021, global growth momentum nonetheless improved as compared with the previous year. This is reflected in the World Bank's global growth estimate which puts economic growth at 5.5% for 2021 after global gross domestic product ("**GDP**") contracted 3.4% in 2020. However, World Bank warned that recovery will be uneven depending on the fiscal support as well as vaccination rate.

In Malaysia, GDP growth in the third quarter contracted by 4.5% year-on-year following the imposition of a nationwide lockdown aimed at curbing a resurgence in COVID-19 cases. Nevertheless, the acceleration of mass vaccination programmes and booster jabs that allowed for the gradual relaxation of mobility restrictions has improved consumer and business confidence despite the uncertainty. In 2021, Malaysian economy grew by 3.1% as a whole, recovering from the drop of 5.6% in the previous year.

(Source: Bank Negara Malaysia)

Against the backdrop of this highly challenging environment, our Group is proven to remain resilient with reported growth of 4.9% in total revenue and 5.7% in profit before tax ("**PBT**") in FY2021. The Group recorded a total revenue of RM57.6 million in FY2021 as compared to total revenue of RM54.9 million in FY2020. The PBT of the Group was reported at RM4.1 million in FY2021 with an increase of RM0.2 million as compared to PBT of RM3.9 million in FY2020.

With the COVID-19 pandemic not subsiding any time soon and the emergence of new variants, the global outlook is far from being certain. The World Bank, in its January 2022 Global Economic Prospects report, forecasted that the global economy would expand by 4.1% in 2022, slowing from the estimated 5.5% growth for 2021, taking into consideration of the continued COVID-19 flare-ups, diminished fiscal support and persistent supply-chain bottlenecks.

The World Bank has also projected that Malaysia's economy would grow by 5.8% in 2022, anchored by a rebound in domestic demand and continued expansion in exports. Meanwhile, Bank Negara Malaysia has projected Malaysia's growth in 2022 to be between 5.5% and 6.5% due to the resumption of economic activities, higher private sector expenditure, continued policy support and expansion in global demand.

(Source: World Bank Malaysia Economic Monitor: Staying Afloat)

CHAIRMAN'S STATEMENT

cont'd

The Group anticipates that business conditions will likely remain challenging in 2022 with uncertainties continuing to cloud global and local markets. Nevertheless, we are cautiously optimistic on the Group's prospects in the foreseeable future as we endeavour to remain focused on delivering growth and long-term shareholders' value. With a fair balance of strength and resilience, prudence and sound enterprise risk management, we continue to navigate our way through the challenges to promote and grow the Group's business.

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

DIVIDEND

Sustainable long-term shareholder returns and value creation remain top of our priority list. Amidst the unprecedented macroeconomic and global uncertainties, our stable operational performance and prudent cost management efforts have enabled us to reward our shareholders with final single-tier dividend of 1 sen per share (FY2020: 1 sen per share), which to be approved by shareholders at the forthcoming Annual General Meeting of the Company. This has, in turn, translating to a pay-out of RM0.4 million to our shareholders.

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

ACKNOWLEDGEMENT

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

On behalf of the Board, I also would like to thank our business partners, advisors, and the relevant government and regulatory agencies for their invaluable support and advice throughout FY2021.

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

Dato' Ir. Wan Razali bin Wan Muda

Chairman of the Board

15 April 2022

MANAGEMENT DISCUSSION AND ANALYSIS

OF BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE

OVERVIEW OF BUSINESS OPERATIONS

Background

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

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

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

Market and products

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

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

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

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

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

Operations

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

As part of the Group's strategy to ensure continued growth, the Group is committed in upgrading our current manufacturing facilities as well as expansion of the existing factory. The Group in 2017 acquired a piece of leasehold land together with a factory and office erected thereon located adjacent to our existing factory in Ipoh. Despite the unprecedented circumstances in 2020, the amalgamation and construction of factory extension building has been successfully completed during the second quarter of 2020.

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

Coronavirus Disease 2019 (“**COVID-19**”) continued to be the dominant issue affecting all aspects of life in 2021. While there was some hope at the start of the year that the introduction of vaccines and new pandemic management techniques would bring about a quick recovery and return us to normality, it became apparent this hope was too much, too soon.

While it had been a challenging period for many, the future is still looking hopeful as concerted efforts on vaccination programmes have yielded encouraging results. Most of the adult population are already vaccinated and many have also lined-up to get booster shots which is imperative in enabling us to live with endemic COVID-19 effectively.

Despite the dismal year, our Group was able to navigate the pandemic and achieve a healthy and commendable financial performance by maintaining our focus on delivering outstanding sustainable value to customers and stakeholders, regardless of prevailing market conditions. The Group’s financial performance during the financial year ended 31 December 2021 (“**FY2021**”), amidst this economic turbulence, was a testament to our resilience and discipline.

Revenue

	FY2021	FY2020
Revenue by country	RM' million	RM' million
Malaysia	26.3	26.8
Singapore	22.6	15.9
New Zealand	5.7	6.0
Qatar	-	2.5
Sri Lanka	1.3	2.0
Others	1.7	1.7
Total	57.6	54.9

For FY2021, the revenue for the Group of RM57.6 million was 4.9% or RM2.7 million higher than that of FY2020. The fact of year-on-year (“**YoY**”) increase in revenue in FY2021 was largely contributed by the economic activities partially resumed with easing of containment measures as result of the acceleration of mass vaccination programmes and booster jabs by Malaysian Government during FY2021. Amidst the uncertainties and volatilities, Lysaght remained resilience and committed to meeting customers’ expectations and continued to expand the Group’s capabilities to carry out higher value-added activities.

Gross profit and margin

In congruence with the increase in revenue, the Group recorded a gross profit of RM12.4 million in FY2021 as compared to RM12.3 million recorded in FY2020 with a YoY increase of RM0.1 million or 0.9%.

Profit before tax (“PBT”)

The Group recorded a PBT of RM4.1 million in FY2021 as compared to RM3.9 million in FY2020 with a YoY increase of RM0.2 million or 5.7% due to the increase in gross profit in FY2021.

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

Consistent with the above analysed PBT, the Group achieved a net profit of RM3.4 million for FY2021 which was higher than the net profit of RM3.1 million in FY2020 by RM0.3 million or 11.5%. As a result, the basic earnings per share for FY2021 strengthened to 8.23 sen, which was 0.85 sen higher than that of 7.38 sen achieved in FY2020.

MANAGEMENT DISCUSSION AND ANALYSIS

OF BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE

cont'd

Liquidity, capital resources and gearing

The Group's cash and cash equivalents decreased from RM21.2 million as of 31 December 2020 to RM17.7 million as of 31 December 2021, which was mainly due to the lower cash flow generated from operating activities resulted from the increase in inventories. The summary of the Group's cash inflows and outflows during FY2021 is set out below:

- (i) Notwithstanding of the increase in PBT as mentioned above, the increase in inventories by RM7.0 million in FY2021 as compared to FY2020 has resulted in our net cash used in operating activities recorded at RM3.2 million in FY2021. The increase in inventories was largely due to the foreseen increased sales demand in the first quarter of FY2022 coupled with the increase in steel price cost.
- (ii) Net cash flows used in investing activities in FY2021 was amounted to RM0.06 million, while FY2020 recorded at RM14.4 million. This was largely due to the net placement of short-term deposit of RM13.9 million during FY2020 as compared to withdrawal of short-term deposit of RM0.3 million during FY2021. If we do not consider the said placement and withdrawal of short-term deposit, the net cash flow used in investing activities was actually RM0.3 million in FY2021 as compared to RM0.5 million in FY2020 as a result of the lower capital expenditure incurred in FY2021.
- (iii) The cash outflow from financing activities for both FY2021 and FY2020 was due to the payment of dividends of RM0.4 million in FY2021 and RM2.1 million in FY2020 and the balance was due to the payment of lease liabilities.

The management has allocated a capital commitment totalling RM21.2 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 2021.

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

LOOKING AHEAD

The World Bank, in its January 2022 Global Economic Prospects report, forecasted that the global economy would expand by 4.1% in 2022, slowing from the estimated 5.5% growth for 2021, taking into consideration of the continued COVID-19 flare-ups, diminished fiscal support and persistent supply-chain bottlenecks.

The World Bank has also projected that Malaysia's economy would grow by 5.8% in 2022, anchored by a rebound in domestic demand and continued expansion in exports. Meanwhile, Bank Negara Malaysia has projected Malaysia's growth in 2022 to be between 5.5% and 6.5% due to the resumption of economic activities, higher private sector expenditure, continued policy support and expansion in global demand.

(Source: World Bank Malaysia Economic Monitor: Staying Afloat)

The RM332.1 billion Budget 2022 is the largest budget to date, which was tabled by Finance Minister Tengku Datuk Seri Zafrul Aziz in October 2021 was expansionary in the sense of the increased government spending and also the supportive measures to help businesses expand. To stimulate the recovering economy, the government has allocated RM3.5 billion for infrastructure projects involves maintenance of road projects, overhaul of obsolete infrastructure and equipment of public universities, polytechnics and community colleges as well as other projects involving social amenities at the rural areas.

(Source: www.thestar.com.my)

The rapid increase on crude oil price as a direct result of Russia's invasion of Ukraine as well as the lingering shipping issue might intensify the volatility of the market. 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

We are proud to present our Sustainability Report (“**Report**”) on our efforts towards simultaneously achieving business profitability and contributing to the community within the areas in which we operate whilst effectively managing our environmental footprint. This Report elaborates Lysaght Galvanized Steel Berhad (“**Lysaght**”/the “**Company**”)’s concepts, practices and achievements of its sustainable development and social responsibility during the financial year ended 31 December 2021 (“**FY2021**”) from the economic, environmental and social (“**EES**”) as well as governance aspects. Over the years we have been taking steps to progressively improve our sustainability performance.

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.

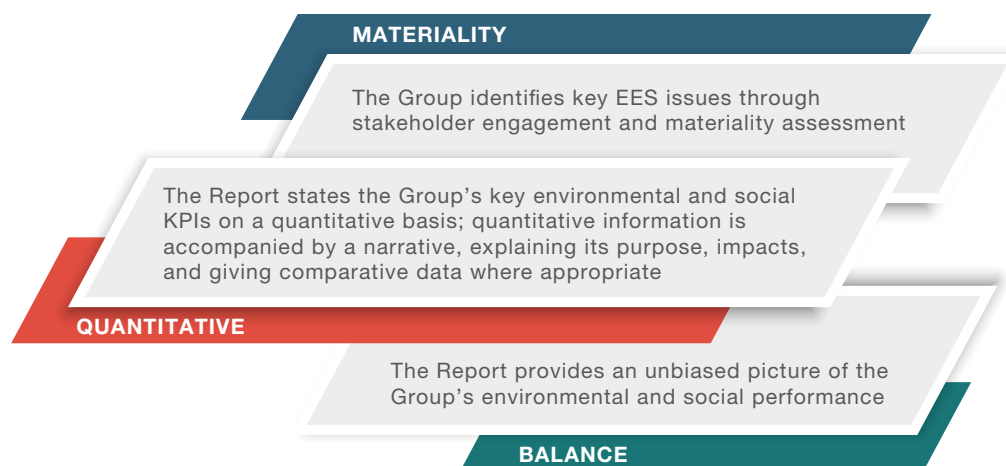
This Report covers data which had been compiled internally from 1 January 2021 to 31 December 2021. Where available and relevant, historical data of preceding year has been included for comparison.

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.

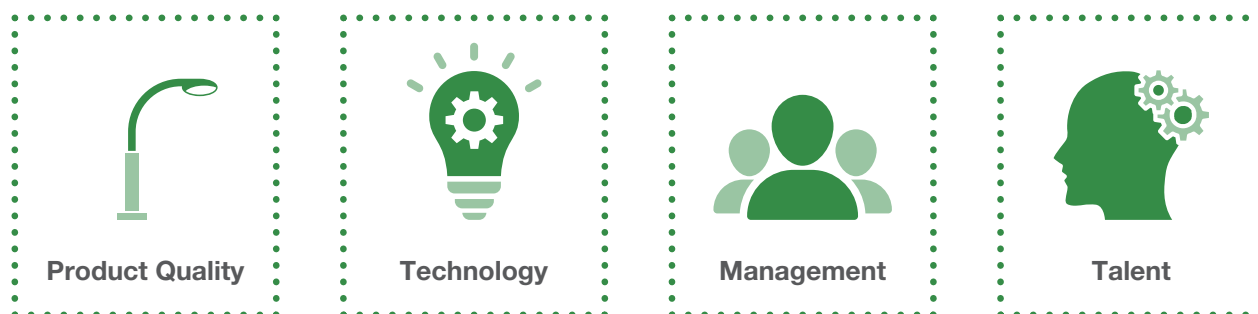
SUSTAINABILITY REPORT

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.



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

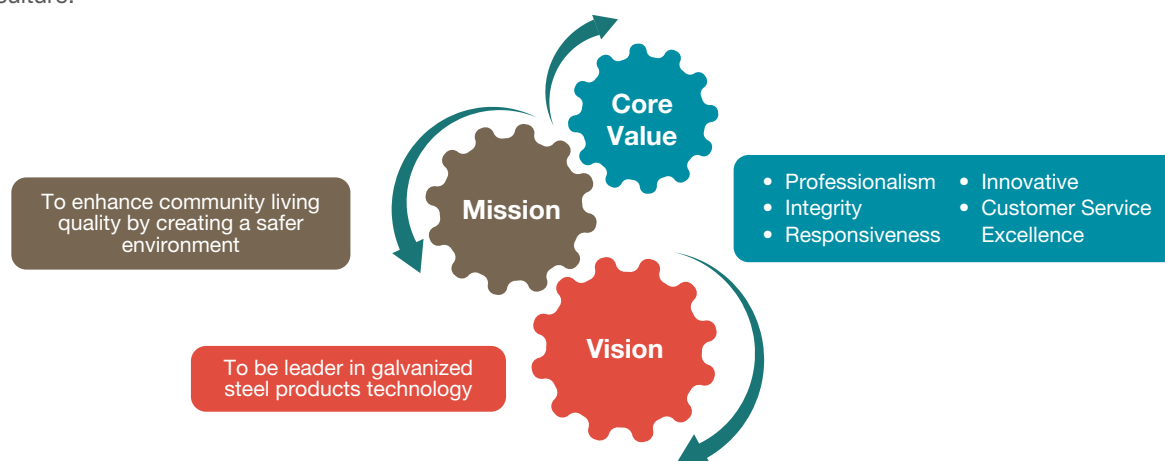
SUSTAINABILITY REPORT

cont'd

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, 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

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

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

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

STAKEHOLDERS ENGAGEMENT

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

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

STAKEHOLDERS	ENGAGEMENT METHODS	ENGAGEMENT AREAS
Shareholders	<ul style="list-style-type: none"> • Annual & Extraordinary General Meetings • Bursa announcements • Quarterly report • Annual report • Timely update on corporate website 	<ul style="list-style-type: none"> • Financial and operational performance • Dividend policy • Return on investments
Government	<ul style="list-style-type: none"> • Compliances to laws and regulations • Compliances to standards and specifications 	<ul style="list-style-type: none"> • Operation regulations • Bursa listing requirements • Companies Act • Labour law • Taxations • Compliance with Department of Environment ("DOE") • Ministry of Natural Resources and Environment Malaysia • Compliance with Jabatan Kerja Raya, Construction Industry Development Board, SIRIM and Majlis Bandaraya • Compliance with Jabatan Keselamatan dan Kesihatan Pekerjaan Malaysia requirement

SUSTAINABILITY REPORT

cont'd

STAKEHOLDERS	ENGAGEMENT METHODS	ENGAGEMENT AREAS
Board of directors	<ul style="list-style-type: none"> Board meetings 	<ul style="list-style-type: none"> Corporate strategy Corporate governance
Employees	<ul style="list-style-type: none"> Trainings Performance appraisal Team building activities 	<ul style="list-style-type: none"> Occupational safety & health Remuneration policy Career development Performance review Fair employment practices Trade union
Customers	<ul style="list-style-type: none"> Regular meetings Marketing activities Conference Presentation Exhibition 	<ul style="list-style-type: none"> Customer satisfactions After-sales services Quality assurance Innovative product
Suppliers	<ul style="list-style-type: none"> Regular meetings Quality audit on products Contract negotiation 	<ul style="list-style-type: none"> Products' quality Legal compliances
Communities	<ul style="list-style-type: none"> Community events 	<ul style="list-style-type: none"> Social contribution Job opportunities Donation and financial aid
Analyst / Media	<ul style="list-style-type: none"> Annual & Extraordinary General Meetings 	<ul style="list-style-type: none"> Financial and operational performance

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.

During FY2021, 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.

SUSTAINABILITY REPORT

cont'd

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.



MATERIAL SUSTAINABILITY MATTERS

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

We define and align our material sustainability matters with reference to the United Nation’s 17 SDGs. We share our responsibilities in supporting the efforts of tackling the EES challenges through the implementation of sustainable practices as follows:

Ranking	Material Sustainability Matters	EES Pillars	Related SDGs
1.	Customers & Products		 
2.	Shareholders		
3.	Suppliers		  
4.	Resource’s Preservation		  

SUSTAINABILITY REPORT

cont'd

Ranking	Material Sustainability Matters	EES Pillars	Related SDGs
5.	Safe Workplace		 
6.	Waste Management		  
7.	Talent & Skill development		
8.	Diversity & Inclusion		  
9.	Water Savings		 
10.	Community Engagement		 



Economic



Environment



Social

Economic

Shareholders

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

Customers & Products

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

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

SUSTAINABILITY REPORT

cont'd

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 ahead 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.

Amidst the pandemic, cybersecurity risk is intensifying, 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.

Suppliers

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

Environment

As our business involves manufacturing in which is heavily regulated by the local and federal authorities, the Group is conscious of complying with all applicable environmental laws, guidelines and regulations in relation to emission standards, noise level management and treatment of plant effluents and 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 in them the environmental awareness culture and values of our Group.

SUSTAINABILITY REPORT

cont'd

Resource's Preservation

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

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

Waste Management

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

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

Water Savings

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

Social

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

Safe Workplace

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

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

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

SUSTAINABILITY REPORT

cont'd

As Coronavirus Disease 2019 (“**COVID-19**”) has affected all areas of business throughout the world since 2020, it has become a social responsibility for the Group to act accordingly. It is our Group’s immediate priority to protect the health and safety of our employees. Our essential workers deserve most accolades, we ensure protective masks put on and body temperatures checked. We also practice social distancing with at least one metre and enhance cleaning measures such as more regular cleaning of common touchpoints with disinfectant. We have also provided self-test kits to our employees once a week as we continue to be vigilant while providing a safe workplace for our employees.

Against the backdrop of COVID-19 pandemic, we continue to strive building a high-energy team while navigating the storms of change. We start to use various virtual meeting platform like Zoom Meeting and Microsoft Teams as our new means of engagement with our employees to minimise physical meeting.

Talent & Skill Development

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

Apart from safety, promoting good health, and motivation is an essential part of the Group’s responsibility to our employees. 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.

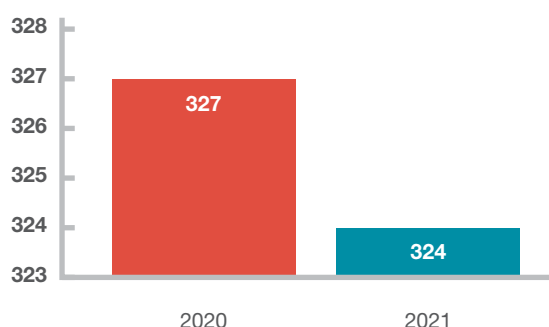
The Group also recognises that the Industrial Revolution 4.0 will place pressure in organisations to continuously upskill and reskill our workforce, to stay relevant and productive. Employees are encouraged to attend internal or external training or pursue professional development to enhance their knowledge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

Diversity & Inclusion

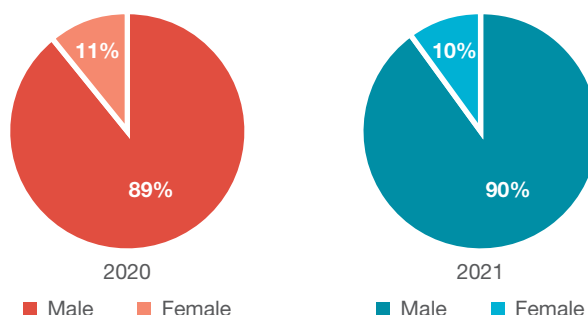
In the appointment and recruitment process, we pride ourselves on being an employer that provides equal opportunities and continuously seek to promote it regardless of religious belief, age, marital status, gender, family status or any disability. Our commitment in that respect applies to all areas of 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 2021, total number of employees stood at 324 employees (2020: 327 employees), of which 10% (2020: 11%) is female and the remaining 90% (2020: 89%) is male. Having a diverse team of employees, across gender and industry experience, encourages open-minded dialogues, broadens our positive influence and reach, helps bridge gaps, and brings in new perspectives and strategies. The graphs below illustrate the distribution of our team by gender.

Number of Staff



Gender Diversity



SUSTAINABILITY REPORT

cont'd

Community Engagement

As we are deeply rooted in the community we operate, we actively engage in community outreach programmes and activities. We are proud of having the privilege to serve various segments of the community towards providing for social empowerment and helping to make a positive difference for people across all walks of life. We have from time to time made donations to various charitable organisations such as children foundation, disability homes, non-profit organisations etc. Helping the less fortunate members of our community is our way of giving back to society.

OUR COMMITMENT

Rewarding our shareholders	Dividend
Sustaining long term value	Investment in our resources to ensure long-term benefits to our various stakeholders
Advancing our business	Reinvestment in our core business
Investing in our human resources	Competitive remuneration, compensation, benefits and trainings
Contributing to society	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
 68 years of age, Malaysian, Male

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

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

He started his career in 1977 as an officer with the Royal Malaysian Air Force and was with Senior Management Team in a few Semi-Government Bodies. He then joined the MTD Group of Companies in 1994 and was entrusted to manage the Company fleet operation in heavy machineries and highway consultancy. He later led the group Tollways Division which took charge of tolled highway concession of Kuala Lumpur – Karak Highway, Lebuh raya 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 Lebuh raya 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 all five (5) Board Meetings held during the financial year ended 31 December 2021.

IR. CHUA TIA BON
Executive Director/Chief Executive Officer
 71 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 2021.

DIRECTORS' PROFILE

cont'd

CHEW MEU JONG

*Non-Independent Non-Executive Director
66 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 Committee.

Madam Chew was a Fellow of the Chartered Association of Certified Accountants, United Kingdom. She was involved in managing the operations of the Lysaght (Malaysia) Sdn. Bhd.'s Group (LMSB 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 2021.

IR. AIK SIAW KONG, ^{KMN}

*Independent Non-Executive Director
71 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 2021.

DIRECTORS' PROFILE

cont'd

CHEAM LOW SOO

*Independent Non-Executive Director
70 years of age, Malaysian, Male*

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

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

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

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 2021.

EE BENG GUAN

*Senior Independent Non-Executive Director
66 years of age, Malaysian, Male*

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

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

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

Mr. Ee has attended all five (5) Board Meetings held during the financial year ended 31 December 2021.

DIRECTORS' PROFILE

cont'd

CHONG SAI SIN

*Independent Non-Executive Director
55 years of age, Malaysian, Male*

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

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

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

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

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

He also 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.

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

Mr. Chong has attended all five (5) Board Meetings held during the financial year ended 31 December 2021.

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 2021.
4. **Shareholdings**
The details of the Directors' interest in the securities of the Company are set out on page 117 of the Annual Report.

KEY MANAGEMENT PROFILE



FOO KOK SENG

General Manager

68 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

59 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

47 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

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

LIEW SUI KUM

Technical & Design Manager

69 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

67 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 2021.

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 2021 (“**FY2021**”). This overview takes guidance from the key CG principles set out in the Malaysian Code on Corporate Governance 2021 (“**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 2021 (“**CG Report**”) which is available on the Group’s website at www.lysaghtgalvanizedsteelbhd.com.

The CG Report provides the explanations on how the Group applied each Practice set out in the Code during FY2021.

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

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

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

In order to foster a strong governance culture in the Group and to ensure a balance of power and authority, the roles of the Chairman and CEO are strictly separated. This is also to maintain effective supervision and accountability of the Board and Executive Management. The Chairman is responsible for Board effectiveness and to ensure that the conduct and working of the Board 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.

Our Chairman of the Board is currently also a member of the NC, RC and RMC. Our Chairman is conscious of his differing roles in the Board, in the NC, RC and RMC. All issues before recommending to the Board are thoroughly deliberated at the committee levels which involved the participation of the other two Non-Executive Directors. All recommendations by the committees to the Board have been arrived at unanimously and this would have eliminated the risk of self-review.

With the issuance of the updated Code in April 2021, the Board acknowledged that action items ought to be taken to be in compliance with the Practice 1.4 of the Code where the Chairman of the Board should not be a member of the AC, NC or RC. Notwithstanding the above, the Board reckoned the fact that it is necessary to maintain the current composition of the NC and RC to ensure the effectiveness of the NC and RC while the Board is evaluating the composition of NC and RC with a view to comply this Practice.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

(a) Board Responsibilities *cont'd*

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.

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 Statement in this Annual Report.

The Board meet at least quarterly to review and/or 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 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 FY2021, as follows:

Director	No. of meetings attended/No. of meetings held*	%
Dato' Ir. Wan Razali bin Wan Muda	5/5	100
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 FY2021

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 FY2021 were as follows:

Director	Training Programmes/Seminars/Conferences
Dato' Ir. Wan Razali bin Wan Muda	<ul style="list-style-type: none"> In-house Training Course of 2022 Budget Highlights
Ir. Chua Tia Bon	<ul style="list-style-type: none"> MIA 2022 Budget Seminar
Chew Meu Jong	<ul style="list-style-type: none"> Executive Effective Mergers & Acquisition (M&A) MAICSA Webinar Series : Good Corporate Governance Practices for SMEs In-house Training Course of 2022 Budget Highlights
Ir. Aik Siaw Kong	<ul style="list-style-type: none"> In-house Training Course of 2022 Budget Highlights MAICSA Webinar Series : Good Corporate Governance Practices for SMEs
Cheam Low Soo	<ul style="list-style-type: none"> Corporate Directors Summit 2021 – Governance 4.0
Ee Beng Guan	<ul style="list-style-type: none"> Further Issues and Latest Development of Companies Act 2016 Land Acquisition and Real Property Gain Tax Introduction to Cryptocurrency and Block Chain Laws in Malaysia Directors Duty and Climate Change

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"> • MIA Webinar Series : Capital Settlement : Are You on IRB'S Radar ? • MIA Unclaimed Money Act 1965 • MIA 2022 Budget Seminar • MIA Weathering the Covid-19 Storm • MAICSA Webinar Series : Malaysian Taxation Course 2021 • Workshop on The Decision to Litigate : Tax Appeals and Choice of Forum • Caffe Latte with MICPA – Business Continuity and Succession Planning • MICPA ISQM 1 & ISA 220 (Revised) • In-house Training Course of 2022 Budget Highlights • Year-end Webinar : Closing 2021 and Towards 2022 • Conversation with Audit Committees

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.

(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.

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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

(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
- (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 FY2021, the NC has informed the Board that it was satisfied with the contribution and performance of each individual Director.

The Board is mindful of the recommendation of the Code on limiting the tenure of Independent Directors to nine 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.

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.

(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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

(d) Activities of Remuneration Committee *cont'd*

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 FY2021 is as follows:

	Salaries and other emoluments RM'000	Employees Provident Fund RM'000	Bonus RM'000	Benefits- in-kind RM'000	Fee RM'000	Allowances RM'000	Total RM'000
Dato Ir. Wan Razali bin Wan Muda	-	-	-	-	108	14	122
Ir. Chua Tia Bon	525	133	175	30	-	-	863
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

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 43 to 45 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

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

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 FY2021 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 40 to 42 of this Annual Report.

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

(a) Communication with Stakeholders

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

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

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

(b) Conduct of General Meetings

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

All Directors attended the virtual 42nd AGM held on 27 September 2021. Barring unforeseen circumstances, all Directors (which include the Chairs of all mandated Board committees) shall be attending the forthcoming 43rd 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 42nd AGM held on 27 September 2021 was conducted via live streaming and online remote voting using the Remote Participation and Voting facilities namely Online Meeting Platform hosted on Securities Services e-Portal at <https://sshsb.net.my/> provided by SS E Solutions Sdn. Bhd. ("SS E Solutions")

Securities Services e-Portal is an online platform that will allow both individual shareholders and body corporate shareholders through their appointed representatives, to -

- Submit proxy form electronically – paperless submission
- Register for remote participation and voting at meetings
- Participate in meetings remotely via live streaming
- Vote online remotely on resolution(s) tabled at meetings

SS E Solutions has put in place information security measures to prevent cyberthreats and data breaches.

In line with Practice 13.1, the Company's Notice of the forthcoming 43rd AGM shall be given to shareholders at least 28 days prior to the meeting.

The Summary of Minutes of the 42nd AGM (including all the Questions raised at the meeting and the Answers thereto) held on 27 September 2021 was uploaded to the Group's website on 10 October 2021. The Group committed to circulate the complete minutes of AGM not later than 30 business days after the conclusion of the forthcoming 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 15 April 2022.

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 2021 (“FY2021”).

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 FY2021 or which were entered into since the end of FY2020.

AUDIT AND NON-AUDIT FEES

The audit fees paid or payable by the Company and the Group to the external auditors for FY2021 amounted to RM70,000 and RM131,116 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 FY2021, 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 members of the RMC during the financial year ended 31 December 2021 (“**FY2021**”) and as at the date of this Statement were:

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

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

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

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

The risk management framework establishes the context of risk in relation to the Group’s business and sets out the process for risk identification, measurement and treatment with continuous monitoring, review and communication. 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.

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

RISK MANAGEMENT PROCESS *cont'd*

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

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

INTERNAL CONTROL SYSTEM

The Board acknowledges the importance of the internal audit function and is committed to articulating, implementing and reviewing the Group's system of internal 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 periodically 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 FY2021 and up to the date of this Statement and 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 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 safe guarded.

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 15 April 2022.

AUDIT COMMITTEE REPORT

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

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

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

Complying to Paragraph 15.20 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board has, through Nomination Committee, reviewed the terms of office and performance of the AC members annually through the AC Evaluation Form. The Board is satisfied that for the financial year ended 31 December (“**FY**”) 2021, 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 FY2021 and as of the date of this Report together with their attendance record at AC meetings held during FY2021 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 FY2021

** 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 FY2021. 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 FY2021:

(a) Financial Results

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

(b) External Audit

- Considered the nomination of new external auditors before recommending them to the Board for consideration.
- Reviewed and approved the external auditors' scope of work and audit plan prior to commencement of the annual audit.
- Analysed and reviewed the proposed external audit fees for approval of the Board.
- Analysed and reviewed the non-audit fees and related costs in respect of non-audit services rendered by the external auditors to ensure that their independence is not impaired.
- Reviewed and discussed with the external auditors, the changes in or implementation of major accounting policies, significant matters arising from the audit, significant judgements made by Executive Management, significant and unusual events or transactions and compliance with accounting standards and other legal and regulatory requirements and how all these matters are dealt with and the audit report, and reported the same to the Board.
- Evaluated the performance, suitability and independence of the external auditors and recommended their re-appointment to the Board for approval.
- Met once during FY2021 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 FY2021 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 FY2021 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 action plans and measures for reporting to the AC.

For FY2021, the internal audit scope covered the review of the adequacy and effectiveness of the system of internal controls of Human Resource and Payroll System.

The internal auditors has also conducted a review on the Enterprise Risk Management of the Group in FY2021, as well as established an overall view of the level of risks in the key business processes. 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 FY2021 was RM50,500.

Chong Sai Sin
Chairman of Audit Committee

15 April 2022

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 2021 have been drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of their financial performance and cash flows for the financial year ended on that date in accordance with Financial Reporting Standards and the requirements of the Act.

In preparing the financial statements, the Board has:

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

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

This Statement of Directors' Responsibility is made in accordance with a resolution of the Board dated 15 April 2022.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021.

PRINCIPAL ACTIVITY

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., of which was incorporated in Malaysia. The Directors regarded CKH And LIK Family Sdn. Bhd. and Chew Bros (M) Sdn. Bhd., all of which are 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 RM	COMPANY RM
Profit for the year attributable to:		
Owners of the Company	3,423,497	3,958,208

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.

DIVIDEND

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 2020 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 2 June 2021 and paid on 16 July 2021.

In respect of the financial year ended 31 December 2021, the Directors recommend the payment of a final single tier dividend of 1 sen per ordinary share amounting to RM415,800, 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 2022.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021
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

The person who is a director of the subsidiary of the Company during the 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:

	At 1.1.2021	Number of ordinary shares		At 31.12.2021
		Bought	(Sold)	
Direct interest in the Company				
Chua Tia Bon	12,600	-	-	12,600
Indirect interest in the Company				
Chua Tia Bon*	10,600	-	-	10,600
Chew Meu Jong**	22,957,200	-	-	22,957,200
Ultimate holding company CKH and LIK Family Sdn. Bhd.				
Chew Meu Jong***	1	-	-	1

* shares held directly by spouse

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

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

None of the other Directors holding office at 31 December 2021 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 2021
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 fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company) 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 except as disclosed in Note 27 to the financial statements.

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 RM22,667 respectively.

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.

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.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

cont'd

OTHER STATUTORY INFORMATION *cont'd*

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 2021 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.

SIGNIFICANT EVENTS

Details of significant events are disclosed in Note 28 to the financial statements.

AUDITORS

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

The auditors' remuneration is disclosed in Note 19 to the financial statements.

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: 15 April 2022

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	GROUP		COMPANY	
		2021 RM	2020 RM	2021 RM	2020 RM
Assets					
Property, plant and equipment	3	29,420,834	29,646,366	29,373,253	29,596,083
Right-of-use assets	4	12,506,464	12,826,859	9,530,233	9,721,953
Goodwill		7,871	7,871	-	-
Investments in subsidiaries	5	-	-	128,561	128,561
Deferred tax assets	6	321,343	27,017	78,000	-
Total non-current assets		42,256,512	42,508,113	39,110,047	39,446,597
Inventories	7	44,943,035	37,918,088	44,399,905	37,573,078
Trade and other receivables	8	16,714,965	15,516,212	725,158	552,329
Contract assets	9	151,687	-	-	-
Current tax assets		1,904,683	1,488,880	1,783,948	1,426,448
Fixed deposits placed with licensed banks	10	43,479,385	43,771,588	20,442,438	19,949,659
Cash and cash equivalents	10	17,709,633	21,227,904	13,252,758	4,941,165
Total current assets		124,903,388	119,922,672	80,604,207	64,442,679
Total assets		167,159,900	162,430,785	119,714,254	103,889,276
Equity					
Share capital	11	41,580,000	41,580,000	41,580,000	41,580,000
Other reserves	12	4,716,119	4,105,967	-	-
Retained earnings		112,595,624	109,587,927	57,108,684	53,566,276
Total equity attributable to owners of the Company		158,891,743	155,273,894	98,688,684	95,146,276
Liabilities					
Lease liabilities		151,654	30,910	151,654	30,910
Retirement benefits	13	-	10,840	-	10,840
Deferred tax liabilities	6	-	412,824	-	403,504
Total non-current liabilities		151,654	454,574	151,654	445,254
Lease liabilities		240,857	363,981	240,857	363,981
Tax payable		685,891	645,265	-	-
Trade and other payables	14	5,512,013	5,069,678	20,633,059	6,873,844
Contract liabilities	9	1,677,742	623,393	-	1,059,921
Total current liabilities		8,116,503	6,702,317	20,873,916	8,297,746
Total liabilities		8,268,157	7,156,891	21,025,570	8,743,000
Total equity and liabilities		167,159,900	162,430,785	119,714,254	103,889,276

The notes on pages 57 to 107 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	GROUP		COMPANY	
		2021 RM	2020 RM	2021 RM	2020 RM
Revenue	15	57,617,120	54,928,197	42,429,353	43,947,482
Cost of sales		(45,226,142)	(42,650,911)	(40,482,242)	(40,980,325)
Gross profit		12,390,978	12,277,286	1,947,111	2,967,157
Other income		2,988,629	2,209,696	8,987,714	2,079,186
Administrative expenses		(9,996,595)	(9,930,899)	(7,723,438)	(7,583,488)
Selling and distribution expenses		(2,076,745)	(1,996,414)	(266,103)	(236,010)
Results from operating activities		3,306,267	2,559,669	2,945,284	(2,773,155)
Interest income	16	774,334	1,310,138	542,525	815,628
Interest expense	17	(11,105)	(18,343)	(11,105)	(18,343)
Net finance income		763,229	1,291,795	531,420	797,285
Profit/(Loss) before tax		4,069,496	3,851,464	3,476,704	(1,975,870)
Taxation	18	(645,999)	(780,996)	481,504	307,794
Profit/(Loss) for the year	19	3,423,497	3,070,468	3,958,208	(1,668,076)
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation		610,152	(46,866)	-	-
Total comprehensive income/(expense) for the year		4,033,649	3,023,602	3,958,208	(1,668,076)
Profit/(Loss) attributable to:					
Owners of the Company		3,423,497	3,070,468	3,958,208	(1,668,076)
Total comprehensive income/(expense) attributable to:					
Owners of the Company		4,033,649	3,023,602	3,958,208	(1,668,076)
		2021 sen	2020 sen		
Earnings per ordinary share:					
Basic/Diluted	20	8.23	7.38		

The notes on pages 57 to 107 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

GROUP	Note	Attributable to owners of the Company				Total RM
		Non-distributable		Distributable		
		Share capital RM	Capital reserve RM	Translation reserve RM	Retained profits RM	
At 1 January 2020		41,580,000	499,998	3,652,835	108,596,459	154,329,292
Total comprehensive income for the year		-	-	(46,866)	3,070,468	3,023,602
Dividends to owners of the Company	21	-	-	-	(2,079,000)	(2,079,000)
At 31 December 2020/ 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		41,580,000	499,998	4,216,121	112,595,624	158,891,743
		Note 11	Note 12	Note 12		

The notes on pages 57 to 107 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

COMPANY	Note	Distributable		Total RM
		Share capital RM	Retained earnings RM	
At 1 January 2020		41,580,000	57,313,352	98,893,352
Total comprehensive expense for the year		-	(1,668,076)	(1,668,076)
Dividends to owners of the Company	21	-	(2,079,000)	(2,079,000)
At 31 December 2020/1 January 2021		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)
At 31 December 2021		41,580,000	57,108,684	98,688,684

Note 11

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

Note	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash flows from operating activities				
Profit/(Loss) before tax	4,069,496	3,851,464	3,476,704	(1,975,870)
Adjustments for:				
Allowance for impairment loss on receivables	454,323	316,240	-	-
Depreciation of right-of-use assets	4 797,174	703,474	613,253	521,883
Depreciation of property, plant and equipment	3 1,348,819	1,408,373	1,329,966	1,379,865
Interest expense	17 11,105	18,343	11,105	18,343
Gain on disposal of property, plant and equipment	-	(88)	-	-
Inventories written off	7 -	244,452	-	244,452
Interest income	16 (774,334)	(1,310,138)	(542,525)	(815,628)
Property, plant and equipment written off	-	118	-	118
Reversal of retirement benefits	13 -	(286)	-	(286)
Unrealised (gain)/loss on foreign exchange, net	(48,500)	100,117	11,816	12,016
Operating profit/(loss) before changes in working capital	5,858,083	5,332,069	4,900,319	(615,107)
Changes in working capital:				
Contract assets	(151,687)	-	-	-
Inventories	(7,024,947)	(2,673,859)	(6,826,827)	(2,840,512)
Trade and other receivables	(1,629,796)	369,180	(172,829)	(195,333)
Trade and other payables	430,519	(560,187)	13,747,399	(2,035,915)
Contract liabilities	1,054,349	(704,033)	(1,059,921)	(525,631)
Retirement benefits paid	13 (10,840)	(288)	(10,840)	(288)
Interest paid	(11,105)	(18,343)	(11,105)	(18,343)
Tax paid	(1,740,498)	(1,990,974)	(357,500)	(562,504)
Net cash (used in)/generated from operating activities	(3,225,922)	(246,435)	10,208,696	(6,793,633)

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

cont'd

		GROUP		COMPANY	
	Note	2021	2020	2021	2020
		RM	RM	RM	RM
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	(1,122,980)	(1,805,409)	(1,107,136)	(1,784,246)
Proceeds from disposal of property, plant and equipment		-	88	-	-
Interest received		774,334	1,310,138	542,525	815,628
Decrease/(increase) of deposits placed with licensed banks		292,203	(13,926,481)	(492,779)	(660,039)
Net cash used in investing activities		(56,443)	(14,421,664)	(1,057,390)	(1,628,657)
Cash flows from financing activities					
Dividends paid	21	(415,800)	(2,079,000)	(415,800)	(2,079,000)
Repayment of lease liabilities		(423,913)	(322,657)	(423,913)	(322,657)
Net cash used in financing activities		(839,713)	(2,401,657)	(839,713)	(2,401,657)
Net (decrease)/increase in cash and cash equivalents		(4,122,078)	(17,069,756)	8,311,593	(10,823,947)
Effect of foreign exchange rate changes		603,807	(44,002)	-	-
Cash and cash equivalents at 1 January		21,227,904	38,341,662	4,941,165	15,765,112
Cash and cash equivalents at 31 December	10	17,709,633	21,227,904	13,252,758	4,941,165

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

GROUP/COMPANY

	At 1.1.2020 RM	Net changes from financing cash flows RM	Acquisition of new lease RM	At 31.12.2020/ 1.1.2021 RM	Net changes from financing cash flows RM	Acquisition of new lease RM	At 31.12.2021 RM
Lease liabilities	-	(322,657)	717,548	394,891	(423,913)	421,533	392,511

The notes on pages 57 to 107 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 2021 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., of which was incorporated in Malaysia. The Directors regarded CKH And LIK Family Sdn. Bhd. and Chew Bros (M) Sdn. Bhd., all of which are 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 15 April 2022.

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 April 2021

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*[#]
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*[#]

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 – Classification of Liabilities as Current or Non-current and 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 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 2022 for those amendments that are effective for annual periods beginning on or after 1 April 2021 and 1 January 2022, except for those marked with “#” which are not applicable to the Group.
- 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.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

1. BASIS OF PREPARATION *cont'd*

1.1 Statement of compliance *cont'd*

The Group does not plan to apply MFRS 128, *Investments in Associates and Joint Ventures* that are effective for annual periods beginning on or after a date yet to be confirmed as they are not applicable to the Group.

The initial application of the abovementioned accounting standards, interpretations 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.

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 3 – Valuation of property, plant and equipment
- Note 6 – Deferred tax assets
- Note 23.3.1 – 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.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.1 Basis of consolidation *cont'd*

(i) Subsidiaries *cont'd*

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Foreign currency *cont'd*

(i) Foreign currency transactions *cont'd*

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.

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 or 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.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.3 Financial instruments *cont'd*

(ii) Financial instrument categories and subsequent measurement *cont'd*

Amortised cost *cont'd*

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

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.

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.

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*

(a) As a lessee *cont'd*

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.

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".

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.6 Intangible assets

(i) Goodwill

Goodwill arises 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.

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, 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.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.10 Impairment *cont'd*

(i) Financial assets *cont'd*

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.10 Impairment *cont'd*

(ii) Other assets *cont'd*

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.

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.

(iii) Retirement benefits

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

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.15 Income tax *cont'd*

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.18 Fair value measurements *cont'd*

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 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 land RM	Buildings and electrical installation RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and office equipment and renovation RM	Capital work-in- progress RM	Total RM
GROUP							
Cost							
At 1 January 2020	9,457,959	14,316,981	30,648,155	1,608,009	2,395,644	6,396,050	64,822,798
Additions	-	69,599	94,421	-	74,888	1,566,501	1,805,409
Disposals	-	-	-	-	(5,320)	-	(5,320)
Transfers	-	3,338,281	3,255,429	-	-	(6,593,710)	-
Write off	-	-	(35,319)	-	(339,457)	-	(374,776)
Effect of movements in exchange rates	-	-	-	(377)	(456)	-	(833)
At 31 December 2020/1 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	9,457,959	18,108,528	35,105,777	1,613,825	2,186,166	906,187	67,378,442

NOTES TO THE FINANCIAL STATEMENTS

cont'd

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

GROUP <i>cont'd</i>		Freehold land	Buildings and electrical installation	Plant and machinery	Motor vehicles	Furniture, fittings and office equipment and renovation	Capital work-in-progress	Total
		RM	RM	RM	RM	RM	RM	RM
Accumulated depreciation								
At 1 January 2020		-	4,379,537	27,450,385	1,522,861	2,220,568	-	35,573,351
Depreciation for the year		-	354,270	924,143	75,146	54,814	-	1,408,373
Disposals		-	-	-	-	(5,320)	-	(5,320)
Write off		-	-	(35,316)	-	(339,342)	-	(374,658)
Effect of movements in exchange rates		-	-	-	(377)	(457)	-	(834)
At 31 December 2020/1 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
Disposal		-	-	-	-	(4,892)	-	(4,892)
Effect of movements in exchange rates		-	-	-	6,193	6,576	-	12,769
At 31 December 2021		-	5,091,029	29,284,467	1,603,823	1,978,289	-	37,957,608
Carrying amounts								
At 1 January 2020		9,457,959	9,937,444	3,197,770	85,148	175,076	6,396,050	29,249,447
At 31 December 2020/1 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		9,457,959	13,017,499	5,821,310	10,002	207,877	906,187	29,420,834

NOTES TO THE FINANCIAL STATEMENTS

cont'd

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

	Freehold land RM	Buildings and electrical installation RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and office equipment and renovation RM	Capital work-in- progress RM	Total RM
COMPANY							
Cost							
At 1 January 2020	9,457,959	14,316,981	30,603,676	1,192,639	1,225,436	6,396,050	63,192,741
Additions	-	69,598	94,421	-	53,725	1,566,502	1,784,246
Transfers	-	3,338,281	3,255,429	-	-	(6,593,710)	-
Write off	-	-	(35,319)	-	(339,457)	-	(374,776)
At 31 December 2020/ 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	9,457,959	18,108,527	35,061,298	1,192,639	982,736	906,188	65,709,347

NOTES TO THE FINANCIAL STATEMENTS

cont'd

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

COMPANY *cont'd*

Accumulated depreciation

At 1 January 2020	-	4,379,536	27,405,906	1,107,492	1,107,987	-	34,000,921
Depreciation for the year	-	354,270	924,143	75,146	26,306	-	1,379,865
Write off	-	-	(35,316)	-	(339,342)	-	(374,658)
At 31 December 2020/ 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	-	5,091,029	29,239,988	1,182,638	822,439	-	36,336,094

Carrying amounts

At 31 December 2020	9,457,959	9,937,445	3,197,770	85,147	117,449	6,396,050	29,191,820
At 31 December 2020/ 1 January 2020	9,457,959	12,991,054	5,623,474	10,001	144,753	1,368,842	29,596,083
At 31 December 2021	9,457,959	13,017,498	5,821,310	10,001	160,297	906,188	29,373,253

Freehold land	Buildings and electrical installation	Plant and machinery	Motor vehicles	Furniture, fittings and office equipment and renovation	Capital work-in- progress	Total
RM	RM	RM	RM	RM	RM	RM

NOTES TO THE FINANCIAL STATEMENTS

cont'd

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

3.1 Impairment testing

As at 31 December 2021, the property, plant and equipment were tested for impairment as the market capitalisation is lower than the carrying amount of net assets of the Group.

The impairment testing was performed by comparing the carrying amount of the cash-generating unit ("CGU") with the recoverable amount, which is the higher of fair value less cost to sell and value in use.

The Group estimated its recoverable amount of a CGU based on its value-in-use ("VIU"). The VIU, which was approved by the Directors, was determined by using a discounted 10-year cash flows projections with perpetual terminal value.

Key assumptions used in the VIU calculations are as follows:

- (i) the revenue growth rate and EBITDA margin used were determined based on the economic growth, industry trends and past performances of the Group.
- (ii) the pre-tax discount rate of 10.98% was applied to the cash flow projections and represents the industry's estimated weighted average cost of capital used.

Based on the 10-year cash flow projections, the estimated value in use exceeded the carrying amount of the property, plant and equipment and no impairment loss has been recognised during the financial year.

Management believes that none of the key assumptions used in the cash flow projections are sensitive and hence, a sensitivity analysis is not disclosed.

4. RIGHT-OF-USE-ASSETS

	Land RM	Premises RM	Total RM
GROUP			
At 1 January 2020	9,526,288	3,289,362	12,815,650
Additions	-	717,548	717,548
Depreciation for the year	(193,006)	(510,468)	(703,474)
Effect of movements in exchange rates	-	(2,865)	(2,865)
At 31 December 2020 / 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	9,140,276	3,366,188	12,506,464

NOTES TO THE FINANCIAL STATEMENTS

cont'd

4. RIGHT-OF-USE-ASSETS *cont'd*

	Land RM	Premises RM	Total RM
COMPANY			
At 1 January 2020	9,526,288	-	9,526,288
Additions	-	717,548	717,548
Depreciation for the year	(193,006)	(328,877)	(521,883)
At 31 December 2020 / 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	9,140,276	389,957	9,530,233

The parcels of leasehold land of the Group and 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, in which one premise has an option to renew the lease after that date.

4.1 Extension options

There is a lease of premise which contains extension option exercisable by the Group and Company up to two years before the end of the non-cancellable contract period. Where applicable, the Group and Company seek to include extension options in new leases to provide operational flexibility. The extension option held is exercisable only by the Group and Company and not by the lessors. The Group and Company assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group and Company reassess whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

	Lease liabilities recognised (discounted) RM	Potential future lease payments not included in lease liabilities (discounted) RM	Historical rate of exercise of extension options %
GROUP/COMPANY			
Premise	361,601	405,695	-

NOTES TO THE FINANCIAL STATEMENTS

cont'd

5. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2021	2020
	RM	RM
Unquoted shares at cost	128,561	128,561

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	
			2021	2020
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.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

6. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

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

	← Assets →		← (Liabilities) →		← Net →	
	2021	2020	2021	2020	2021	2020
	RM	RM	RM	RM	RM	RM
GROUP						
Property, plant and equipment	-	-	(1,329,000)	(1,130,555)	(1,329,000)	(1,130,555)
Unutilised tax losses	185,000	23,000	-	-	185,000	23,000
Unabsorbed capital allowances	1,108,000	592,402	-	-	1,108,000	592,402
Provisions	357,179	126,462	-	-	357,179	126,462
Others	164	-	-	2,884	164	2,884
Tax assets/(liabilities)	1,650,343	741,864	(1,329,000)	(1,127,671)	321,343	(385,807)
Set off of tax	(1,329,000)	(714,847)	1,329,000	714,847	-	-
Net tax assets/(liabilities)	321,343	27,017	-	(412,824)	321,343	(385,807)
COMPANY						
Property, plant and equipment	-	-	(1,324,000)	(1,118,974)	(1,324,000)	(1,118,974)
Unutilised tax losses	185,000	23,000	-	-	185,000	23,000
Unabsorbed capital allowances	1,108,000	592,402	-	-	1,108,000	592,402
Provisions	106,000	97,183	-	-	106,000	97,183
Others	3,000	-	-	2,885	3,000	2,885
Tax assets/(liabilities)	1,402,000	712,585	(1,324,000)	(1,116,089)	78,000	(403,504)
Set off of tax	(1,324,000)	(712,585)	1,324,000	712,585	-	-
Net tax assets/(liabilities)	78,000	-	-	(403,504)	78,000	(403,504)

NOTES TO THE FINANCIAL STATEMENTS

cont'd

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

Movement in temporary differences during the year

GROUP	At 1.1.2020	Recognised in profit or loss (Note 18)	Effect of movement in exchange rates	At 31.12.2020/ 1.1.2021	Recognised in profit or loss (Note 18)	Effect of movement in exchange rates	At 31.12.2021
	RM	RM	RM	RM	RM	RM	RM
Property, plant and equipment	(827,985)	(304,503)	1,933	(1,130,555)	(198,445)	-	(1,329,000)
Unutilised tax losses	-	23,000	-	23,000	162,000	-	185,000
Unabsorbed capital allowances	-	592,402	-	592,402	515,598	-	1,108,000
Provisions	107,445	19,017	-	126,462	230,608	109	357,179
Others	(3,288)	6,172	-	2,884	(2,720)	-	164
	(723,828)	336,088	1,933	(385,807)	707,041	109	321,343
COMPANY	At 1.1.2020	Recognised in profit or loss (Note 18)	Exchange reserve	At 31.12.2020/ 1.1.2021	Recognised in profit or loss (Note 18)	Exchange reserve	At 31.12.2021
	RM	RM	RM	RM	RM	RM	RM
Property, plant and equipment	(818,390)	(300,584)	-	(1,118,974)	(205,026)	-	(1,324,000)
Unutilised tax losses	-	23,000	-	23,000	162,000	-	185,000
Unabsorbed capital allowances	-	592,402	-	592,402	515,598	-	1,108,000
Provisions	84,997	12,186	-	97,183	8,817	-	106,000
Others	(3,288)	6,173	-	2,885	115	-	3,000
	(736,681)	333,177	-	(403,504)	481,504	-	78,000

NOTES TO THE FINANCIAL STATEMENTS

cont'd

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

Based on Finance Act 2021, the unabsorbed 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	
	2021 RM	2020 RM
Year of expiry		
2030	23,000	23,000
2031	162,000	-
	<u>185,000</u>	<u>23,000</u>

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

7. INVENTORIES

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
At cost				
Raw materials	27,564,364	24,543,739	27,564,364	24,543,739
Work-in-progress	7,734,148	4,779,093	7,734,148	4,779,093
Finished goods	8,668,302	7,311,135	8,125,172	6,966,125
Production supplies	787,176	1,083,144	787,176	1,083,144
	<u>44,753,990</u>	<u>37,717,111</u>	<u>44,210,860</u>	<u>37,372,101</u>
At net realisable value				
Raw materials	175,464	185,516	175,464	185,516
Production supplies	13,581	15,461	13,581	15,461
	<u>44,943,035</u>	<u>37,918,088</u>	<u>44,399,905</u>	<u>37,573,078</u>
Recognised in profit or loss:				
Inventories recognised as cost of sales	24,489,984	22,582,701	20,318,786	21,669,066
Inventories written off	-	244,452	-	244,452

NOTES TO THE FINANCIAL STATEMENTS

cont'd

8. TRADE AND OTHER RECEIVABLES

		GROUP		COMPANY	
	Note	2021	2020	2021	2020
		RM	RM	RM	RM
Trade					
Trade receivables		15,944,920	14,977,736	516	90,010
Amount due from a related company	a	22,987	10,916	22,987	10,916
		15,967,907	14,988,652	23,503	100,926
Non-trade					
Other receivables		233,679	129,767	225,876	91,210
Deposits		260,701	215,691	223,101	178,091
Prepayments		252,678	182,102	252,678	182,102
		747,058	527,560	701,655	451,403
		16,714,965	15,516,212	725,158	552,329

Note a

The amount due from a related company arises from trade transactions are unsecured, interest free and repayable within the credit term of 60 days (2020: 60 days).

9. CONTRACT ASSETS/(LIABILITIES)

	Note	2021 RM	2020 RM
GROUP			
Contract assets	a	151,687	-
Contract liabilities	b	(1,677,742)	(623,393)
COMPANY			
Contract liabilities	b	-	(1,059,921)

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 RM181,669 has been recognised as revenue during the year.

In prior year, contract liabilities of the Company represented considerations received in advance from a subsidiary before the transfer of goods and services. RM1,059,921 from the contract liabilities at the beginning of the year 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	
	2021	2020	2021	2020
	RM	RM	RM	RM
Cash and cash equivalents				
Short-term deposits	5,057,588	7,250,638	5,057,588	2,695,468
Cash and bank balances	12,652,045	13,977,266	8,195,170	2,245,697
	17,709,633	21,227,904	13,252,758	4,941,165

Short-term deposits placed with licensed banks have maturity periods of 6 to 92 days (2020: 2 to 90 days). The effective interest rates per annum of the short-term deposits of the Group and of the Company during the year range from 1.50% to 2.10% (2020: 1.55% to 1.85%) and 1.50% to 2.10% (2020: 1.6% to 1.85%) respectively.

	GROUP		COMPANY	
	2021	2020	2021	2020
	RM	RM	RM	RM
Fixed deposits placed with licensed banks				
Fixed deposits with more than 3 months maturity period	43,479,385	43,771,588	20,442,438	19,949,659

Fixed deposits placed with licensed banks have maturity periods of 178 to 184 (2020: 181 to 182 days). The effective interest rates per annum of the fixed deposits of the Group and of the Company range from 0.23% to 2.20% (2020: 0.15% to 2.20%) and 2.03% to 2.20% (2020: 1.70% to 2.13%) respectively.

11. SHARE CAPITAL

GROUP AND COMPANY

	2021		2020	
	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 reserve	Translation reserve	Total
	RM	RM	RM
GROUP			
At 1 January 2020	499,998	3,652,835	4,152,833
Foreign currency translation	-	(46,866)	(46,866)
At 31 December 2020/1 January 2021	499,998	3,605,969	4,105,967
Foreign currency translation	-	610,152	610,152
At 31 December 2021	499,998	4,216,121	4,716,119

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 2020	11,414
Reversal during the year	(286)
Paid during the year	(288)
At 31 December 2020/1 January 2021	10,840
Paid during the year	(10,840)
At 31 December 2021	-

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

14. TRADE AND OTHER PAYABLES

		GROUP		COMPANY	
	Note	2021	2020	2021	2020
		RM	RM	RM	RM
Trade					
Trade payables		3,199,366	2,994,660	2,801,790	2,739,121
Amounts due to subsidiaries	a	-	-	16,394,418	2,508,928
Amount due to a related company	b	4,738	13,184	4,738	13,184
		3,204,104	3,007,844	19,200,946	5,261,233
Non-trade					
Other payables		235,858	301,686	51,664	248,319
Advance received		344,885	-	-	-
Accruals		1,606,014	1,663,829	1,380,449	1,364,292
Goods and services tax payable		121,152	96,319	-	-
		2,307,909	2,061,834	1,432,113	1,612,611
		5,512,013	5,069,678	20,633,059	6,873,844

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 company arises from trade transactions are unsecured, interest free and repayable within the credit term of 60 days (2020: 60 days).

15. REVENUE

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Revenue from contracts with customers				
- Point in time	56,142,407	53,807,493	41,352,760	43,006,461
- Overtime	1,474,713	1,120,704	1,076,593	941,021
	57,617,120	54,928,197	42,429,353	43,947,482

NOTES TO THE FINANCIAL STATEMENTS

cont'd

15. REVENUE *cont'd*

15.1 Disaggregation of revenue

	Sales of galvanized steel products RM	Installation services RM	Delivery services RM	Total RM
GROUP				
2021				
Primary geographical markets				
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
Brunei	172,167	-	2,111	174,278
Others	1,266,539	-	24,313	1,290,852
Total revenue from contracts with customers	56,142,407	153,486	1,321,227	57,617,120
Timing of revenue recognition				
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
	56,142,407	153,486	1,321,227	57,617,120
	Sales of galvanized steel products RM	Installation services RM	Delivery services RM	Total RM
GROUP				
2020				
Primary geographical markets				
Malaysia	25,876,680	100,094	792,892	26,769,666
Singapore	15,933,891	-	-	15,933,891
New Zealand	5,904,064	-	145,363	6,049,427
Qatar	2,512,606	-	1,590	2,514,196
Sri Lanka	1,932,804	-	47,587	1,980,391
Brunei	595,563	-	377	595,940
Others	1,051,885	-	32,801	1,084,686
Total revenue from contracts with customers	53,807,493	100,094	1,020,610	54,928,197
Timing of revenue recognition				
Goods transferred at a point in time	53,807,493	-	-	53,807,493
Services transferred over time	-	100,094	1,020,610	1,120,704
	53,807,493	100,094	1,020,610	54,928,197

NOTES TO THE FINANCIAL STATEMENTS

cont'd

15. REVENUE *cont'd*

15.1 Disaggregation of revenue *cont'd*

	Sales of galvanized steel products RM	Installation services RM	Delivery services RM	Total RM
COMPANY				
2021				
Primary geographical markets				
Malaysia	28,571,974	139,532	730,843	29,442,349
Singapore	12,780,786	-	206,218	12,987,004
Total revenue from contracts with customers	41,352,760	139,532	937,061	42,429,353
Timing of revenue recognition				
Goods transferred at a point in time	41,352,760	-	-	41,352,760
Services transferred overtime	-	139,532	937,061	1,076,593
	41,352,760	139,532	937,061	42,429,353
	Sales of galvanized steel products RM	Installation services RM	Delivery services RM	Total RM
COMPANY				
2020				
Primary geographical markets				
Malaysia	30,106,078	85,916	598,604	30,790,598
Singapore	12,900,383	-	256,501	13,156,884
Total revenue from contracts with customers	43,006,461	85,916	855,105	43,947,482
Timing of revenue recognition				
Goods transferred at a point in time	43,006,461	-	-	43,006,461
Services transferred overtime	-	85,916	855,105	941,021
	43,006,461	85,916	855,105	43,947,482

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 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 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 from invoice date or cash on delivery.	Not applicable	Not applicable

NOTES TO THE FINANCIAL STATEMENTS

cont'd

16. INTEREST INCOME

	GROUP		COMPANY	
	2021	2020	2021	2020
	RM	RM	RM	RM
Interest income of financial assets calculated using the effective interest method that is at amortised cost	774,334	1,310,138	542,525	815,628

17. INTEREST EXPENSE

	GROUP/COMPANY	
	2021	2020
	RM	RM
Interest expense on lease liabilities	11,105	18,343

18. TAXATION

18.1 Recognised in profit or loss

	GROUP		COMPANY	
	2021	2020	2021	2020
	RM	RM	RM	RM
Major components of taxation include:				
Current taxation				
Malaysian taxation	650,000	755,898	-	-
Foreign taxation	685,167	358,339	-	-
	1,335,167	1,114,237	-	-
Deferred taxation (Note 6)				
Relating to origination/(reversal) of temporary differences	(562,257)	(348,610)	(457,183)	(341,121)
(Over)/Under provision in prior year	(144,784)	12,522	(24,321)	7,944
	(707,041)	(336,088)	(481,504)	(333,177)
(Over)/Under provision of taxation in respect of prior year				
Malaysian taxation	(14,345)	2,847	-	25,383
Foreign taxation	32,218	-	-	-
	17,873	2,847	-	25,383
	645,999	780,996	(481,504)	(307,794)

Malaysian current taxation is calculated at the Malaysian corporate statutory tax rate of 24% (2020 :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% (2020: 17%).

NOTES TO THE FINANCIAL STATEMENTS

cont'd

18. TAXATION *cont'd*

18.2 Reconciliation of taxation

	GROUP		COMPANY	
	2021	2020	2021	2020
	RM	RM	RM	RM
Profit/(Loss) before tax	4,069,496	3,851,464	3,476,704	(1,975,870)
Taxation calculated using Malaysian tax rate of 24% (2020 : 24%)	978,000	924,351	834,000	(474,209)
Effect of tax rate in foreign jurisdiction	(310,000)	(147,551)	-	-
Non-taxable income	(108,000)	(139,492)	(1,440,000)	-
Non-deductible expenses	177,000	128,319	130,000	133,088
Others	35,910	-	18,817	-
Current tax	772,910	765,627	(457,183)	(341,121)
(Over)/Under provision in prior year				
- Current tax	17,873	2,847	-	25,383
- Deferred tax	(144,784)	12,522	(24,321)	7,944
	645,999	780,996	(481,504)	(307,794)

19. PROFIT/(LOSS) FOR THE YEAR

		GROUP		COMPANY	
		2021	2020	2021	2020
Note		RM	RM	RM	RM
Profit/(Loss) for the year is arrived at after charging/(crediting):					
Auditors' remunerations:					
Statutory audit					
KPMG PLT					
- Current year		93,000	-	70,000	-
Other auditors					
- Current year		38,116	125,331	-	78,000
- Prior year		33,000	11,000	29,000	8,000
Non-audit fees					
- KPMG PLT		8,000	-	8,000	-
- Other auditors		-	8,000	-	8,000
Allowance for impairment loss on receivables		454,323	316,240	-	-
Depreciation of property, plant and equipment	3	1,348,819	1,408,373	1,329,966	1,379,865
Depreciation of right-of-use assets	4	797,174	703,474	613,253	521,883
Dividend received from a subsidiary	27	-	-	6,000,000	-
Interest expense on lease liabilities	17	11,105	18,343	11,105	18,343
Inventories written off	7	-	244,452	-	244,452
Property, plant and equipment written off		-	118	-	118
Unrealised loss on foreign exchange, net		(48,500)	100,117	11,816	12,016
Gain on disposal of property, plant and equipment		-	(88)	-	-
Interest income	16	(774,334)	(1,310,138)	(542,525)	(815,628)
Other income from sales of scraps, zinc ash and dross		(1,791,013)	(1,129,559)	(1,791,013)	(1,129,559)
Realised gain on foreign exchange, net		(37,586)	(96,532)	(66,190)	(118,677)

NOTES TO THE FINANCIAL STATEMENTS

cont'd

19. PROFIT/(LOSS) FOR THE YEAR *cont'd*

	Note	GROUP		COMPANY	
		2021 RM	2020 RM	2021 RM	2020 RM
Rental income		-	-	(120,000)	(120,000)
Reversal of retirement benefits	13	-	(286)	-	(286)
Personnel expenses (including key management personnel):					
- Wages and salaries		16,952,832	15,842,654	14,537,467	13,521,812
- Employees Provident Fund		1,887,633	1,866,061	1,731,430	1,713,239
- Central Provident Fund (Singapore)		132,688	111,715	-	-
- SOCSO & EIS		178,063	178,393	163,602	163,982
- Other staff related expenses		130,357	192,186	124,640	185,810

20. EARNINGS PER ORDINARY SHARE

(a) Basic earnings per ordinary share

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

	2021 RM	2020 RM
Profit for the year attributable to owners of the Company	3,423,497	3,070,468
	2021	2020
Number of ordinary shares	41,580,000	41,580,000
	2021 Sen	2020 Sen
Basic earnings per ordinary share	8.23	7.38

(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 per share RM	Total amount RM	Date of payment
2021			
Interim single tier 2020 ordinary	0.01	415,800	16 July 2021
2020			
Final single tier 2019 ordinary	0.05	2,079,000	15 September 2020

NOTES TO THE FINANCIAL STATEMENTS

cont'd

21. DIVIDENDS *cont'd*

In respect of the financial year ended 31 December 2021, the Directors recommend the payment of a final single tier dividend of 1 sen per ordinary share amounting to RM415,800, 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 2022.

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 location

	2021 RM	2020 RM
Group		
Malaysia	26,255,884	26,769,666
Singapore	22,645,912	15,933,891
New Zealand	5,708,107	6,049,427
Sri Lanka	1,289,055	1,980,391
Mauritius	253,032	-
Qatar	-	2,514,196
Brunei	174,278	595,940
Others	1,290,852	1,084,686
	<u>57,617,120</u>	<u>54,928,197</u>

(ii) Analysis of non-current assets by geographical location

	2021 RM	2020 RM
Right-of-use assets		
Malaysia	9,530,233	9,721,953
Singapore	2,976,231	3,104,906
	<u>12,506,464</u>	<u>12,826,859</u>
Property, plant and equipment		
Malaysia	29,403,845	29,629,269
Singapore	16,989	17,097
	<u>29,420,834</u>	<u>29,646,366</u>

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 Amount RM	AC RM
2021		
Financial assets		
GROUP		
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>
COMPANY		
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>
2021		
Financial liabilities		
GROUP		
Trade and other payables	<u>(5,390,861)</u>	<u>(5,390,861)</u>
COMPANY		
Trade and other payables	<u>(20,633,059)</u>	<u>(20,633,059)</u>
2020		
Financial assets		
GROUP		
Trade and other receivables	15,334,110	15,334,110
Fixed deposits placed with licensed banks	43,771,588	43,771,588
Cash and cash equivalents	21,227,904	21,227,904
	<u>80,333,602</u>	<u>80,333,602</u>
COMPANY		
Trade and other receivables	370,227	370,227
Fixed deposits with a licensed bank	19,949,659	19,949,659
Cash and cash equivalents	4,941,165	4,941,165
	<u>25,261,051</u>	<u>25,261,051</u>

NOTES TO THE FINANCIAL STATEMENTS

cont'd

23. FINANCIAL INSTRUMENTS *cont'd*

23.1 Categories of financial instruments *cont'd*

	Carrying Amount RM	AC RM
2020		
Financial liabilities		
GROUP		
Trade and other payables	(4,973,359)	(4,973,359)
COMPANY		
Trade and other payables	(6,873,844)	(6,873,844)
Net gains and losses arising from financial instruments		
	2021 RM	2020 RM
GROUP		
Net gains/(losses) on:		
Financial assets at amortised cost	381,322	883,652
Financial liabilities at amortised cost	24,775	106,661
	406,097	990,313
COMPANY		
Net gains on:		
Financial assets at amortised cost	542,525	815,628
Financial liabilities at amortised cost	54,374	106,661
	596,899	922,289

23.2 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

23.3 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 exposure to credit risk arises principally from the individual characteristics of each customer from its trade receivables and amounts due from related companies. There are no significant changes as compared to prior periods.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

23. FINANCIAL INSTRUMENTS *cont'd*

23.3 Credit risk *cont'd*

23.3.1 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.

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 and contract assets as at the end of the reporting period by geographic region was:

	GROUP		COMPANY	
	2021	2020	2021	2020
	RM	RM	RM	RM
Malaysia	8,983,981	9,306,868	516	90,010
Singapore	8,124,793	4,768,899	-	-
New Zealand	-	136,831	-	-
Sri Lanka	-	875,086	-	-
Others	62,106	508,018	-	-
	17,170,880	15,595,702	516	90,010

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.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

23. FINANCIAL INSTRUMENTS *cont'd*

23.3 Credit risk *cont'd*

23.3.1 Trade receivables and contract assets *cont'd*

Recognition and measurement of impairment losses cont'd

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 carrying amount RM	Loss allowance RM	Net balance RM
GROUP			
2021			
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
	14,998,062	(350,777)	14,647,285
Credit impaired			
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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

23. FINANCIAL INSTRUMENTS *cont'd*

23.3 Credit risk *cont'd*

23.3.1 Trade receivables and contract assets *cont'd*

Recognition and measurement of impairment losses cont'd

	Gross carrying amount RM	Loss allowance RM	Net balance RM
GROUP			
2020			
Current (not past due)	5,264,612	-	5,264,612
1 - 30 days past due	4,078,494	(56,947)	4,021,547
31 - 60 days past due	2,856,176	(76,464)	2,779,712
61 - 90 days past due	1,311,183	(245,491)	1,065,692
	13,510,465	(378,902)	13,131,563
Credit impaired			
More than 90 days past due	2,085,237	(239,064)	1,846,173
	15,595,702	(617,966)	14,977,736
		2021	2020
		RM	RM

GROUP

Stated at net:

Trade receivables	15,944,920	14,977,736
Contract assets	151,687	-
	16,096,607	14,977,736

There are trade receivables where the Group has not recognised any loss allowance as the trade receivables are supported by subsequent receipts as of reporting date.

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

	Lifetime ECL RM	Individually impaired RM	Total RM
GROUP			
Balance at 1 January 2020	301,726	-	301,726
Net remeasurement of loss allowance	316,240	-	316,240
Balance at 31 December 2020/1 January 2021	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
Balance at 31 December 2021	863,714	210,559	1,074,273

NOTES TO THE FINANCIAL STATEMENTS

cont'd

23. FINANCIAL INSTRUMENTS *cont'd*

23.3 Credit risk *cont'd*

23.3.2 Cash and cash equivalents and fixed deposits placed with licensed banks

The cash and cash equivalents and fixed deposits are held with 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.

23.3.3 Other receivables

Credit risks on other receivables are mainly arising from deposits paid for premises. These deposits will be received at the end of each lease terms. The Group manages the credit risk together with the leasing arrangements.

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.

23.3.4 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 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.

23.3.5 Related company balance

Risk management objectives, policies and processes for managing the risk

The Company has a related company balance arising from trade transactions with its related company. The Company monitors the ability of its related company 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*

23.3 Credit risk *cont'd*

23.3.5 Related company balance *cont'd*

Recognition and measurement of impairment loss

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

The Company determines the probability of default for the related company balance individually using internal information available.

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

23.4 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.

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 amount RM	Contractual interest rate % per annum	Contractual cash flows RM	Under one year RM	One to two years RM
GROUP					
2021					
Non-derivative financial liabilities					
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>

NOTES TO THE FINANCIAL STATEMENTS

cont'd

23. FINANCIAL INSTRUMENTS *cont'd*

23.4 Liquidity risk *cont'd*

Maturity analysis cont'd

	Carrying amount RM	Contractual interest rate % per annum	Contractual cash flows RM	Under one year RM	One to two years RM
GROUP					
2020					
<i>Non-derivative financial liabilities</i>					
Trade and other payables	4,973,359	-	4,973,359	4,973,359	-
Retirement benefits	10,840	-	10,840	10,840	-
Performance guarantee	-	-	43,750	43,750	-
Lease liabilities	394,891	3.50	403,000	372,000	31,000
	<u>5,379,090</u>		<u>5,430,949</u>	<u>5,399,949</u>	<u>31,000</u>
COMPANY					
2021					
<i>Non-derivative financial liabilities</i>					
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>
2020					
<i>Non-derivative financial liabilities</i>					
Trade and other payables	6,873,844	-	6,873,844	6,873,844	-
Retirement benefits	10,840	-	10,840	10,840	-
Performance guarantee	-	-	43,750	43,750	-
Lease liabilities	394,891	3.50	403,000	372,000	31,000
	<u>7,279,575</u>		<u>7,331,434</u>	<u>7,300,434</u>	<u>31,000</u>

23.5 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 that are denominated in a currency other than Ringgit Malaysia. The currencies giving rise to this risk are primarily the US Dollar ("USD"), Singapore Dollar ("SGD") and New Zealand Dollar ("NZD").

NOTES TO THE FINANCIAL STATEMENTS

cont'd

23. FINANCIAL INSTRUMENTS *cont'd*

23.5 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
GROUP				
2021				
Balances recognised in the statement of financial position				
Trade and other receivables	62,106	-	-	62,106
Cash and bank balances	264,356	1,062	-	265,418
Net exposure	326,462	1,062	-	327,524
2020				
Balances recognised in the statement of financial position				
Trade and other receivables	969,140	428,893	392,989	1,791,022
Cash and bank balances	2,923,386	1,062	-	2,924,448
Net exposure	3,892,526	429,955	392,989	4,715,470

NOTES TO THE FINANCIAL STATEMENTS

cont'd

23. FINANCIAL INSTRUMENTS *cont'd*

23.5 Market risk *cont'd*

Currency risk cont'd

Exposure to foreign currency risk cont'd

	← Denominated in →		
	USD	SGD	Total
	RM	RM	RM
COMPANY			
2021			
Balances recognised in the statement of financial position			
Cash and cash equivalents	1,812	1,062	2,874
Amount due to a subsidiary	-	(11,421,329)	(11,421,329)
Net exposure	1,812	(11,420,267)	(11,418,455)
2020			
Balances recognised in the statement of financial position			
Cash and cash equivalents	1,812	1,062	2,874
Amount due to a subsidiary	-	(1,064,575)	(1,064,575)
Net exposure	1,812	(1,063,513)	(1,061,701)

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% (2020: 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	
	2021	2020	2021	2020
	RM	RM	RM	RM
<i>Functional currency/ Foreign currency</i>				
RM/USD	(1,511)	(25,153)	(41)	(41)
RM/SGD	(24)	(9,803)	260,382	24,248
RM/NZD	-	(8,960)	-	-
SGD/USD	(5,933)	(63,597)	-	-

NOTES TO THE FINANCIAL STATEMENTS

cont'd

23. FINANCIAL INSTRUMENTS *cont'd*

23.5 Market risk *cont'd*

Currency risk *cont'd*

Currency risk sensitivity analysis *cont'd*

A 3% (2020: 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.

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. However, the fluctuation in interest rates, if any, is not expected to have a material impact on the financial performance of the Group and of the Company. 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-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	GROUP		COMPANY	
	2021	2020	2021	2020
	RM	RM	RM	RM
Fixed rate instruments				
Financial assets				
- Fixed deposits placed with licensed banks	43,479,385	43,771,588	20,442,438	19,949,659
- Cash and cash equivalents	5,057,588	7,250,638	5,057,588	2,695,468
	48,536,973	51,022,226	25,500,026	22,645,127

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.

Cash flow sensitivity analysis for variable rate instruments

As changes in interest rate at the end of the reporting period are not expected to have a significant impact on the Group's and the Company's profit or loss and equity and hence the sensitivity analysis for variable rate financial assets is not presented.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

23. FINANCIAL INSTRUMENTS *cont'd*

23.6 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.

24. CAPITAL COMMITMENT

	GROUP AND COMPANY	
	2021	2020
	RM	RM
Property, plant and equipment :		
Contracted but not provided for	300,000	300,000
Approved but not contracted for	20,900,000	23,000,000
	<u>21,200,000</u>	<u>23,300,000</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 2021 and 31 December 2020.

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 2021 and 31 December 2020, the Group has zero gearing.

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

26. CONTINGENT LIABILITY

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 on 4 March 2022 and 11 March 2022 but was not concluded and is scheduled to continue on 18 April 2022 and 25 April 2022.

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.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

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 normal trade terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Notes 8 and 14.

	GROUP		COMPANY	
	2021	2020	2021	2020
	RM	RM	RM	RM
Transactions with subsidiaries				
Rental of office	-	-	120,000	120,000
Sales of galvanized products	-	-	42,282,712	43,888,285
Dividend received	-	-	6,000,000	-
Transactions with related companies				
Rental of factory	435,018	369,500	435,018	369,500
Transportation services	8,250	20,250	8,250	20,250
Powder coating services	142,526	10,916	142,526	10,916
Fabricating services	76,342	78,054	76,342	78,054
Galvanizing services	387,747	-	387,747	-
Key management personnel				
Directors				
- Remuneration	524,760	524,760	524,760	524,760
- Bonus	174,920	131,190	174,920	131,190
- Employees Provident Fund	132,952	124,634	132,952	124,634
- Benefit-in-kind	30,266	31,150	30,266	31,150
Other Directors				
- Salaries and other emoluments	616,064	673,164	-	-
Non-executive Directors				
- Fees	432,000	432,000	432,000	432,000
- Allowance	96,500	80,500	96,500	80,500
Other key management personnel				
- Short-term employee benefits	1,650,596	1,661,744	1,650,596	1,661,744

NOTES TO THE FINANCIAL STATEMENTS

cont'd

28. SIGNIFICANT EVENTS

(a) Effects from the COVID-19 pandemic

The Coronavirus (Covid-19) pandemic was announced by the World Health Organisation in March 2020 given the outbreak of the virus in countries across the world including Malaysia. Covid-19 pandemic has resulted in disruptions to businesses and various macro-economic impact.

In developing the disclosures, the Group has performed an assessment of the overall impact of the situation on the Group's operations, including the recoverability of the carrying amounts of assets and liabilities and concluded that there is no material adverse effect on the financial statements for the financial year ended 31 December 2021.

The Group is unable to reasonably estimate the financial impact of this event on its financial position, results of operations or cash flows in the next financial year due to the uncertainty of the future outcome of the current events. It is, however, certain that the worldwide measures against the spread of the pandemic will have direct and indirect effects on its operations. The Group will continuously monitor its operations to minimise any impact that may arise from the pandemic.

(b) Material litigation

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**"). Macsteel had made an application before the Court of Appeal for a stay of proceedings pending the disposal of the Appeal ("**Stay Application**"). The hearing of the Stay Application will be on 24 June 2022. Concurrently, Macsteel had also made an application before the Court of Appeal for an interim stay of proceedings pending the disposal of the Stay Application ("**Interim Application**"). The Interim Application was heard before the Court of Appeal on 15 April 2022 and it was dismissed. As a result, the civil suit against Macsteel at the High Court will proceed.

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

29. COMPARATIVE FIGURES

The following have been reclassified to be consistent with current year's presentation.

	GROUP 31.12.2020		COMPANY 31.12.2020	
	As restated	As previously stated	As restated	As previously stated
	RM	RM	RM	RM
Statements of financial position				
Property, plant and equipment	29,646,366	42,084,554	29,596,083	38,929,365
Right-of-use assets	12,826,859	388,671	9,721,953	388,671
Fixed deposits placed with licensed banks	43,771,588	-	19,949,659	-
Cash and cash equivalents	21,227,904	-	4,941,165	-
Cash and bank balances	-	64,999,492	-	24,890,824
Trade and other payables	(5,069,678)	(5,040,779)	-	-
Contract liabilities	(623,393)	(652,292)	-	-
Statements of profit or loss				
Other income	2,209,696	2,256,197	-	-
Administrative expenses	(9,930,899)	(9,996,884)	-	-
Selling and distribution expenses	(1,996,414)	(1,976,930)	-	-

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 51 to 107 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 2021 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: 15 April 2022

STATUTORY DECLARATION

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

I, Ong Siew Sung, 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 51 to 107 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,
NRIC: 741220-08-5658, (MIA CA: 23490)
at Ipoh in the State of Perak Darul Ridzuan
on 15 April 2022.

Ong Siew Sung

Before me:

Commissioner for Oaths
Perak Darul Ridzuan

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LYSAGHT GALVANIZED STEEL BERHAD

(Company 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 2021 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 51 to 107.

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 2021, 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 (RM57,617,120)

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 2021 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

(Company 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

(Company 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

(Company 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 MATTERS

The financial statements of the Group and of the Company as at and for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those statements on 21 April 2021.

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

Date: 15 April 2022

LIST OF PROPERTIES

31 DECEMBER 2021

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	35	2,008,404	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	27	2,365,370	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	49	9,879,894	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	9	5,044,635	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	5	1,098,297	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	27	11,219,133	20.9.2013

SHAREHOLDING DISTRIBUTION SCHEDULE

as at 4 April 2022

SHARE CAPITAL

Issued and Fully Paid-up Capital	:	41,580,000 ordinary shares
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS (AS PER THE RECORD OF DEPOSITORS)

Range of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued capital
Less than 100 Shares	17	1.07	423	0.00
100 to 1,000	274	17.28	170,100	0.41
1,001 to 10,000	1,082	68.22	3,737,677	8.99
10,001 to 100,000	196	12.36	4,808,600	11.56
100,001 to less than 5% of issued shares	15	0.94	3,508,700	8.44
5% and above of the issued shares	2	0.13	29,354,500	70.60
TOTAL	1,586	100.00	41,580,000	100.00

THIRTY LARGEST SHAREHOLDERS

AS AT 4 APRIL 2022

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

	Name of Shareholders	No. of Shares Held	Percentage (%)
1	Lysaght (Malaysia) Sdn. Bhd.	22,925,700	55.14
2	Ingli Sdn. Bhd.	6,428,800	15.46
3	Chew Mee Lee	729,800	1.76
4	Teo Kwee Hock	464,800	1.12
5	Liew Swee Mio @ Liew Hoi Foo	344,400	0.83
6	Liew Wah Tang	268,600	0.65
7	CIMB Group Nominees (Asing) Sdn. Bhd. <i>Exempt an for DBS Bank Ltd (SFS)</i>	230,200	0.55
8	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lee Kin Kheong (E-IMO)</i>	205,300	0.49
9	Tan Ka Lian	183,800	0.44
10	Bina Securities & Management Sdn. Bhd.	172,200	0.41
11	Lim Khuan Eng	165,000	0.40
12	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tam Seng @ Tam Seng Sen (E-PTS)</i>	150,000	0.36
13	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tee Kian Hong (E-TSA)</i>	138,000	0.33
14	RHB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Yee Lee Ying</i>	129,400	0.31
15	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tan Tian Sang @ Tan Tian Song (E-PPG)</i>	124,000	0.30
16	Liew Ing Shian	102,000	0.25
17	Tew Kok Kian	101,200	0.24
18	Goh Eng Ngai	95,400	0.23
19	Lee Tek Mook @ Lee Teh Moh	87,600	0.21
20	Lai Chin Loy	87,300	0.21
21	Tan Thian Chai	76,600	0.18
22	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ronie Tan Choo Seng</i>	75,000	0.18
23	Ng Sey Hoe	75,000	0.18
24	Ong Swee Gueh	70,600	0.17
25	Yee Lee Ying	68,100	0.16
26	Teoh Ah Yet	67,900	0.16
27	AllianceGroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Eng Beng Huat (6000801)</i>	66,800	0.16
28	Choo Kok Heng	65,000	0.16
29	Ong Yoke Meng	64,000	0.15
30	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tan Boon Eng (B Tinggi-CL)</i>	61,900	0.15
Total		33,824,400	81.34

SUBSTANTIAL SHAREHOLDERS

as at 4 April 2022

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 ¹	73.24
4	Chew Mee Lee	729,800	1.76	30,069,500 ²	72.32
5	Chew Bros (M) Sdn. Bhd.	-	-	22,925,700 ³	55.14
6	ChewKarHeing Sdn. Bhd.	-	-	22,925,700 ³	55.14
7	Yusuf Bin Jamil	-	-	23,097,900 ⁴	55.55
8	WTWT Sdn. Bhd.	-	-	22,925,700 ³	55.14
9	Janfreys Sdn. Bhd.	-	-	23,097,900 ⁵	55.55
10	Bina Securities & Management Sdn. Bhd.	172,200	0.41	22,925,700 ³	55.14
11	CKH And LIK Family Sdn. Bhd.	-	-	22,925,700 ³	55.14
12	Lim lee Kuan	-	-	22,925,700 ⁶	55.14
13	Chew Meu Jong	-	-	22,957,200 ⁷	55.21
14	Deborah Mun Sook Ho	-	-	22,925,700 ⁶	55.14
15	Chew Kar Yoo @ Chew Kar Hoo	-	-	22,925,700 ⁶	55.14

Notes:

- ¹ Deemed interest through Lysaght (Malaysia) Sdn. Bhd., Ingli Sdn. Bhd. and family members' direct interest in the Company
- ² Deemed interest through Ingli Sdn. Bhd. and family members' direct and indirect interest in the Company
- ³ Deemed interest through Lysaght (Malaysia) Sdn. Bhd.
- ⁴ Deemed interest through Lysaght (Malaysia) Sdn. Bhd. and Bina Securities & Management Sdn. Bhd.
- ⁵ Deemed interest by virtue of being the holding company of Bina Securities & Management Sdn. Bhd.
- ⁶ Deemed interest in Lysaght (Malaysia) Sdn. Bhd. through CKH And LIK Family Sdn. Bhd.
- ⁷ Deemed interest in Lysaght (Malaysia) Sdn. Bhd. through CKH And LIK Family Sdn. Bhd. and her spouse's shareholdings in the Company

DIRECTORS' SHAREHOLDINGS

AS AT 4 APRIL 2022

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 ^{*1}	0.03
3	Chew Meu Jong	-	-	22,957,200 ^{*2}	55.21
4	Ir. Aik Siaw Kong	-	-	-	-
5	Cheam Low Soo	-	-	-	-
6	Ee Beng Guan	-	-	-	-
7	Chong Sai Sin	-	-	-	-

Notes:

*1 Deemed interest through his spouse's shareholdings in the Company

*2 Deemed interest in Lysaght (Malaysia) Sdn. Bhd. through CKH And LIK Family Sdn. Bhd. and her spouse's shareholdings in the Company

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-Third Annual General Meeting ("43rd AGM") of the Company to be held at Ballroom 1, Level 6, Weil Hotel, 292, Jalan Sultan Idris Shah, 30000 Ipoh, Perak Darul Ridzuan on Thursday, 16 June 2022 at 10:00 a.m. and at any adjournment thereof.

ORDINARY BUSINESS		Resolution	FOR	AGAINST
1.	To declare a final single tier dividend of 1 sen per ordinary share for the financial year ended 31 December 2021.	Ordinary Resolution 1		
2.	To approve the payment of Directors' Fees of RM432,000/- for the financial year ending 31 December 2022 to the Non-Executive Directors.	Ordinary Resolution 2		
3.	To approve the payment of the meeting allowances up to RM107,000/- for the financial year ending 31 December 2022 to the Non-Executive Directors.	Ordinary Resolution 3		
4.	To re-elect Mr Cheam Low Soo as Director of the Company.	Ordinary Resolution 4		
5.	To re-elect Madam Chew Meu Jong as Director of the Company.	Ordinary Resolution 5		
6.	To re-appoint KPMG PLT as Auditors of the Company for the financial year ending 31 December 2022 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 _____, 2022

Signature(s) of member(s)
(If shareholder is a corporation, this part should be executed under seal)

Fold this flap for sealing

Then fold here

Affix
Stamp

The Company Secretary
LYSAGHT GALVANIZED STEEL BERHAD
c/o AD-Consult Sdn. Bhd.
Suite 13.03, 13th Floor
Menara Tan & Tan
207, Jalan Tun Razak
50400 Kuala Lumpur
Malaysia

1st fold here

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 9 June 2022 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the 43rd 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 43rd AGM, such appointment shall be invalid unless the member specifies the proportion of his/her holdings to be represented by each proxy.
4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
5. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under common seal or under the hand of an officer or attorney duly authorised.
7. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's Registered Office at Suite 13.03, 13th Floor, Menara Tan & Tan, 207 Jalan Tun Razak, 50400 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjournment meeting at which the person named in the instrument proposes to vote.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of this 43rd AGM will be put to vote by poll.



www.lysaghtmarketing.com

LYSAGHT GALVANIZED STEEL BERHAD
(Registration No. 197901002195 (46426-P))

No. 11, Jalan Majistret U1/26 Seksyen U1,
Hicom-Glenmarie Ind. Park
40150 Shah Alam PO Box No. 7818,
40728 Shah Alam
Selangor Darul Ehsan, Malaysia.

Tel : +603-7880 3750

Fax : +603-7880 3720

Email : lysaght_sales@lysaghtmarketing.com.my

